

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
MIAMI DIVISION**

Case No. 10-CR-20893-HUCK

UNITED STATES OF AMERICA,

Plaintiff,

v.

MANUEL SALVOCH,

Defendant.

_____ /

STATEMENT OF OFFENSE

Pursuant to Rule 11(b)(3) of the Federal Rules of Criminal Procedure, the United States of America submits the following factual basis in support of the entry of a guilty plea by defendant MANUEL SALVOCH to Count 1 of the Information. Count 1 charges SALVOCH with conspiracy to violate the Foreign Corrupt Practice Act, in violation of Title 18, United States Code, Section 371.

If this case were to go to trial, the United States would establish the following:

LatiNode and Other Relevant Individuals and Entities

1. Latin Node, Inc. ("LatiNode"), headquartered in Miami, Florida, was incorporated in Florida in or around 1999. LatiNode was a privately held company that provided wholesale telecommunications services using internet protocol technology in a number of countries throughout the world, including Honduras. LatiNode provided these services both directly and through its subsidiaries.

2. LN Comunicaciones, a Guatemalan company headquartered in Guatemala City, Guatemala, was a wholly owned subsidiary of LatiNode that maintained an international call center for LatiNode customers and carried out LatiNode business in Honduras, Guatemala, El Salvador, Nicaragua, and various locations in the Caribbean. LN Comunicaciones maintained its own bank account in Guatemala City, Guatemala, but that account was fully funded by LatiNode from its Miami-Dade County, Florida, bank account.

3. Servicios IP, S.A. (“Servicios IP”) was a Guatemalan company nominally owned by two LN Comunicaciones employees that was created at the direction of LatiNode and LN Comunicaciones in or around 2005 to sell refurbished cellular telephones. Servicios IP never fully carried out that original corporate purpose, but it subsequently entered into sham agreements to facilitate corrupt payments by LatiNode to Honduran government officials.

4. Jorge Granados (“Granados”) was the founder, Chief Executive Officer (“CEO”), and Chairman of the Board of LatiNode from in or around 1999 to in or around 2007. Throughout that time period, Granados had authority to set company policy, contract with telecommunications companies, hire and fire employees, set sales prices, and approve sales practices in foreign countries.

5. Manuel Caceres (“Caceres”) was a senior executive of LatiNode, holding such titles as Vice President Business Development, from in or around September 2004 to in or around 2007. Throughout that time period, Caceres was responsible for, among other things, developing LatiNode’s business in Honduras. Caceres was a citizen of Honduras but resided in the United States.

6. Juan Pablo Vasquez was a senior commercial executive for LatiNode, holding such titles as Vice President of Sales, Vice President Wholesale Division, and Chief Commercial Officer (“CCO”), from in or around November 2000 to in or around 2007. Throughout that time period, VASQUEZ was responsible for, among other things, LatiNode’s commercial and sales relationships with long distance carriers.

7. Defendant MANUEL SALVOCH was the Chief Financial Officer (“CFO”) of LatiNode from in or around March 2005 to in or around 2007. Throughout that time period, SALVOCH was responsible for, among other things, approving payments and wire transfers.

8. Co-conspirator A was a senior executive of LatiNode, holding such titles as Vice President Network Operations and Quality Assurance, and managed LN Comunicaciones in Guatemala from in or around early 2000 to in or around 2007. As part of his responsibilities throughout this time period, Co-conspirator A would authorize transactions from the bank accounts for LN Comunicaciones and Servicios IP.

9. Empresa Hondureña de Telecomunicaciones (“Hondutel”) was the wholly state-owned telecommunications company in Honduras, established under Honduran law and headquartered in Tegucigalpa, Honduras. Hondutel was responsible for providing telecommunications services in Honduras, and its operations were overseen by another Honduran government entity, Comisión Nacional de Telecomunicaciones.

10. Official 1 was a senior executive of Hondutel from in or around February 2006 to in or around December 2007. Official 1 had broad decision-making authority and influence over interconnection agreements and their accompanying rates.

11. Official 2 was an attorney in the Hondutel legal department who worked directly for Official 1.

12. Official 3 was a Minister in the Honduran Government and was a member of Hondutel's Board of Directors.

13. Granados, Caceres, Vasquez, SALVOCH and Co-conspirator A knew and believed that officials of Hondutel were government officials, and knew and believed that Official 1, Official 2 and Official 3 were government officials.

Corrupt Payments to Honduran Officials

14. Beginning in or around 2003, the Honduran Legislature passed legislation that permitted Hondutel to enter into contracts with private telecommunications companies.

