

CLERK'S OFFICE U.S. DIST. COURT  
AT DANVILLE, VA  
FILED

UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF VIRGINIA  
DANVILLE DIVISION

AUG 06 2010

JULIA C. DUDLEY, CLERK  
BY:  DEPUTY CLERK

UNITED STATES OF AMERICA )  
 )  
 v. )  
 )  
 ALLIANCE ONE TOBACCO )  
 OSH, LLC, )  
 )  
 Defendant )  
 \_\_\_\_\_ )

Criminal No. 4:10CR00016  
18 U.S.C. § 371  
15 U.S.C. §§ 78dd-3, 78m(b), 78ff(a)

INFORMATION

THE UNITED STATES CHARGES:

COUNT ONE  
(Conspiracy)

At all times relevant to this Information:

Introduction

The Foreign Corrupt Practices Act

1. The Foreign Corrupt Practices Act of 1977 (hereinafter, the "FCPA"), as amended, Title 15, United States Code, Sections 78dd-1, *et seq.*, prohibited certain classes of persons and entities from making payments to foreign government officials to obtain or retain business. Specifically, Title 15, United States Code, Section 78dd-3(a)(1), prohibited any person, other than an issuer or a domestic concern, while in the territory of the United States, from corruptly making use of the mails or any means or instrumentality of interstate commerce or doing any other act in furtherance of an offer, payment, promise to pay, or authorization of the payment of any money or anything of value to any foreign official for

the purpose of obtaining or retaining business for, or directing business to, any person. Furthermore, Title 15, United States Code, Sections 78m(b)(2)(A) and (b)(5), required issuers to make and keep books, records and accounts, which, in reasonable detail, accurately and fairly reflected transactions and dispositions of the company's assets and prohibited the knowing falsification of such books, records or accounts.

DIMON, Incorporated

2. Prior to 2005, DIMON, Incorporated ("Dimon"), was a leaf tobacco merchant that maintained its principal place of business in Danville, Virginia. Dimon purchased and processed tobacco grown throughout the world and sold it to manufacturers of tobacco products. Dimon issued and maintained a class of publicly traded securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 (15 U.S.C. § 781) and was required to file periodic reports with the United States Securities and Exchange Commission under Section 13 of the Securities Exchange Act (15 U.S.C. § 78m). Accordingly, Dimon was an "issuer" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a), and, as such, was required to make and keep books, records and accounts which, in reasonable detail, accurately and fairly reflected the transactions and disposition of assets of Dimon. Dimon also had an obligation to ensure that its wholly owned subsidiaries, including Dimon International Kyrgyzstan, Inc., maintained accurate books and records.

3. Prior to 2005, Dimon maintained a wholly owned subsidiary under the name of Dimon International Kyrgyzstan, Inc. ("DIK"), that was organized under the laws of the

Republic of Kyrgyzstan, and conducted business in Kyrgyzstan, the Western District of Virginia, and elsewhere. During the relevant period, DIK purchased and processed tobacco grown in Kyrgyzstan, and shipped processed tobacco to Dimon's customers throughout the world. DIK maintained its principal place of business in Osh, Kyrgyzstan, and made regular reports of its business operations and financial accounts to officers of Dimon located at its headquarters in Danville, Virginia. DIK regularly sought approval for management decisions from Dimon management and worked with and communicated with individuals acting as DIK's agents in Danville, Virginia, and Farmville, North Carolina, who undertook certain acts within the territory of the United States such that DIK was a "person" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-3(f)(1).

4. Prior to 2005, Standard Commercial Corporation ("Standard"), also operated as a leaf tobacco merchant worldwide, and also was an "issuer" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

Alliance One International, Inc.

