

UNITED STATES DISTRICT COURT

for the District of Maryland

FILED ENTERED
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NOV 27 2013

AT GREENBELT
CLERK, U.S. DISTRICT COURT
DISTRICT OF MARYLAND

United States of America
v.

BY Case No. 13-2810CB DEPUTY

Asem M. Elgawhary

Defendant(s)

CRIMINAL COMPLAINT

I, the complainant in this case, state that the following is true to the best of my knowledge and belief.

On or about the date(s) of 2003 through 2011 in the county of Montgomery in the District of Maryland, the defendant(s) violated:

Code Section	Offense Description
18: 1341; 1343	Mail and Wire fraud.
18: 1956(h)	Conspiracy to Launder Money

This criminal complaint is based on these facts:

See Attached Affidavit.

Continued on the attached sheet.

Claire Rossini

Complainant's signature

Claire Rossini, Special Agent, IRS

Printed name and title

Sworn to before me and signed in my presence.

Date: Nov 25, 2013

Charles B. Day

Judge's signature

City and state: Greenbelt, MD

Charles B. Day, U.S. Magistrate Judge

Printed name and title

AUSA Salem

13-2810 CBN

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**AFFIDAVIT IN SUPPORT OF
CRIMINAL COMPLAINT AND ARREST WARRANTS**

NOV 27 2013

AT GREENBELT
CLERK, U.S. DISTRICT COURT
DISTRICT OF MARYLAND

1. I, Special Agent Claire Rossini of the Internal Revenue Service, Criminal
BY _____ DEPUTY

Investigation, being duly sworn, depose and state as follows:

A. BACKGROUND OF AFFIANT

2. I am a Special Agent with the Internal Revenue Service – Criminal Investigation (“IRS-CI”) and I am an “investigative or law enforcement officer” of the United States within the meaning of Title 18, United States Code, Section 2510(7), that is, an officer of the United States who is empowered by law to conduct investigations of and to make arrests for offenses enumerated in Section 2516 of Title, 18, United States Code.

3. I am a duly sworn member of the IRS-CI and have been so employed since July 1991. During my tenure as an IRS Special Agent, I have participated in numerous criminal and national security investigations involving violent crimes, fugitive apprehensions, white collar crime and public corruption, as well as other unlawful activities. I have participated in numerous searches, arrests and seizure warrants involving a variety of offenses. In my current assignment at the IRS-CI’s Baltimore Field Office, I am responsible for investigating violations of white-collar crime, including wire and mail fraud, money laundering and tax fraud.

4. This affidavit is submitted in support of a criminal complaint and arrest warrant related to fraud and money laundering by the defendant, **ASEM M. ELGAWHARY (“ELGAWHARY”)**. The information contained in this affidavit is based upon my personal knowledge, as well as information obtained from other sources, including: (a) statements made or reported by various witnesses with knowledge of

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relevant facts; (b) my review of publicly available information relating to **ELGAWHARY** and other relevant individuals and entities; (c) documents obtained from various sources; and (d) discussions with other law enforcement officials. I have limited this affidavit to those facts necessary to support a finding of probable cause that **ELGAWHARY** violated Title 18, United States Code, Sections 1341 and 1343 (mail and wire fraud), and Title 18, United States Code, Section 1956(h) (conspiracy to launder money). Accordingly, this affidavit does not include a complete recitation of the entire investigation or each and every fact and matter observed by or known to law enforcement relating to the subject matter of this investigation. Additionally, unless otherwise noted, wherever in this affidavit I assert that a statement was made by an individual, that statement is described in substance and in part, and is not intended to be a verbatim recitation of the entire statement made by that individual.

B. STATEMENT OF PROBABLE CAUSE

i. Relevant Entities and Individuals

5. Based on public source information and documents and information provided by Bechtel Corporation (“Bechtel”), Bechtel, headquartered in San Francisco, California, with offices in Maryland, was a global corporation engaged in engineering, construction and project management. Bechtel performed services around the world including in Egypt, where it had a joint venture with the Egyptian government’s electricity company, Egyptian Electricity Holding Company (“EEHC”).

6. Based on public source information and documents and information provided by Bechtel, EEHC was the state-owned and state-controlled electricity company in Egypt. EEHC was created by Egypt’s Ministry of Public Enterprises and was under



the jurisdiction of the Ministry of Electricity and Energy. Although EEHC subcontracted with private companies to perform services on its behalf, in most instances, EEHC did not handle the subcontracting process itself. Rather, the bidding process for such subcontracts was handled primarily by a joint venture between Bechtel, EEHC and an international bank. This joint venture was called Power Generation Engineering and Services Company ("PGESCO").

