

UNITED STATES DISTRICT COURT
DISTRICT OF OREGON

UNITED STATES OF AMERICA : No. CR 07-*244-MO* **UNDER SEAL**
:
: INFORMATION
:
v. : 18 U.S.C. § 371 Conspiracy to
: violate the
SI CHAN WOOH, : Foreign Corrupt
Defendant. : Practices Act
:
_____ :

The defendant having waived in open court prosecution by indictment, the United States Attorney charges:

COUNT ONE

A. Introduction

At all times relevant to this Information:

1. The Foreign Corrupt Practices Act of 1977 (hereinafter, the "FCPA"), as amended, 15 U.S.C. §§ 78dd-1, et seq., prohibited certain classes of persons and entities from making payments to foreign government officials to obtain or retain business. Title 15, United States Code, Section 78dd-2, specifically prohibited any domestic concern other than an issuer, or any officer, director, employee or agent of such domestic concern, from making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, promise, authorization, or payment of money or anything of value to a foreign official for the purpose of obtaining or retaining business for, or directing business to, any person or securing any improper advantage.

B. Relevant Entities and Individuals

Schnitzer Steel Industries, Inc.

2. Schnitzer Steel Industries, Inc. (hereinafter, "Schnitzer Steel"), headquartered in Portland, Oregon, was a publicly-traded company organized under the laws of Oregon with offices in Oregon, California and Washington. Schnitzer Steel was engaged in the vertically-integrated businesses of metals recycling, automobile parts, and steel manufacturing.

3. Schnitzer Steel maintained a class of securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 (15 U.S.C. § 781) and was required to file reports with the United States Securities and Exchange Commission under Section 13 of the Securities Exchange Act (15 U.S.C. § 78m). Accordingly, Schnitzer Steel was an issuer as that term is used in the FCPA (15 U.S.C. § 78dd-1, et seq.).

SSI International Far East, Ltd.

4. SSI International Far East, Ltd. (hereinafter, "SSI Korea"), was a wholly-owned subsidiary of Schnitzer Steel, with its principal place of business in Seoul, South Korea. SSI Korea assisted Schnitzer Steel in the sale of ferrous recycled metal (hereinafter, "scrap metal") to customers in South Korea and in the People's Republic of China (hereinafter, "China") and acted as a broker for the sale of scrap metal by Japanese suppliers to steel producers in South Korea and China. SSI Korea also

transmitted requests to the United States for approval and wire transfer of funds for payment to managers of Schnitzer Steel's customers in South Korea and China in connection with sales of scrap metal to those customers.

SSI International, Inc.

5. SSI International, Inc. (hereinafter, "SSI International") was a wholly-owned subsidiary of Schnitzer Steel, located in Tacoma, Washington. SSI International managed SSI Korea, handling invoices from SSI Korea for payment in connection with sales to Schnitzer Steel's customers in Asia; and forwarding to Schnitzer Steel's offices in Portland, Oregon, for processing and authorization wire transfer requests for payment to managers of Schnitzer Steel's scrap metal customers in China and South Korea. SSI International was a "domestic concern other than an issuer" within the meaning of the FCPA, 15 U.S.C. § 78dd-2.

6. SSI International, on behalf of its parent, Schnitzer Steel, and through SSI Korea, had long-standing business relationships with steel producers in Asia, some of which were wholly or partially owned by the government of China.

These government-owned steel production companies were Schnitzer Steel and SSI Korea's customers and were "instrumentalities" of a foreign government. Their officers and employees were "foreign officials," within the meaning of the FCPA, 15 U.S.C. § 78dd-2(h)(2)(A).

Si Chan Wooh

7. The defendant, **SI CHAN WOOH ("WOOH")**, a United States citizen and resident of Tacoma, Washington, was an employee of SSI International from in or around 1995 through 2005. From in or around March 2000 to in or around May 2004, defendant **WOOH** was a senior officer of SSI International and was responsible for Schnitzer Steel's Asian scrap metal sales. Defendant **WOOH's** duties included, among other things, negotiating sales of scrap metal with steel production companies in Asia on behalf of Schnitzer Steel; handling invoices from SSI Korea for payment in connection with sales to Schnitzer Steel's customers in Asia; and forwarding to Schnitzer Steel's offices in Portland, Oregon, for processing and authorization wire transfer requests for payment to managers of Schnitzer Steel's scrap metal customers in China and South Korea. Defendant **WOOH's** job responsibilities also included frequent travel to China and South Korea in connection with managing Schnitzer Steel's scrap metal sales and finalizing sales contracts with customers there. Defendant **WOOH** was an "officer" or "employee" of a "domestic concern other than an issuer" within the meaning of the FCPA, 15 U.S.C. § 78dd-2.