5. In 2005, Dimon and Standard merged to form Alliance One International, Inc. ("AOI"), which also was engaged in business as a leaf tobacco merchant worldwide. AOI was a publicly traded Virginia corporation that maintained its principal place of business in Morrisville, North Carolina. AOI purchased and processed tobacco grown in more than 45 countries and sold tobacco to manufacturers of consumer tobacco products in more than 90

countries around the world. AOI carried out its business through several subsidiary corporations organized under the laws of many foreign jurisdictions

Alliance One Tobacco Osh, LLC

6. After the merger of Dimon and Standard in 2005, AOI changed the name of its Kyrgyz subsidiary from DIK to ALLIANCE ONE TOBACCO OSH, LLC (“AOI-Kyrgyzstan”), which continued to operate in Kyrgyzstan as a wholly owned subsidiary of AOI. AOI-Kyrgyzstan, defendant herein, is the corporate successor to DIK, and is legally accountable for the criminal acts of its predecessor corporation. Accordingly, defendant AOI-Kyrgyzstan is a “person” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-3(f)(1).

Corrupt Payments to the Kyrgyz Tamekisi

7. In or around spring 1996, the Government of Kyrgyzstan established the Kyrgyz Tamekisi (“Tamekisi”), an agency and instrumentality of the government, to manage and control the government-owned shares of the tobacco processing facilities throughout Kyrgyzstan. The Government of Kyrgyzstan appointed Kyrgyz Official A to serve as the General Director of the Tamekisi. Accordingly, Kyrgyz Official A was a “foreign official” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-3(f)(2)(A).

8. On or about September 27, 1996, officers of another Dimon subsidiary, Dimon International, Inc. (“Dimon International”), entered into a written agreement with the

Tamekisi concerning the manner in which Dimon would be allowed to conduct business in Kyrgyzstan.

9. On or about October 22, 1996, a senior executive involved in Dimon International's European operations and Kyrgyz Official A signed a written amendment to the previous agreement whereby the Tamekisi agreed, among other things, to issue a license to DIK to process and export tobacco from the 1996 crop. Further, Dimon agreed to pay the Tamekisi \$0.18 per kilogram for future tobacco processing services plus an additional \$0.05 per kilogram for "financial assistance."

10. From in or around October 1996, and continuing through at least February 2004, DIK made cash payments on behalf of Dimon to Kyrgyz Official A totaling approximately \$2,684,060. These payments were calculated roughly at the rate of \$0.05 per kilogram of tobacco processed by the Tamekisi and represented the "financial assistance" called for in the written agreement, although the Tamekisi performed no additional services for DIK. In fact, the "financial assistance" payments to Kyrgyz Official A were bribes, intended by DIK and Dimon to influence acts or decisions of Kyrgyz Official A in his official capacity and to secure Dimon's continued access to the tobacco processing facilities controlled by the Tamekisi.

#### Corrupt Payments to the Kyrgyz Akims

11. In Kyrgyzstan, each municipal, district or provincial governmental unit was headed by a public official known as an "Akim," who was appointed to the post by the

President of Kyrgyzstan on the advice of the Prime Minister. Accordingly, the Akims were “foreign officials” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-3(f)(2)(A). Each Akim could exercise authority over the sale of tobacco by the growers within the local geographical area. Beginning in or around 1996, it became necessary for Dimon and DIK to obtain permission from local Akims to purchase tobacco from the growers in each area. Several of the Akims demanded payment of a “commission” from DIK in order to secure permission for DIK to purchase tobacco from local growers.

12. From in or around January 1996, and continuing through at least in or around March 2004, DIK made cash payments on behalf of Dimon to the Akims of five different municipalities totaling approximately \$283,762 in order to influence the acts and decisions of the Akims and to secure DIK’s continued ability to purchase tobacco from growers in the municipalities controlled by the Akims.

Corrupt Payments to the Kyrgyz Tax Inspectors

13. During periodic audits of DIK’s business affairs in Kyrgyzstan, the Kyrgyz Tax Inspection Police, who were “foreign officials” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-3(f)(2)(A), assessed penalties and threatened to shut down DIK. From in or around March 2000 through in or around March 2003, DIK made approximately nine cash payments to officers of the Kyrgyz Tax Inspection Police totaling approximately \$82,850 in order to influence the acts and decisions of the Kyrgyz Tax

Inspection Police and to secure DIK's continued ability to conduct its business in Kyrgyzstan.

