

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

FILED

MAY 11 1989

UNITED STATES OF AMERICA,)
)
 Plaintiff,)
)
 v.)
)
 GOODYEAR INTERNATIONAL CORP.,)
)
 Defendant.)
 _____)

CLERK, U.S. DISTRICT COURT
DISTRICT OF COLUMBIA

Cr 89-156

STATEMENT OF FACTS SUPPORTING THE GUILTY PLEA

The information charges the defendant, GOODYEAR INTERNATIONAL CORP., with a single count violation of the Foreign Corrupt Practices Act of 1977, 15 U.S.C. Section 78dd, for payments to officials of the Government of the Republic of Iraq in connection with the sale of tires to that government.

If this matter were to go to trial, the United States would prove that in early 1978, following his appointment as regional export manager for the defendant, GOODYEAR INTERNATIONAL CORP. [GIC], for the Middle East, David J. Janasik travelled to Baghdad, Iraq, where he met with several officials of the Iraqi state-owned trading organization, Iraqi Trading Company [ITC], through which the Iraqi government purchased virtually all of the tires for sale in that nation. During his visit, Janasik arranged to meet privately with Mohammed Jassem, one of the officials whom he had met earlier in a group representing ITC. In the storage room of a Baghdad company owned by a friend, Janasik and Jassem discussed GIC's interest in obtaining a share of the Iraqi government's tire

business. Jassem told Janasik that GIC's competitors located in France, Korea and Japan had been willing to pay cash "commissions" to him in order to ensure a "good relationship" between those companies and the Iraqi government's purchasing organization, ITC. Jassem also explained to Janasik that absent such payments GIC could hope for only very limited business from Jassem's government. Janasik told Jassem that such payments were against GIC corporate policy and that he did not feel that he could do business on those terms.

The evidence would further show that when he returned to Athens from his trip to Iraq in early 1978, Janasik telephoned his superior, then GIC's Assistant Director for Export Operations, at his office in Akron, Ohio. He told his superior of his private meeting with an official of ITC and that he had declined to do business on the terms which had been offered. Janasik's superior discussed his conversation with Janasik, with his superior, GIC's Regional Director for Europe, and with a GIC Vice President. With respect to Janasik's contact in Iraq, the Vice President told the Assistant Export Director to "[g]et the business, I don't want to know [how]". The Assistant Export Director telephoned Janasik and urged him to increase his sales, by using his "contacts" to get business with Iraq. When Janasik reminded his superior of the conditions for obtaining such business, the supervisor repeated his instruction that Janasik was to obtain new business with the Government of Iraq.

The United States would prove that, sometime after his telephone conversation with his supervisor, Janasik applied for a visa to travel to Iraq. During the period he was waiting in Athens for his visa to be processed, he received a telephone call in Athens from an ITC employee who told Janasik that a delegation from ITC would be visiting Greece and that Janasik had no need to obtain a visa. In mid-1979, an individual named Ayub Al Shakiri made an unannounced appearance at Janasik's office in Athens and stated to Janasik that he was the "behind the scene" representative of ITC and was "acting on behalf" of officials of that organization. Al Shakiri gave Janasik an advance copy of the Iraqi government's tire requirements for the following year -- information which would not be available to GIC's competitors until the fall of 1979 -- and told him that if an 11 percent commission were paid to his "principals", GIC would be given a substantial amount of ITC's business. Janasik told Al Shakiri that he would have to clear the matter with his superiors in GIC. Al Shakiri warned Janasik not to attempt to contact him in Iraq and stated that any discussions regarding the commissions would have to take place outside Iraq.

The evidence would show that Janasik thereafter contacted an official at the Goodyear manufacturing plant in Luxembourg at which the tires required by the Iraqi Government would be manufactured. From his discussion with the official, Janasik learned that an 11 percent commission was not feasible, but that, given the volume and price of the tires required by Iraq, a 7 percent commission would

be acceptable. Janasik also contacted his superior and advised him of his meeting with Al Shakiri. In September 1979, by pre-arrangement, Janasik met Al Shakiri in a London hotel room where he told Al Shakiri that the highest commission which Goodyear would pay was 7 percent. Al Shakiri said that he was required to report GIC's response to his principals but that, should the figure be accepted, there need be no further discussion and Goodyear could expect to receive a substantial order in November of that year. In the Fall of 1979 some \$10 million in business was awarded to Goodyear by the Government of Iraq.