Officer A

8. Another Schnitzer Steel employee (hereinafter, "Officer A"), a resident of Portland, Oregon, was employed as a

senior executive officer of Schnitzer Steel, based in Portland, Oregon, from at least 1990 to 2005. Officer A's responsibilities included, among other things, setting policy for the sale of scrap metal to Asian customers, approving all such sales, authorizing wire transfer requests for payment to managers of customers of Schnitzer Steel, and directly supervising the work of defendant **WOOH**.

C. The Conspiracy and its Object

9. From in or about 1995 through in or about August 2004, in the District of Oregon and elsewhere, defendant **WOOH** did unlawfully, willfully and knowingly conspire and agree with Schnitzer Steel, SSI Korea, SSI International, Officer A and other persons, known and unknown, to commit the following offense against the United States:

Foreign Corrupt Practices Act

To willfully violate the Foreign Corrupt Practices Act by the use of the mails and of means and instrumentalities of interstate commerce corruptly in furtherance of an offer, payment, promise to pay, and authorization of the payment of any money, and anything of value to foreign officials for purposes of: (I) influencing acts and decisions of such foreign officials in their official capacities; (II) inducing such foreign officials to do and omit to do acts in violation of the lawful duties of such officials; (III) securing an improper advantage;

and (IV) inducing such foreign officials to use their influence with foreign governments and instrumentalities thereof to affect and influence acts and decisions of such governments and instrumentalities in order to assist defendant **WOOH** in obtaining and retaining business for and with, and directing business to, Schnitzer Steel, contrary to Title 15, United States Code, § 78dd-2(a).

D. Purpose of the Conspiracy

10. The primary purpose of the conspiracy was to make cash payments to officers and employees of foreign, government-owned steel production companies, in order to induce employees of those companies to do business with, and provide preferential sales terms to, Schnitzer Steel.

E. Manner and Means of the Conspiracy

11. The manner and means by which defendant **WOOH** and his co-conspirators accomplished the object of the conspiracy, included, but were not limited to, the following:

Overview of Payments

a. It was part of the conspiracy that from at least as early as 1995 through in or about August 2004, defendant **WOOH** conspired with Schnitzer Steel, SSI Korea, SSI International, Officer A and other persons, known and unknown to the United States Attorney, to authorize and make payments, principally in cash, to officers and/or employees (hereinafter collectively

referred to as "managers") of government-owned steel production companies in China to induce those companies to purchase scrap metal from Schnitzer Steel.

b. It was a further part of the conspiracy that from at least as early as 1999 through in or about August 2004, Schnitzer Steel, through defendant **WOOH**, Officer A and other persons, known and unknown to the United States Attorney, made the payments to the managers of Schnitzer Steel's government-owned scrap metal customers in each instance as follows: SSI International routinely received from SSI Korea invoices for payment to managers of Schnitzer Steel's government-owned scrap metal customers. Defendant **WOOH** and others subsequently executed wire transfer requests specifying the bank account into which the payments to its customers' managers would be made and identifying the type of payments to be made, and forwarded the wire transfer requests for payment to Schnitzer Steel's offices in Portland, Oregon for processing. One or more of Schnitzer Steel's senior executives, including Officer A, then approved the requests and authorized the payments.

c. It was a further part of the conspiracy that, to facilitate the transfer of payments from Schnitzer Steel to managers of its government-owned scrap metal customers in China, certain employees of SSI Korea, which was previously known as MMI International Far East, Ltd., opened a series of bank accounts in

South Korea which were not reflected in the books and records of Schnitzer Steel, SSI Korea, or SSI International. These off-the-books accounts, which were maintained from in or about 1995 through in or about 2004, were opened in the names of relatives of certain employees of SSI Korea, and in the name of a fictitious corporate entity, "SSI International Co., Ltd.".