The "Special Account"

14. DIK maintained a company bank account at the Demir Kyrgyz International Bank in Osh, Kyrgyzstan, that was known as the "special account." The special account was kept in the name of the DIK employees who served as DIK Country Manager for Kyrgyzstan ("DIK Employee A") and successive DIK Finance Directors ("DIK Employee B" and "DIK Employee C"). DIK Employee A withdrew cash from the special account, in the form of U.S. currency, that he used to make the payments to Kyrgyz Official A, the Akims, and the Kyrgyz Tax Inspection Police as described above.

15. When DIK Employee A needed to replenish money in the special account, he sent requests for funds by electronic mail or facsimile transmission to other employees and officers of Dimon or its affiliates located in the United Kingdom and the Netherlands. Each such request was accompanied by a wire transfer request form which ELKIN knew would be forwarded by other Company A employees to Company A's Financial Accounting Department in Danville, Virginia, by electronic mail or by facsimile transmission. Ordinarily, the approval for each funding request was transmitted by electronic mail to DIK Employee A in Kyrgyzstan from the Dimon affiliate's offices in the United Kingdom.

16. The financial reporting on the special account from DIK and all other Dimon subsidiaries went directly to Dimon's corporate headquarters in the United States. In or

around July 2002, an internal audit report to Dimon headquarters stated that DIK management continued to be challenged by a “cash environment” and cited corruption in Kyrgyzstan as a financial risk because of the potential control issue with cash payments.

17. Between in or around January 1996 and in or around December 2004, the Kyrgyzstan business operations of DIK generated profits of approximately \$4.8 million for its parent corporation, Dimon.

### **The Co-Conspirators**

18. Dimon, which is named as a co-conspirator but not as a defendant herein, was the corporate parent of DIK. AOI is the successor corporation to Dimon and defendant AOI-Kyrgyzstan is the successor corporation to DIK.

19. At all relevant times, DIK Employee A, a U.S. citizen, who is named as a co-conspirator but not as a defendant herein, was employed as Country Manager for DIK in Kyrgyzstan. DIK Employee A’s duties included, among other things, selecting and purchasing tobacco from growers, processing the tobacco and shipping the tobacco to Dimon’s customers.

20. From in or around 1996 through in or around 2001, DIK Employee B, who is named as a co-conspirator but not as a defendant herein, served as Finance Director for DIK in Kyrgyzstan. As Finance Director, DIK Employee B maintained the financial records of DIK, including the special account that was maintained in his name while he served as Finance Director.

21. From in or around 2001 through in or around 2004, DIK Employee C, who is named as a co-conspirator but not as a defendant herein, served as Finance Director for DIK in Kyrgyzstan after DIK Employee B. As Finance Director, DIK Employee C maintained the financial records of DIK, including the special account that was maintained in his name while he served as Finance Director.

**The Conspiracy and its Objects**

22. From in or around January 1996, and continuing through at least in or around March 2004, in the Western District of Virginia and elsewhere, the defendant, ALLIANCE ONE TOBACCO OSH, LLC (formerly known as DIK), did knowingly and willfully conspire and agree with Dimon, DIK Employee A, DIK Employee B, DIK Employee C, and others, known and unknown, to commit the following offenses against the United States:

a. while in the territory of the United States, to willfully make use of the mails and means and instrumentalities of interstate commerce and do other acts corruptly in furtherance of an offer, payment, promise to pay, and the authorization of the payment of any money, offer, gift, promise to give, and authorization of the giving of anything of value to any foreign official for purposes of: (i) influencing the acts and decisions of such foreign official in his official capacity; (ii) inducing such foreign official to do and omit to do acts in violation of the lawful duties of such official; (iii) securing any improper advantage; and (iv) inducing such foreign official to use his influence with a foreign government and instrumentalities thereof to affect and influence acts and decisions of such government and

instrumentalities thereof, in order to assist DIK, Dimon, and their co-conspirators in obtaining and retaining business for and with, and directing business to, the defendant, Dimon, and their co-conspirators in violation of Title 15, United States Code, Section 78dd-3(a); and

b. to knowingly falsify and cause to be falsified books, records, and accounts which, in reasonable detail, accurately and fairly reflected the transactions and dispositions of the assets of Dimon, an issuer within the meaning of the FCPA, in violation of Title 15, United States Code, Sections 78m(b)(2)(A), 78m(b)(5), and 78ff(a).