15. From at least as early as November 2003 through in or around December 2005, LatiNode sought to win an interconnection agreement with Hondutel, which would permit LatiNode to use Hondutel's telecommunications lines. LatiNode sought to establish a network between Honduras and the United States to provide long distance services between the two countries. LatiNode sought to provide a service in which callers could "originate" calls in the United States that would "terminate" in Honduras, and vice versa. LatiNode executives saw the interconnection agreement with Hondutel as a key component to developing its telecommunications business in Honduras.

16. On or about December 5, 2005, LatiNode learned that it was the sole winner of the interconnection agreement with Hondutel. Under the agreement, LatiNode was required to pay Hondutel the following rates for calls terminating to Honduras ("Termination Rates"): \$0.21 per minute for fixed calls and \$0.23 for mobile calls. The

agreement also required LatiNode to prepare "Monthly Accounts," which were to include, among other things, the number of minutes used by LatiNode and the applicable Termination Rate.

17. Almost immediately after winning the interconnection agreement with Hondutel, LatiNode executives, including SALVOCH, realized that LatiNode needed to obtain a reduction in the Termination Rates in order to be more competitive in the Honduran telecommunications market.

18. From in or about April 2006 to in or about October 2007, Caceres, Granados, Vasquez, SALVOCH, Co-conspirator A and others (collectively, the "conspirators") knowingly, willfully and corruptly participated in a scheme to pay bribes to Hondutel officials, including Official 1, Official 2 and Official 3, in order to maintain LatiNode's interconnection agreement with Hondutel, obtain reductions in the rate per minute with Hondutel, and secure other benefits. Caceres's principal role was to negotiate the payment of bribes with Hondutel officials in exchange for these benefits; Granados's principal role was to authorize and direct the bribe payments; and Vasquez and SALVOCH's principal roles were to facilitate the payment of bribes to Official 1, Official 2 and Official 3, and facilitate payments to Hondutel under the interconnection agreement pursuant to the reduced rate Hondutel officials agreed to in exchange for bribe payments. In executing the scheme, the conspirators relied on instrumentalities of interstate commerce, including the transmission of emails between Miami, Florida, Guatemala and Honduras, the use of bank accounts in Miami, Florida, Guatemala and Honduras, and international wire transfers from bank accounts in Miami, Florida to bank accounts in Guatemala and Honduras.



19. In May 2006, Manuel Caceres began negotiating with Hondutel officials to make bribe payments in exchange for benefits to LatiNode. Caceres communicated by email with Vasquez, Granados, SALVOCH and others about the negotiations and ultimate agreement with the Hondutel officials.

20. During the summer of 2006, Caceres, Granados, Vasquez, SALVOCH, Co-conspirator A and others agreed to participate in a scheme to make bribe payments to Hondutel officials at a rate of \$0.01 per minute of telephone traffic that LatiNode generated through the Hondutel interconnection agreement. Caceres, Granados, Vasquez and SALVOCH discussed the scheme in emails and during meetings of LatiNode's Executive Committee in Miami, Florida. The conspirators disguised the bribe payments by transferring the funds through two LatiNode subsidiary accounts, LN Comunicaciones and Servicios IP, and front companies used by the Hondutel officials.

21. On or about September 5, 2006, Caceres forwarded Vasquez an email containing account information provided by Official 2. In the forwarding email, Caceres explained to Vasquez, in Spanish and in sum and substance, that Official 2 was Hondutel's corporate lawyer and Official 1's "straw man," that there was a favorable atmosphere at Hondutel to giving LatiNode a reduction in the Termination Rates, and that "it is important to send \$60,000 for June and July."

22. On or about September 11, 2006, Vasquez forwarded to SALVOCH, and copied to Caceres and Granados, Caceres's email. Vasquez wrote to SALVOCH, in Spanish and in sum and substance, that "we must make this payment," and that the payment would result in a decrease in LatiNode's rates to \$0.13 and \$0.14. Vasquez further wrote that, based on his calculations, the payment due was \$36,705 for June and



\$24,404 for July, totaling \$61,109. Vasquez calculated this payment using the agreed-upon bribe rate of \$0.01 per minute of long distance traffic generated by LatiNode. On September 14, 2006, the conspirators, or a subset thereof, caused a \$61,149 wire transfer from LN Comunicaciones to a Servicios IP account in Guatemala, and, in turn, a \$61,109 wire transfer from Servicios IP to a Bank Atlantida account in Honduras in the name of Grupo de Inversiones Chicas, which was used by Official 1.

23. On or about October 27, 2006, a \$30,251 check was made payable to Official 1 from LatiNode's Citibank account in Miami-Dade County, Florida. The check was deposited into a BGA Honduras account in Honduras, in the name of SONE S.A. de C.V., which was an account controlled by Official 1.