7. Based on public source information and documents and information provided by Bechtel, PGESCO, located in Egypt, was created in 1993. PGESCO provided technical and management assistance in the engineering, design and construction of power projects, including for EEHC. PGESCO assisted EEHC in identifying possible subcontractors, soliciting bids, and awarding contracts to perform work for EEHC.

8. Based on documents and information provided by Bechtel and interviews of current and former Bechtel employees, **ELGAWHARY** was a dual U.S. and Egyptian citizen. From in or around 1973 to in or around 2011, **ELGAWHARY** was employed at Bechtel, holding a number of executive-level positions, including Principal Vice President. From in or around 1996 to in or around 2011, **ELGAWHARY** was assigned by Bechtel to be the General Manager at PGESCO. During that time, **ELGAWHARY** was employed by both Bechtel and PGESCO. **ELGAWHARY's** responsibilities at PGESCO included overseeing the competitive bidding process and assisting in selecting companies to perform subcontracting work for EEHC. As General Manager of PGESCO, **ELGAWHARY** had access to certain confidential information about all of the bidding companies and the bidding process for particular projects. That confidential information, if provided to one of the bidding companies, would provide the recipient company with a

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competitive and unfair advantage. **ELGAWHARY** also had access to and influence with key decision-makers at EEHC who had the final responsibility for selecting the companies that performed services for EEHC.

9. Based on documents and information provided by Bechtel and electronic mails (“e-mails”) obtained via a search warrant, at various times during the fraudulent scheme, **ELGAWHARY** maintained control over bank accounts at Credit Suisse Bank in Geneva, Switzerland (“the **ELGAWHARY** Credit Suisse account”), at Bank Julius Baer, a private bank, in Geneva, Switzerland (“the **ELGAWHARY** Julius Baer account”), and at Alahli Bank in Saudi Arabia (the “Alahli bank account”).

10. Based on documents and information provided by Bechtel and e-mails obtained via a search warrant, “Relative 1” resided in Saudi Arabia and was a close family member of **ELGAWHARY**’s wife. At various times relevant to this complaint, Relative 1 was employed by a Saudi marketing company (“Marketing Company A”) owned and operated by her husband.

11. Based on documents and information provided by Bechtel and e-mails obtained via a search warrant, “Relative 2” resided in Maryland and was a close family member of **ELGAWHARY**.

12. Based on documents and information provided by Bechtel and documents and information provided by “Power Company A,” Power Company A was a French company engaged in the business of providing power generation and transportation-related services around the world, including in Egypt. Power Company A had subsidiaries in various countries, including a subsidiary in Connecticut. Beginning in at least 2003, Power Company A and its subsidiaries, including its subsidiary in

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Connecticut, bid on and secured several contracts through PGESCO to perform work for EEHC, including the El Tebbin and Noubaria power plant projects in Egypt.

13. Based on documents and information provided by Bechtel and public source information, "Power Company B" was a Japanese company engaged in power-related services around the world. Beginning in at least 2007, Power Company B bid on and secured through PGESCO several contracts to perform work for EEHC, including the Sidi Krir power plant project in Egypt.

14. Based on documents and information provided by Bechtel and public source information, "Power Company C" was a Kuwaiti company engaged in power-related services in the Middle East. In or around 2010, Power Company C secured three projects to perform power-related services for EEHC, including the West Damietta and El Shabab power plant projects in Egypt.

15. Based on documents and information provided by Bechtel, documents and information provided by Power Company A, e-mails obtained via a search warrant, and bank records obtained from Germany pursuant to a Mutual Legal Assistance Treaty ("MLAT") request, Consultant A was a consultant who represented various power companies that bid on projects with PGESCO and EEHC. Beginning in at least 2003, Consultant A represented Power Company A in connection with its attempts to secure projects with EEHC through PGESCO. In connection with Consultant A's representation of Power Company A, Consultant A made a number of kickback payments into the **ELGAWHARY** Credit Suisse account, the **ELGAWHARY** Julius Baer account, and several other accounts for the benefit of **ELGAWHARY**. For example, records obtained from Consultant A's bank records and from **ELGAWHARY**'s gmail account showed

that between May 4, 2004 and March 13, 2008, Consultant A deposited and caused to be deposited into various accounts controlled by **ELGAWHARY** more than \$1 million.