**Purpose of the Conspiracy**

23. The primary purpose of the conspiracy was to make corrupt payments to Kyrgyz government officials for the purpose of influencing their official decisions and to secure an improper advantage for the defendant and Dimon in obtaining and retaining business in connection with the purchase and sale of tobacco in Kyrgyzstan.

**Manner and Means of the Conspiracy**

24. The manner and means by which the defendant and its co-conspirators accomplished the objects of the conspiracy, included, but were not limited to the following:

a. It was part of the conspiracy that defendant and its co-conspirators, on behalf of Dimon, paid cash bribes totaling approximately \$3,050,672 to various foreign officials in the Republic of Kyrgyzstan in order to secure an improper business advantage in Kyrgyzstan for the defendant and Dimon.

b. It was a further part of the conspiracy that from in or around October 1996, and continuing through at least February 2004, the defendant and its co-conspirators authorized, made, and caused to be made 43 cash payments on behalf of Dimon to Kyrgyz Official A and others, who were foreign officials under the FCPA, totaling approximately \$2,684,060, which represented roughly \$0.05 per kilogram of tobacco processed by the Tamekisi for purported “financial assistance” called for in the written agreement, although the Tamekisi performed no additional services for the defendant.

c. It was a further part of the conspiracy that the defendant and its co-conspirators knew and intended that the “financial assistance” paid to Kyrgyz Official A and others, who were foreign officials under the FCPA, would secure an improper advantage for The defendant by influencing Kyrgyz Official A’s decision to issue a license to the defendant to export Kyrgyz tobacco and to permit the defendant to process its tobacco at Tamekisi-controlled facilities.

d. It was a further part of the conspiracy that the defendant and its co-conspirators authorized, made, and caused to be made cash payments on behalf of Dimon to several Akims, who were foreign officials under the FCPA, totaling approximately \$283,762, knowing and intending that such payments would secure an improper advantage for the defendant by influencing their decision to grant permission to the defendant to purchase tobacco from local growers.

e. It was a further part of the conspiracy that the defendant and its co-conspirators authorized, made and caused to be made, cash payments on behalf of Dimon to Kyrgyz Tax Inspection Police, who were foreign officials under the FCPA, totaling approximately \$82,850, in order to influence the acts and decisions of the Kyrgyz Tax Inspection Police and to secure the defendant's continued ability to conduct its business in Kyrgyzstan.

f. It was a further part of the conspiracy that the defendant and Dimon failed to account properly for the corrupt payments to Kyrgyz Official A, the Akims, and the Kyrgyz Tax Inspection Police, and failed to describe accurately those transactions in their books and records. Instead, the defendant and Dimon improperly characterized the payments as legitimate "financial assistance" or "commissions."

g. It was a further part of the conspiracy that between in or around January 1996 through in or around December 2004, Dimon realized profits of approximately \$4.8 million from the business operations of the defendant in Kyrgyzstan.

#### **Overt Acts**

25. In furtherance of the conspiracy and to accomplish its unlawful objects, at least one of the co-conspirators committed, or cause to be committed, in the Western District of Virginia, and elsewhere, the following overt acts, among others:

a. On or about October 22, 1996, a senior executive involved in Dimon International's European operations and Kyrgyz Official A signed a written amendment to a previous agreement whereby the defendant agreed to pay the Tamekisi \$0.18 per kilogram for

future tobacco processing services plus an additional \$0.05 per kilogram for “financial assistance.”

b. On or about September 26, 1997, DIK Employee A sent a memorandum by facsimile transmission from the offices of a Dimon subsidiary in Aalsmeer, Netherlands, to officers of Dimon or its subsidiaries located at its corporate offices in Danville, Virginia, in which he stated: “As in last years situation, there are also some ‘special assistance’ charges that will have to be included as was the case last year. In last years case, we paid the Kyrgyztamekisi \$0.05 per kilogram as a development charge for the tobacco market. This year the charge has been reduced to \$0.025 per kilogram as development money but, they also want an additional \$0.02 per kilogram which will be ‘black’ money. This black money will be split 4 ways one part to [Kyrgyz Official A], one part to [Kyrgyz Official B], one part to [Kyrgyz Official C] and one part to DIMON.”