d. It was a further part of the conspiracy that Schnitzer Steel, through defendant **WOOH**, Officer A and others, wire transferred and authorized the wire transfer of funds from its bank account in Portland, Oregon to the off-the-books bank accounts affiliated with SSI Korea. Following the wire transfer of funds into the off-the-books accounts, employees of SSI Korea withdrew pre-approved sums of cash and/or obtained bank checks, which were then given to the managers of Schnitzer Steel's government-owned scrap metal customers in China.

e. It was a further part of the conspiracy that defendant **WOOH** traveled to South Korea and made direct cash payments and/or instructed employees of SSI Korea to make direct cash payments on behalf of Schnitzer Steel to managers of its government-owned scrap metal customers in China.

f. It was a further part of the conspiracy that the following types of payments, among others, were made to managers of government-owned steel production companies:

Commission Payments

(i) From at least as early as 1999 through in or about August 2004, Schnitzer Steel, through defendant **WOOH**, Officer A and others, made cash payments in connection with nearly every sale of scrap metal from the United States to managers of its government-owned customers in China, which payments were reflected on Schnitzer Steel's books and records as "commissions." The commissions, which were included in the purchase price of the scrap metal, were paid in cash directly to the managers of government-owned customers. As set forth in Paragraphs 11(b) through (d), Schnitzer Steel effectuated the payment of the illegal commissions by approving wire transfer requests and wire transferring funds to off-the-books bank accounts affiliated with SSI Korea.

(ii) Between in or about September 1999 and in or about September 2001, SSI Korea, acting as a broker as described in Paragraph 4, above, paid commission payments of at least approximately \$3,823.35 on behalf of Japanese scrap metal suppliers to managers of government "instrumentalities," as defined in Paragraph 6, above.

(iii) The standard commission payments to managers of foreign-owned steel production companies were \$.15 per ton for scrap metal sold to companies in China. Between in or about September 1999 and August 2004, Schnitzer Steel, through defendant **WOOH**, Officer A and others, paid at least approximately

\$104,300 in total commission payments to managers of government "instrumentalities," as defined in Paragraph 6, above.

Refunds

(iv) In addition to the commission payments described above, from in or about September 2001 to August 2004, Schnitzer Steel, through defendant **WOOH**, Officer A and others, made separate cash payments in connection with its sales of scrap metal to managers of its government-owned customers in China, which payments were reflected on Schnitzer Steel's books and records as "refunds" or "rebates" to the customers (hereinafter, "refunds"). As with commission payments, Schnitzer Steel paid refunds by inflating the price of a scrap metal contract, causing the customer to overpay Schnitzer Steel for the scrap metal purchase, and ultimately passing on the inflated amount as cash to the manager of the customer. As set forth in Paragraphs 11(b) and (c), and starting in or around September 2001, Schnitzer Steel paid the refunds by wire transferring and approving the wire transfer of funds to off-the-books bank accounts affiliated with SSI Korea.

(v) The standard refund varied from \$.025 per ton to \$1.00 per ton for scrap metal sold to scrap metal customers in China. Between in or about May 2001 and August 2004, at least approximately \$57,200 in total refund payments were paid directly to managers of government "instrumentalities," as defined in

Paragraph 6, above.

Gratuities

(vi) From at least as early as in or about October 1999 through in or about May 2003, Schnitzer Steel, through defendant **WOOH**, Officer A and others, made additional cash payments in the form of gratuities to managers of its government-owned scrap metal customers, which payments were reflected on Schnitzer Steel's books and records as "gratuities," "other marine expenses," "commissions," "customer relations," and/or "bonuses" (hereinafter, "gratuities"). To fund the gratuities, Schnitzer Steel issued corporate checks to Schnitzer Steel employees, including defendant **WOOH**, who cashed the checks and delivered the gratuities, in the form of cash, to managers of the Chinese customers, at or around the time that a cargo of scrap metal was loaded for shipment in the United States. During this time period, at least approximately \$39,200 was paid in gratuities directly to managers of government "instrumentalities," as defined in Paragraph 6, above.

