

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS

UNITED STATES OF AMERICA

v.

RUSTON GAS TURBINES, INC.

Defendant

Criminal No. H-82-207


NOTICE OF PLEA AGREEMENT
AND PLEA AGREEMENT

Pursuant to Rule 11 (e) (1) (C) of the Federal Rules of Criminal Procedure, notice is respectfully given to the Court that the attorneys for the United States and the attorneys for defendant RUSTON GAS TURBINES, INC. have agreed to the attached plea agreement.

Respectfully submitted,



DANIEL HEDGES
United States Attorney



Barbara E. Nicastro
Trial Attorney
Department of Justice

PLEA AGREEMENT

Ruston Gas Turbines, Inc. and its attorneys, and the attorneys for the United States have agreed:

1. Ruston Gas Turbines, Inc. shall plead guilty in the United States District Court for the Southern District of Texas to the one count Felony Information attached as Exhibit "A", which charges a felony violation of the Foreign Corrupt Practices Act, 15 U.S.C. 78dd-2(a)(3). The United States will file the Felony Information as soon after the execution of this agreement as is practicable. At the time of this plea, the United States will provide the Court with a written Offer of Proof, a copy of which has been provided to the attorneys for Ruston Gas Turbines, Inc.

2. Upon execution of this plea agreement, Ruston Gas Turbines, Inc. shall produce to the attorneys for the government any and all documents obtained from its parent corporation and affiliates reflecting and tracing the offshore transfer of funds relating to Pemex Purchase Order 800-11-8-80049 (also referred to as Ruston contract 77104). Furthermore, Ruston Gas Turbines, Inc. shall assist the government to obtain any and all additional records and information from third parties regarding the transfer of these funds, by providing additional information and any necessary authorizations and consents.

3. Ruston Gas Turbines, Inc. shall pay a criminal fine of seven hundred fifty thousand dollars (\$750,000). This amount shall be paid in full within five (5) days after the entry of final judgment hereon.

4. If the Court accepts the plea of guilty described in paragraph 1 and enters final judgment, which is not later vacated, the United States agrees that no further criminal charges will be brought against Ruston Gas Turbines, Inc. for any of its conduct arising from its activities with Crawford Enterprises, Inc. regarding sales to Petroleos Mexicanos. However, this agreement does not prevent the United States from proceeding against Ruston Gas Turbines, Inc. for any offense defined in Title 26 and such Title 18 offenses as may be investigated by agents of the Internal Revenue Service in connection with the enforcement of federal revenue laws, including but not limited to conspiracies to commit such Title 26 and Title 18 offenses, and conspiracies to defraud the Government by impeding, impairing, obstructing and defeating the lawful function of the United States Treasury and the Internal Revenue Service in the ascertainment, computation, assessment or collection of the revenue.

5. Ruston Gas Turbines, Inc. shall not commit any further crimes whatsoever, and agrees that this agreement shall not prevent prejudice or preclude the right of the United States to proceed in the future with the investigation and/or prosecution of it for any criminal violations not covered herein or which may occur after the date of this agreement whether or not such criminal violations are a continuation of activity begun before the date of this agreement.

6. It is agreed that if the Court, for any reason, rejects any part of this agreement or refuses to accept the plea of guilty or enter final judgment, Ruston Gas Turbines, Inc. and the United States will be relieved of all obligations under this agreement. It is further agreed that should the Court reject this agreement, refuse to accept the plea of guilty or enter final judgment, the United States may move to dismiss the Felony Information (Exhibit "A") without prejudice and Ruston Gas Turbines, Inc. will have no objection to such dismissal, nor any objection, on the basis of such dismissal, to the continuation of the grand jury investigations or any resulting prosecution of it.

7. It is expressly understood that nothing herein precludes the United States from investigating and recovering from Ruston Gas Turbines, Inc. all monies due and owing as civil liabilities whether or not arising out of the same facts and circumstances charged in Exhibit "A" or arising out of matters described in paragraph 4.