These deposits included a deposit of \$140,000 into the **ELGAWHARY Credit Suisse** account on May 4, 2004, and two separate deposits of €300,000 each into the **ELGAWHARY Credit Suisse** account on May 4, 2007 and October 29, 2007. *ex CFM Credit*

16. Based on documents and information provided by Bechtel and public source information, Consultant B was a consultant who represented various power companies that bid on projects with PGESCo and EEHC. Beginning in at least 2007, Consultant B represented Power Company B in connection with its attempts to secure projects with EEHC through PGESCo. In connection with Consultant B's representation of Power Company B, Consultant B made at least one kickback payment into the **ELGAWHARY** Julius Baer account. For example, e-mails provided by Bechtel showed that, on or about January 22, 2008, **ELGAWHARY** sent an e-mail to Consultant B providing the account number – xxxxxxxx2772 -- for the **ELGAWHARY** Credit Suisse account. Similarly, on or about February 18, 2008, **ELGAWHARY** sent an e-mail to Consultant B providing the account number – xxxxxxxx3200 -- for the **ELGAWHARY** Julius Baer account. On or about March 16, 2009, an e-mail from **ELGAWHARY**'s gmail account showed that Consultant B transferred \$180,000 into the **ELGAWHARY** Julius Baer account.

17. Based on documents and information provided by Bechtel and public source information, Consultant C-1 was a British Virgin Isles corporation, located in the United Arab Emirates, that purportedly performed oil-and-gas-related consulting services. In or around 2010, Power Company C entered into a consultancy agreement

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with Consultant C-1 in connection with three projects Power Company C had secured. In entering into this agreement, Power Company C knew that, in fact, Consultant C-1 was a front company for **ELGAWHARY** and his co-conspirators. For example, e-mails provided by Bechtel showed that **ELGAWHARY**, a representative from Power Company C and Consultant C-2 sent each other various draft consultancy agreements between Power Company C and Consultant C-1. The consultancy agreement between Power Company C and Consultant C-1 provided that Power Company C pay the money owed to Consultant C-1 into the **ELGAWHARY** Alahli Bank account.

18. Based on documents and information provided by Bechtel and public source information, Consultant C-2 was an individual working for an Italian company that purportedly performed oil-and-gas-related consulting services. In or around 2010, Consultant C-2 purportedly acted as a representative of Consultant C-1 in connection with the negotiation of the consultancy agreement between Power Company C and Consultant C-1. In reality, Consultant C-2 negotiated kickbacks from Power Company C for and on behalf of **ELGAWHARY**. For example, e-mails provided by Bechtel showed that, on or about January 10, 2011, Consultant C-2 sent an e-mail to **ELGAWHARY** stating that “[u]p till now what has been transferred is a total amount of 3.3. I am fighting with [Power Company C] to get the rest quickly. I understand very well the embarrassment of everybody but be sure that the payment will come, even with delay. As tomorrow you will have a meeting, kindly express, as I already did, the disappointment for the delay they are having to fulfill the commitment.”

ii. Duty of Honest Services

19. Based on documents and information provided by Bechtel, Bechtel maintained a Code of Business Ethics that imposed on its employees certain standards and duties, including:

- a) That employees not misrepresent themselves to anyone;
- b) That employees not misuse proprietary, confidential or private information of Bechtel, its customers and suppliers;
- c) That employees never give, solicit or accept a gift if that gift may create a payback obligation; and
- d) That employees not have a financial interest in an actual or potential supplier, competitor, customer or any other organization that could cause a conflict of interest.

20. Based on documents and information provided by Bechtel, Bechtel maintained an Ethics and Compliance Policy requiring its employees to fully disclose through a conflict of interest review process any activity or transaction that might give rise to a conflict of interest.

21. Based on documents and information provided by Bechtel, during the course of his tenure at Bechtel, **ELGAWHARY** acknowledged Bechtel's policies and agreed to comply with them. In or around 2001, in connection with his continued assignment as General Manager at PGESCo, **ELGAWHARY** signed a "Recital of International Employment Conditions" that required **ELGAWHARY** to comply with published Bechtel personnel policies and stated that Bechtel could discharge

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ELGAWHARY for violations of law, conduct that discredited Bechtel, theft and breach of Bechtel policy.