c. On or about the dates set forth below, DIK Employee A delivered the following cash payments to Kyrgyz Official A, and others, on behalf of the defendant and Dimon, in the amounts set forth below, totaling approximately \$2,684,060:

Overt Acts	Date	\$ Amount	Overt Acts	Date	\$ Amount
c(1)	January 1996	10,000	c(23)	February 2001	34,000
c(2)	October 1996	5,000	c(24)	March 2001	10,000
c(3)	December 1996	330,000	c(25)	June 2001	8,000
c(4)	October 1997	30,160	c(26)	June 2001	20,000
c(5)	October 1997	62,500	c(27)	July 2001	20,000
c(6)	July 1998	1,000	c(28)	August 2001	105,000
c(7)	August, 1998	50,000	c(29)	December 7, 2001	10,000
c(8)	October 1998	10,000	c(30)	December 7, 2001	10,000
c(9)	November 1998	50,000	c(31)	January 9, 2002	85,000
c(10)	January 1999	15,000	c(32)	February 4, 2002	109,000
c(11)	January 1999	48,000	c(33)	May 24, 2002	51,000
c(12)	April 1999	3,000	c(34)	June 12, 2002	25,000
c(13)	May 1999	45,000	c(35)	November 22, 2002	20,000
c(14)	September 1999	50,000	c(36)	December 16, 2002	50,000
c(15)	September 1999	90,000	c(37)	February 8, 2003	115,000
c(16)	November 1999	5,000	c(38)	April 17, 2003	340,000
c(17)	November 1999	70,000	c(39)	June 13, 2003	13,400
c(18)	March 2000	196,000	c(40)	December 29, 2003	5,000
c(19)	May 2000	34,000	c(41)	February 2004	100,000
c(20)	September 2000	10,000	c(42)	February 28, 2004	135,000
c(21)	October 2000	185,000	c(43)	February 28, 2004	15,000
c(22)	January 2001	94,000	--	--	--
<b>TOTAL PAYMENTS TO KYRGYZ OFFICIAL A</b>					<b>\$2,684,060</b>

d. On or about the dates set forth below, DIK Employee A delivered the following cash payments to the Akim of the Nookat Municipality, on behalf of the defendant and Dimon, in the amounts set forth below, totaling approximately \$195,562:

Overt Act	Date	\$ Amount	Overt Act	Date	\$ Amount
d(1)	January, 1996	700	d(20)	February, 2000	20,000
d(2)	January, 1996	1,600	d(21)	June, 2000	1,100
d(3)	January, 1996	500	d(22)	September, 2000	1,000
d(4)	January, 1996	500	d(23)	October, 2000	502
d(5)	January, 1996	1,500	d(24)	November, 2000	10,000
d(6)	December, 1996	1,000	d(25)	December, 2000	5,000
d(7)	February, 1997	2,000	d(26)	January, 2001	2,700
d(8)	March, 1997	2,000	d(27)	March, 2001	5,000
d(9)	March, 1997	9,000	d(28)	August, 2001	2,500
d(10)	April, 1997	5,000	d(29)	January 28, 2002	10,000
d(11)	October, 1997	1,500	d(30)	April 30, 2002	20,000
d(12)	November, 1997	2,000	d(31)	October 12, 2002	10,000
d(13)	September, 1998	500	d(32)	December 16, 2002	10,000
d(14)	September, 1998	5,000	d(33)	December, 2002	10,000
d(15)	September, 1998	5,000	d(34)	April 21, 2003	7,960
d(16)	December, 1998	2,000	d(35)	September 3, 2003	20,000
d(17)	January, 1999	4,000	d(36)	November 18, 2003	5,000
d(18)	November, 1999	2,000	d(37)	March 31, 2004	5,000
d(19)	November, 1999	4,000	--	--	--
<b>TOTAL PAYMENTS TO THE AKIM OF NOOKAT</b>					<b>\$195,562</b>

e. On three separate occasions from in or around June 2001 through in or around December 2002, DIK Employee A delivered cash payments to the Akim of the Aksy Municipality on behalf of the defendant and Dimon, totaling approximately \$6,700.