24. In or about November 2006, Caceres entered into a verbal agreement with Hondutel officials to further reduce the rate by two cents per minute, to \$0.12. On or about December 12, 2006, Caceres sent an email to Granados, Vasquez and SALVOCH in which he provided them, in Spanish and in sum and substance, with an update on "the situation," including that Official 3, whom he described as the negotiator for LatiNode and the Honduran President's representative on Hondutel's Board of Directors, had informed Hondutel's General Manager about the \$0.12 rate.

25. On or about December 26, 2006, Caceres forwarded to Granados an email from Official 2 that provided, in Spanish and in sum and substance, instructions for wiring \$100,000 to four bank accounts. Granados forwarded the account information to SALVOCH to execute the payments from LatiNode's headquarters in Miami, Florida.

26. Between January 2, 2007 and January 25, 2007, Caceres, Granados, Vasquez, SALVOCH, Co-conspirator A and others conspired to authorize and facilitate



the payment of several additional bribes to Hondutel officials, including: a \$30,000 wire transfer on January 2, 2007, from LatiNode's Citibank account in Miami-Dade County, Florida, to a Wachovia Bank NA of Florida account in Florida for the benefit of Official 3; a \$30,000 wire transfer on January 4, 2007, from LatiNode's Citibank account in Miami-Dade County, Florida, to a BGA Honduras account in Honduras, in the name of SONE S.A. de C.V, for the benefit of Official 1; a \$15,000 wire transfer on January 4, 2007, from LatiNode's Citibank account in Miami-Dade County, Florida, to a BGA Honduras account in Honduras, in the name of Official 2; a \$50,000 check for the benefit of Official 3 issued on or about January 25, 2007, from a LN Comunicaciones account in Guatemala; a \$22,500 wire transfer on January 30, 2007, from LatiNode's Citibank account in Miami-Dade County, Florida, to a BGA Honduras account in Honduras, in the name of Official 2; a \$37,500 wire transfer on January 30, 2007, from LatiNode's Citibank account in Miami-Dade County, Florida, to a BGA Honduras account in Honduras, in the name of SONE S.A. de C.V., for the benefit of Official 1; a \$15,000 wire transfer on February 7, 2007, from LatiNode's Citibank account in Miami-Dade County, Florida, to a BGA Honduras account in Honduras, in the name of Official 2; a \$38,409.73 cashier's check for the benefit of Official 3 issued on or about April 24, 2007, from an LN Comunicaciones account in Guatemala; a \$120,000 wire transfer on April 26, 2007, from Latinode's LN Comunicaciones account in Guatemala to LatiNode's Servicios IP account in Guatemala, \$115,229.18 of which was for the ultimate benefit of Official 1; and a \$5,040 check for the ultimate benefit of Official 1 issued on June 25, 2007, from a LN Comunicaciones account to Servicios IP in Guatemala.



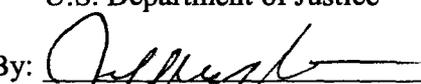
27. Despite paying several bribes to the Hondutel officials in exchange for the promised reduced rate of \$0.12, Hondutel's Board of Directors never formally approved the rate reduction. As a result, LatiNode began to receive "discrepancy" notices from employees of the Hondutel Collections Department who did not know about the secret deal with the Hondutel officials, as LatiNode calculated the amount owed to Hondutel based on the reduced \$0.12 rate, while the Collections Department calculated the amount based on the original rate. In order to conceal the reduction in rate but still obtain the financial benefit from the agreed-upon reduction, Granados, Caceres, Vasquez, SALVOCH and others conspired to falsely underreport the number of minutes purchased per month by an amount that, when multiplied by the formally arranged rate with Hondutel, would equal the amount that would be due to Hondutel under the secret, verbally agreed lower rate. On or about August 7, 2007, Caceres sent an email to several LatiNode employees, including Granados and SALVOCH, in which he explained, in Spanish and in sum and substance, the formula to be used in sending invoices to



Hondutel: "Actual Minutes X verbally agreed rate = discounted Minutes X rate per the contract. The last part of the equation is what should be sent to Hondutel."

DENIS J. McINERNEY, Chief
Fraud Section, Criminal Division
U.S. Department of Justice

Date: 1/12/11

By:  
JEFFREY H. KNOX
AMANDA AIKMAN
Fraud Section, Criminal Division

Date: 1/12/11

By: 
ROBERT C. JOSEFSBERG
RAMON A. RASCO
Attorneys for Defendant

Date: 1/12/11

By: 
MANUEL SALVOCH
Defendant