22. Based on documents and information provided by Bechtel, PGESCO similarly maintained standards of conduct that imposed on its employees certain standards and duties, including:

- a) That employees reject any plan, transaction or arrangement involving unlawful or unethical conduct;
- b) That employees avoid any arrangement, agreement, investment, employment, relationship, act or interest that was contrary to the best interest of PGESCO or its clients or in any way might impair the performance of duties or the exercise of independent judgment or action with respect to PGESCO or its clients;
- c) That employees maintain security of confidential information relating to PGESCO or any of its activities, including information furnished by PGESCO's clients, suppliers, subcontractors or others under conditions of confidentiality;
- d) That employees avoid seeking or accepting, directly or indirectly, from a client, contractor or subcontractor who is doing or might do business with PGESCO or a PGESCO client, any commission, fee or compensation of any kind.

iii. The Kickback Payments

23. Based on documents and information provided by Bechtel, documents and information provided by Power Company A, e-mails obtained via a search warrant, and

bank records obtained from Germany pursuant to an MLAT request, Power Company A, Power Company B, and Power Company C paid kickbacks, directly and indirectly, to **ELGAWHARY** in exchange for preferential treatment from **ELGAWHARY** in connection with the bidding and awarding of the contracts.

- a) This preferential treatment included providing to the power companies that agreed to pay kickbacks confidential non-public information about competing companies and the bidding process. For example, e-mails provided by Bechtel showed that, on or about December 12, 2007, **ELGAWHARY** sent an e-mail to Consultant B providing a performance comparison relating to other power companies competing with Power Company B.
- b) This preferential treatment also included influencing the timing of the bidding process to favor the power companies that agreed to pay kickbacks. For example, e-mails provided by Bechtel showed that, on or about February 3, 2008, Consultant B sent an e-mail to **ELGAWHARY** requesting a one-week extension and stating, "Please try to consider and we will sure [sic] be extremely competitive." The e-mails provided by Bechtel showed that, on or about February 4, 2008, **ELGAWHARY** sent an e-mail to Consultant B granting the requested extension for two
 - projects that Power Company B was attempting to secure.

24. As described in Paragraphs 15 and 16 above, Power Company A and Power Company B paid the kickbacks to **ELGAWHARY** through their consultants, Consultant A and Consultant B, respectively.

25. As described in Paragraphs 15 and 16 above, the kickbacks received in connection with the projects secured by Power Company A and Power Company B were paid by Consultant A and Consultant B, respectively, into the **ELGAWHARY** Julius Baer account and the **ELGAWHARY** Credit Suisse account.

26. Based on documents and information provided by Bechtel and e-mails obtained via a search warrant, the kickbacks received in connection with the projects secured by Power Company C were paid into the Alahli bank account that was under the control of **ELGAWHARY** and that Relative 1 helped **ELGAWHARY** open. For example, as described in Paragraph 18 above, e-mails provided by Bechtel showed that, on or about January 10, 2011, Consultant C-2 sent an e-mail to **ELGAWHARY** stating the amount of money that had already been transferred and that Consultant C-2 was “fighting” with Power Company C to get the rest. E-mails provided by Bechtel showed that, on or about January 11, 2011, the next day, Relative 1 sent an e-mail to **ELGAWHARY** stating that “[t]he funds are received it is \$1 688 995.”

27. As described in Paragraph 17 above, **ELGAWHARY**, Power Company C, and Consultant C-2 attempted to conceal the kickbacks by creating a consultancy agreement between Power Company C and Consultant C-1, purportedly to perform consulting services in order to make the kickbacks appear as though they were legitimate consultancy fees.

28. As described in Paragraph 18 above, **ELGAWHARY**, Power Company C, and Consultant C-2 attempted to further conceal the kickbacks by utilizing Consultant C-2, which purportedly acted as a representative of Consultant C-1, but in reality negotiated kickback payments from Power Company C on behalf of **ELGAWHARY**.

iv. **Misrepresentations to Bechtel and PGESCo and Attempts to Conceal the Fraudulent Scheme**

29. Based on documents and information provided by Bechtel, **ELGAWHARY** concealed material facts from executives at Bechtel and members of the PGESCo board of directors. On or about the dates set forth below, **ELGAWHARY** provided to executives at Bechtel and members of the PGESCo board of directors via DHL package materials ("PGESCo board materials") in preparation for upcoming board meetings that included: (1) financial details and updates on power projects while omitting and concealing the material fact that he received kickbacks in connection with those power projects; and (2) audit reports stating that PGESCo's books and records were in compliance with the law and with its own policies, which omitted and concealed the material fact that **ELGAWHARY**'s actions caused PGESCo's books and records to not be in compliance with the law and its own policies:

DATE	DELIVERY
March 5, 2009	Envelope containing PGESCo board materials for the March 28, 2009, board meeting from PGESCo's offices in Egypt to executives in Frederick, Maryland.
March 6, 2010	Envelope containing PGESCo board materials for the March 27, 2010, board meeting from PGESCo's offices in Egypt to executives in Frederick, Maryland.
October 7, 2010	Envelope containing PGESCo board materials for the October 30, 2010, board meeting from PGESCo's offices in Egypt to executives in Frederick, Maryland.
March 15, 2011	Envelope containing PGESCo board materials for the April 2, 2011, board meeting from PGESCo's offices in Egypt to executives in Frederick, Maryland.