In May 1980, Janasik visited the manager of Goodyear's tire plant in Luxembourg where he was told that the plant was operating at less than capacity and that additional orders were needed. From the plant, Janasik cabled ITC in Baghdad asking for additional orders. Subsequently an order for an additional \$4 million of tires was placed by ITC. The evidence will show that shortly thereafter Al Shakiri called Janasik from a location outside Iraq and said that his principals wanted their money and that it should be paid in Switzerland. He also asked how soon this could be done. When the Luxembourg plant manager balked at making the arrangements to pay the commission, Janasik, fearing what action Al Shakiri and his principals might take if the bribes were not paid, attempted to call his supervisor, now GIC's Director of Export Operations, in Akron. The supervisor was on vacation and, during his absence, Janasik spoke with the GIC's Vice President for Europe and explained the commitment to pay the officials at ITC. The Vice

President responded that he would see that GIC honored its commitment.

The United States would prove at trial that when Janasik's supervisor returned to Akron from his vacation on June 23, 1980, he met with GIC's Vice President for Europe and discussed the manner in which payments would be made to the Iraqi officials. During his supervisor's absence, Janasik had discussed with the Vice President at GIC the commissioning of "marketing studies" from a Greek company as a artifice for concealing the fact that GIC funds would be used for the purpose of paying bribes to the Iraqi officials. After his return, GIC's Export Director -- with the Vice President's knowledge and acquiescence -- authorized Janasik to proceed with the "marketing studies." Another official of GIC also discussed the marketing studies with Janasik's supervisor, and warned him that "[i]f this becomes a problem, I will not support you". Very superficial marketing studies were subsequently produced by the Greek company and Janasik forwarded them to the Export Director in Akron with the Greek company's invoice in the amount of \$430,000.

In September of 1980, Janasik again met Al Shakiri in London. Janasik was told that the ITC principals did not want any payments to be traced to them and required payment in cash. Janasik and Al Shakiri agreed that Janasik would have Goodyear's payment to the Greek company transferred to his personal bank account in Switzerland where it would remain until the ITC principals were ready to receive it.

Late in September 1980, a Goodyear check in the amount of \$430,000, payable to the Greek firm, was issued in Akron and delivered to Janasik in Athens. Janasik turned over the check to the president of the Greek firm and it was deposited in the firm's account at the Union Bank of Switzerland in Geneva, Switzerland. The president of the Greek company retained \$28,000 for his services in preparing the bogus marketing studies and transferred the balance of \$402,000. to Janasik's personal account at the same bank. When Al Shakiri called him in December 1980, Janasik told him that the first of the Goodyear payments was available for the Iraqi officials. By that time, however, and based upon the amount of business which Goodyear had been awarded by ITC, Goodyear owed an additional \$550,000 in payments to the Iraqi government officials.

The evidence would further show that, in March 1981, Janasik met in Dubai, in the United Arab Emirates, with a senior official of Goodyear International and discussed with him the payment of the balance owed to the Iraqi officials. The official rejected the idea of masking the balance of the payments as "consulting fees" and told Janasik that the matter would be the subject of a forthcoming meeting in Akron. Approximately ten days later, Janasik's supervisor called and instructed him to stall the Iraqis as it was proving impossible to obtain approval from Goodyear headquarters for consulting fees of the magnitude required to fund the payments. During mid-1981, while the balance of the funds remained unpaid, Janasik learned from Al Shakiri that because of

GIC's inability to honor its commitment, no new orders would be given to Goodyear except in very small amounts to avoid throwing suspicion on Al Shakiri's associates.

Finally, in May 1982, Janasik's supervisor advised him that the monies owed to the Iraqi officials would be paid through the use of false invoices for advertising expense and that this procedure had been approved by the then Executive Vice President. Janasik thereupon contacted Goodyear's advertising manager for Greece -- who had once operated an advertising agency in Baghdad -- and Janasik arranged for false invoices to be prepared on the advertising firm's letterhead billing Goodyear for Arab language advertising purportedly placed in Baghdad newspapers. Between September 1982 and September 1984, an additional \$551,124. in GIC funds were diverted to pay bribes to Iraqi government officials.