Gifts and Entertainment Expenditures

(vii) From in or about September 1999 through in or about December 2004, Schnitzer Steel, through defendant **WOOH**, Officer A and others, gave gifts and entertained extensively managers of Schnitzer Steel's government-owned customers in China. The gifts and entertainment expenditures included, among

other things, jewelry, gift certificates, perfume, and the use of SSI Korea's golf club membership and condominium time-share. At least approximately \$4,100 of these expenditures were paid directly to managers of government "instrumentalities," as defined in Paragraph 6, above.

g. It was a further part of the conspiracy that Schnitzer Steel failed to account properly for the commissions, refunds and gratuity payments to managers of government-owned steel production companies in China and failed to describe accurately the transactions in Schnitzer Steel's books and records. Instead, the co-conspirators improperly characterized the payments on the books and records of Schnitzer Steel as legitimate payments for, among other things, "commissions," "sales commissions," "commissions to the customer," "refunds," "rebates," "refunds to customer," "rebates to customer," "quality claims," "discounts," "credits," "freight savings," "gratuities," "other marine expenses," "customer relations," and "bonuses."

h. It was a further part of the conspiracy that in or about August 2004, after speaking with defendant **WOOH**, an employee of SSI Korea directed a member of the SSI Korea staff to destroy records pertaining to the off-the-books bank accounts described in Paragraphs 11 (c) and (d), which the staff member did.

i. It was a further part of the conspiracy that

between in or about September 1999 and August 2004, Schnitzer Steel realized profits of approximately \$6,259,104 on scrap metal it sold to government-owned customers in China, upon which commissions, refunds and/or gratuities were paid. During that time period, Schnitzer Steel realized additional profits of at least approximately \$20,000 on scrap metal sales by Japanese suppliers involving government-owned customers for which SSI Korea received a brokerage commission.

Overt Acts

12. In order to further the object and purpose of this conspiracy, defendant **WOOH** and his co-conspirators, known and unknown to the United States Attorney, did commit and cause to be committed the following overt acts, among others, in the District of Oregon and elsewhere:

a. On or about February 3, 2003, defendant **WOOH** sent an e-mail to Officer A and others, describing, in substance and in part, Schnitzer Steel's practice of paying "kick backs" to representatives of government-owned scrap metal customers, and stating:

Commission revenue: We think \$.50/MT to SSI Korea who will cover the SSI-China expenses including regular kick back \$0.15/MT.

We think total about 800,000 M/T to China in 2003, so commission pay is \$400,000/yr. We just wire to SSI-Korea for the net money need for China operation (SSI-China expense + Kick back) and keep the balance in SSI-Portland as credit to SSI-Korea without paying the whole commission money. This

will be additional saving for SSI from this new operation.

We are currently paying total \$0.90/MT (\$.50/MT to CCM and \$0.25/MT to SSI-Korea, and \$0.15/MT regular kick back to Chinese customers)....

b. On or about September 18, 2003, defendant **WOOH** sent an e-mail to Officer A and others, which referenced, in substance and in part, an agreement between Schnitzer Steel and Baosteel, a government-owned scrap metal customer in China, for a "quarter dollar refund for them after shipment," and stated that "Bao and SSI agreed to keep this business confidential."

c. On or about November 20, 2003, defendant **WOOH** sent an e-mail to Officer A and others referencing new business with Baosteel, a government-owned scrap metal customer in China, and stating, in substance and in part, "Bao will make the contract to include \$0.50/MT more for refund to them after shipment, so[] the price will be \$229.50/MT on the contract and to the market later," and directing one of the e-mail recipients to "[p]lease keep it confidential[,] insiders only and assign the job No. for this new contract."

d. In or about August 2004, defendant **WOOH** discussed with an employee of SSI Korea the destruction of records pertaining to the off-the-book bank accounts of SSI Korea.

e. On or about the dates set forth below, the following payments, among others, were made via wire transfer from Portland, Oregon, to the off-the-books bank accounts in

South Korea affiliated with SSI KOREA, which payments were passed on in cash to managers of Schnitzer Steel's government-owned scrap metal customers in China:

	Approximate Date of Wire Transfer	Description of Payment, As Reflected in the Records of Schnitzer Steel	Approximate Amount of Payment (U.S. dollars)	SSI Cargo Number
(1)	June 1, 2001	Commission	\$3,378.50	S2206-T
(2)	June 1, 2001	Commission	\$5,750.00	S2200-O
(3)	August 22, 2001	Commission	\$5,371.23	S2211-T
(4)	September 10, 2001	Commission	\$5,371.23	S2211-T
(5)	September 10, 2001	Commission	\$3,921.83	S2207-T
(6)	October 12, 2001	Commission	\$6,049.47	S2215-P
(7)	October 12, 2001	Refund	\$6,049.47	S2215-P
(8)	October 31, 2001	Commission	\$4,004.64	S2219-P
(9)	October 31, 2001	Commission	\$4,084.68	S2218-T
(10)	November 21, 2001	Commission	\$4,083.20	S2214-T
(11)	December 13, 2001	Commission	\$4,185.48	S2226-T
(12)	December 21, 2001	Commission	\$4,206.43	S2224-O
(13)	February 6, 2002	Commission	\$3,811.69	S2225-O
(14)	March 1, 2002	Commission	\$3,960.25	S2231-O
(15)	March 1, 2002	Commission	\$3,736.86	S2230-T
(16)	April 3, 2002	Commission	\$3,741.20	S2232-T
(17)	May 22, 2002	Commission	\$3,716.21	S2238-P
(18)	June 14, 2002	Commission	\$3,666.82	S2242-T
(19)	July 10, 2002	Refund	\$7,432.41	S2238-P

	Approximate Date of Wire Transfer	Description of Payment, As Reflected in the Records of Schnitzer Steel	Approximate Amount of Payment (U.S. dollars)	SSI Cargo Number
(20)	July 16, 2002	Commission	\$3,958.06	S2245-T
(21)	September 20, 2002	Commission	\$6,874.92	S2249-P
(22)	September 20, 2002	Refund	\$6,874.92	S2249-P
(23)	March 14, 2003	Commission	\$5,894.50	S2270-O
(24)	February 10, 2004	Commission	\$3,816.25	S2302-O
(25)	February 10, 2004	Refund	\$6,360.43	S2302-O
(26)	March 2, 2004	Commission	\$4,650.28	S2314-P
(27)	March 16, 2004	Refund	\$15,500.95	S2314-P

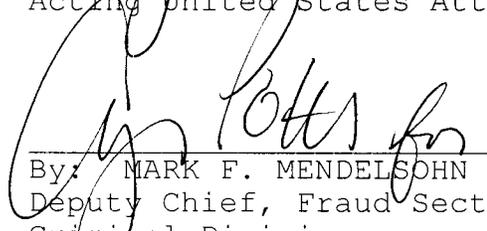
f. On or about the dates set forth below, the following additional payments, among others, were made by issuing corporate checks to defendant **WOOH** in the United States, which checks were then cashed and the proceeds hand-delivered in the United States to managers of Schnitzer Steel's government-owned scrap metal customers:

	Approximate Date of Check	Description of Payment, As Reflected in the Records of Schnitzer Steel	Approximate Amount of Check (U.S. Dollars)	SSI Cargo Number
(1)	June 27, 2001	Gratuity to Customer Representative	\$2,500.00	S2199-O
(2)	August 10, 2001	Cash Bonus	\$1,000.00	S2207-T

	Approximate Date of Check	Description of Payment, As Reflected in the Records of Schnitzer Steel	Approximate Amount of Check (U.S. Dollars)	SSI Cargo Number
(3)	September 10, 2001	Gratuity Commission to Customer	\$1,000.00	S2206-T
(4)	September 10, 2001	Gratuity Commission to Customer	\$1,000.00	S2212-O
(5)	January 10, 2002	Gratuity to Customer Representative	\$2,500.00	S2224-O
(6)	April 3, 2002	Gratuity to Customer Representative	\$2,500.00	S2230-T
(7)	April 3, 2002	Gratuity to Customer Representative	\$2,500.00	S2231-O
(8)	July 12, 2002	Gratuity to Customer Representative	\$2,500.00	S2242-T

All in violation of Title 18, United States Code, Section 371.


 Steven A. Tyrrell
 Acting United States Attorney


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