This plea agreement confirms the entire agreement between Ruston Gas Turbines, Inc. and the United States concerning its guilty plea. No other promises, representations, or inducements have been made to Ruston Gas Turbines, Inc. or its attorneys with regard to such guilty plea. No additional promises, agreements, or conditions have been entered into other than those set forth herein, and none will be entered into unless in writing and signed by all parties.

DATED: September 22nd, 1982

William F. Pendergast
WILLIAM F. PENDERGAST *WFP*

Ruston Gas Turbines, Inc.

By:

John Paul
JOHN PAUL, President

Barbara E. Nicastro
BARBARA E. NICASTRO

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RUSTON GAS TURBINES, INC.

Defendant

)
)
) Criminal No. _____
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)
) I N F O R M A T I O N
)
) [15 U.S.C. 78dd 2(a) (3):
) Foreign Corrupt Practices Act]

INFORMATION

COUNT I

The United States Attorney charges:

1. At all times material hereto defendant RUSTON GAS TURBINES, Inc. was a Texas corporation with principal offices in Houston, Texas, and was engaged in, among other things, the manufacture and sale of turbine compression equipment for use in the petroleum industry. Defendant RUSTON GAS TURBINES, INC. was a domestic concern as that term is defined in 15 U.S.C. 78dd-2 (d) (1) (B).

2. At all times material hereto, Petroleos Mexicanos (hereinafter "Pemex") was a national oil company wholly owned by the government of the Republic of Mexico, and was an instrumentality of the Mexican government as that term is used in 15 U.S.C. 78dd-2(d) (2).

EXHIBIT "A"

3. At various times material hereto, Ignacio DeLeon (hereinafter "DeLeon") was the sub-director of Pemex in charge of purchasing, and was a foreign official as that term is defined in 15 U.S.C. 78dd-2(d)(2).

4. At various times material hereto, Jesus Chavarria (hereinafter "Chavarria") was the sub-director of Pemex in charge of exploration, and was a foreign official as that term is defined in 15 U.S.C. 78dd-2(d)(2).

5. At all times material hereto, Crawford Enterprises, Inc. was a Texas corporation with its principal offices located in Houston, Texas, and was engaged in, among other things, the business of selling turbine compression systems to Pemex. Crawford Enterprises, Inc. was a domestic concern as that term is defined in 15 U.S.C. 78dd-2(d)(1)(B).

6. At various times material hereto Grupo Industrial Delta S.A. (hereinafter "Grupo Delta") was a corporation organized and existing under the laws of the State of Mexico in the Republic of Mexico after September 26, 1977, with principal offices located in Mexico City, Mexico and held itself out to be engaged in, among other things, the business of representing Crawford Enterprises, Inc. and other companies, in sales efforts to Pemex.

7. On or about January 8, 1978, defendant RUSTON GAS TURBINE, INC. through its vice president James R. Smith, in the Southern District of Texas, and elsewhere, corruptly used an instrumentality of interstate commerce, to wit, a commercial aircraft to travel from Houston, Texas to Mexico City, Mexico in furtherance of an offer, payment and promise to pay money, that is, the equivalent of five percent of the price of the contract,

plus \$200,000.00 to a person, to wit, Grupo Delta, while knowing that all or a portion of such money would be offered, given or promised to DeLeon and Chavarria, both foreign officials, for the purpose of influencing the acts and decisions of DeLeon and Chavarria in their official capacity in order to obtain and retain business for defendant RUSTON GAS TURBINES, INC. and for Crawford Enterprises, Inc., that is, contracts for the sale to Pemex of turbine compression systems.

All in violation of 15 U.S.C. 78dd-2(a)(3).

DANIEL HEDGES
United States Attorney

BARBARA E. NICASTRO
Trial Attorney
Department of Justice

Dated: September , 1982