f. On nine separate occasions from in or around March 1999 through in or around February 2004 DIK Employee A delivered cash payments to the Akim of the Alabuka

Municipality on behalf of the defendant and Dimon, totaling approximately totaling approximately \$46,000.

g. On or about December 11, 2002, DIK Employee A delivered a cash payment to the Akim of the Alafuko Municipality on behalf of the defendant and Dimon, in the amount of approximately \$2,000.

h. On or about March 31, 2004, DIK Employee A delivered a cash payment to the Akim of the Chilik Municipality on behalf of the defendant and Dimon, in the amount of approximately \$4,000.

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

**COUNT TWO**  
**(Foreign Corrupt Practices Act)**

26. Paragraphs 1 through 21 and 23 through 25 of Count One are realleged and incorporated as if fully set forth herein.

27. From in or around January 1996, and continuing through at least in or around March 2004, in the Western District of Virginia and elsewhere, the defendant, ALLIANCE ONE TOBACCO OSH, LLC (formerly known as DIK), a “person” within the meaning of the Foreign Corrupt Practices Act, while in the territory of the United States, did willfully use and cause to be used the mails and any means and instrumentalities of interstate commerce and do other acts corruptly in furtherance of an offer, payment, promise to pay, and the authorization of the payment of any money, offer, gift, promise to give, and authorization of the giving of anything of value to any foreign official for purposes of: (i) influencing the acts

and decisions of such foreign official in his official capacity; (ii) inducing such foreign official to do and omit to do acts in violation of the lawful duties of such official; (iii) securing any improper advantage; and (iv) inducing such foreign official to use his influence with a foreign government and instrumentalities thereof to affect and influence acts and decisions of such government and instrumentalities thereof, in order to assist the defendant, Dimon, and their co-conspirators in obtaining and retaining business for and with, and directing business to the defendant, Dimon, and their co-conspirators, *to wit*, in order to obtain an export license, gain access to tobacco processing facilities, obtain permission to purchase tobacco from local growers, and to secure an improper advantage in connection with the purchase and sale of tobacco in Kyrgyzstan for DIK and Dimon, and to obtain future business in Kyrgyzstan, the defendant made payments and caused payments to be made, totaling approximately \$3,050,672, from its bank account in Osh, Kyrgyzstan, to public officials in Kyrgyzstan.

All in violation of Title 15, United States Code, Section 78dd-3(a).

**COUNT THREE**  
**(Aiding and Abetting Books and Records Violation)**

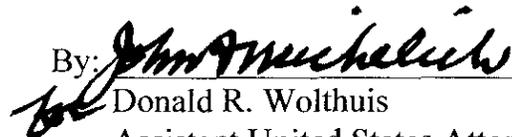
28. Paragraphs 1 through 21 and 23 through 25 of Count One are realleged and incorporated as if fully set forth herein.

29. From in or around January 1996, and continuing through at least in or around March 2004, in the Western District of Virginia and elsewhere, the defendant, ALLIANCE ONE TOBACCO OSH LLC (formerly known as DIK), knowingly and willfully aided,

abetted, assisted, and caused the commission of an offense against the United States, that is, the knowing falsification of books, records, and accounts which, in reasonable detail, were required to accurately and fairly reflect the transactions and dispositions of the assets of Dimon, *to wit*: the defendant aided, abetted, and assisted Dimon in mischaracterizing in its books and records the cash payments to Kyrgyz Official A, the Akims, and the Kyrgyz Tax Inspection Police totaling \$3,050,672 as, among other things, “financial assistance” or “commissions,” when in fact the defendant knew that all or part of these payments were bribes.

All in violation of Title 15, United States Code, Sections 78m(b)(2)(A), 78m(b)(5), and 78ff(a), and Title 18, United States Code, Section 2.

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