The following is a summary of the advertising firm's invoices, their dates and and the manner in which Goodyear funds were transmitted to Janasik for payment to the Iraqi officials:

<u>Invoice Date and Amount</u>	<u>Manner of Payment</u>
9/14/82 \$192,861.	\$96,000. [GIC check]
	\$96,000. [GIC check]
10/16/83 \$ 73,326.	\$73,326. [GIC check]
3/24/84 \$117,478.	\$117,478. [GIC check]
8/20/84 \$167.429.	\$167,429. [GIC check]

The United States would prove that each of the GIC checks listed above were delivered to Janasik in Athens. The first two were delivered to him by GIC's Export Director and the remaining

three were mailed from Akron to Athens. The mailing of the final check, in the amount of \$167,429. from Akron in the Northern District of Ohio, to Athens, Greece, on or about August 20, 1984, is the act charged in the Information as the violation of the Foreign Corrupt Practices Act of 1977, 15 U.S.C. Section 78dd, by the defendant, GOODYEAR INTERNATIONAL CORP.

The advertising manager, at Janasik's instruction, opened a bank account in Switzerland in the name of a defunct former Baghdad advertising firm. It was into this account, at the Union Bank of Switzerland, that all of the GIC "advertising" payment checks were first deposited. The proceeds of GIC's payments -- less an amount of \$2,000. for each of the five checks which were processed through this account -- were transferred to Janasik's personal account at UBS. In all instances save the first, Janasik personally carried the "advertising firm's" deposits to Geneva, made the deposits and arranged for their transfer to his account.

By the early Fall of 1983, after the payments funded through the use of the bogus advertising had begun, GIC received an order for an additional \$5,000,000. of truck tires the Iraqi government, bringing the total amount of business obtained through the bribery of the Iraqi officials to \$19,000,000.. In December 1984, Janasik met Al Shakiri in London where they discussed the manner in which the funds held in Janasik's UBS account would be transferred to the Iraqi government officials. By this date, auditors for GIC were in Athens and had begun to examine the advertising expenditures of Janasik's office. In a telephone conversation, Janasik and Al

Shakiri agreed to meet a few days later in Geneva where Al Shakiri would take possession of the funds in cash. They also agreed that GIC's advertising manager for Greece would receive \$50,000. for his participation in the scheme and that Janasik would keep \$75,000. for his efforts.

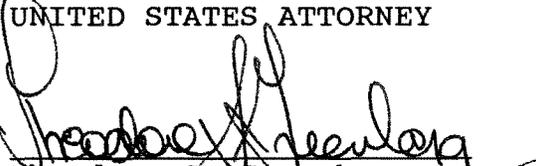
The evidence would further show that, while he was in London, Janasik received a telephone call from the Vice President for Europe, then GIC's Executive Vice President, who instructed Janasik to stick to his story that the "advertising firm's" payments were bona fide advertising expenses. When he returned to Athens from London, Janasik was interviewed by one of the auditors. Prior to the interview, Janasik and the Executive Vice President again discussed the matter by telephone and Janasik agreed to mislead the auditors by insisting that he had intended the funds be used for advertising and that if the advertising in fact, had not been placed then he and GIC's advertising manager for Greece had been duped.

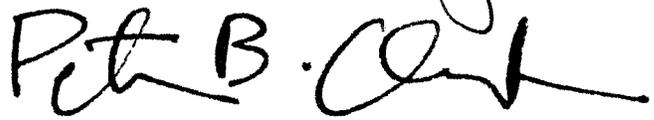
Following the auditor's interview, Janasik was unable to leave Athens for his scheduled meeting with Shakiri in Geneva. In his place, Janasik's wife went to Geneva where she withdrew approximately \$1,125,000. in cash from Janasik's UBS account. She went immediately to the Geneva Hilton where she met Al Shakiri. Al Shakiri counted out the \$75,000. for David Janasik and gave it to Mrs. Janasik. Over the next two hours, a bonded messenger hired by Al Shakiri made several trips, removing \$250,000. at a time from the hotel room. When this was completed, Mrs. Janasik returned to

Athens. No further payments were made to the Iraqi officials on behalf of GIC.

Respectfully submitted,

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