30. Based on documents and information provided by Bechtel, on or about the dates set forth below, **ELGAWHARY** further provided to executives at Bechtel via e-mail annual “Representation Letters” containing representations regarding PGESCo for the previous calendar year that **ELGAWHARY** knew to be false, including that: (1) there were no material transactions, agreements or other activities that were improperly recorded in the accounting record of PGESCo; (2) **ELGAWHARY** had no knowledge of any fraud or suspected fraud at PGESCo involving management, employees who had significant roles in internal controls, or others where fraud could have had a material effect on the financial statements; and (3) there were no violations or possible violations of law or regulations whose effects were material and should have been considered for disclosure in PGESCo’s financial statements:

DATE	E-MAIL TRANSMISSION
January 23, 2009	An e-mail from ELGAWHARY in Egypt to executives at Bechtel in Maryland, attaching a Representation Letter signed by ELGAWHARY .
February 1, 2011	An e-mail from ELGAWHARY in Egypt to executives at Bechtel in Maryland, attaching a Representation Letter signed by ELGAWHARY .

31. Based on information provided by Bechtel, **ELGAWHARY** concealed and misrepresented material facts to counsel for Bechtel during an interview of **ELGAWHARY** in or around April 2011, including by making the following false statements:

- a) **ELGAWHARY** claimed that he never received money from power

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companies or their consultants.

- b) **ELGAWHARY** denied maintaining control over any foreign bank accounts.
- c) **ELGAWHARY** denied knowing or having contact with Consultant C-1 or Consultant C-2.

32. Based on documents and information provided by Bechtel, interviews, and e-mails obtained via a search warrant, **ELGAWHARY**, with the help of employees at PGESCO, caused evidence about the kickback scheme, including evidence on **ELGAWHARY**'s computer at PGESCO, to be deleted and destroyed. For example, e-mails obtained from **ELGAWHARY**'s gmail account show that he sent e-mails back and forth with PGESCO employees discussing the fact that a deletion software program was being installed and run on computers at PGESCO.

33. Based on documents and information provided by Bechtel and e-mails obtained via a search warrant, **ELGAWHARY** and others concealed the origin of money that he used to purchase a roughly \$1.78 million home in Maryland for two close family members, including Relative 2. Specifically, **ELGAWHARY** and others made it appear that the money used to purchase the house was an unsecured loan from Marketing Company A, a company owned and operated by the husband of Relative 1, rather than money from the **ELGAWHARY** Julius Baer account. For example, e-mails obtained from **ELGAWHARY**'s gmail account show that on or about July 5, 2011, **ELGAWHARY** sent an e-mail to a representative of the Julius Baer bank instructing that \$2.45 million be transferred from the **ELGAWHARY** Julius Baer account to an account in the name of a company owned and operated by the husband of Relative 1. Bank

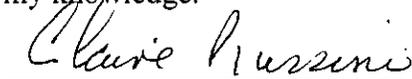
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records obtained from the title company of the house show that on or about August 2, 2011, \$1,799,975 was transferred from the company owned and operated by the husband of Relative 1 to the account of the title company for the benefit of Relative 2. E-mails obtained from **ELGAWHARY**'s gmail account show that, between on or about August 24, 2011, and August 25, 2011, **ELGAWHARY** and Relative 1 sent e-mails to one another discussing the fact that Relative 1 would represent to the title company that the August 2, 2011 transfer was an unsecured loan from the company owned and operated by the husband of Relative 1.

CONCLUSION

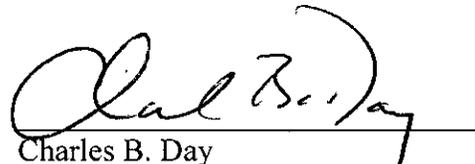
34. Based on the foregoing, I believe that probable cause exists to issue a criminal complaint and arrest warrant charging **ASEM M. ELGAWHARY** with violating Title 18, United States Code, Sections 1341 and 1343 (mail and wire fraud), and Title 18, United States Code, Section 1956(h) (conspiracy to launder money).

I declare under the penalty of perjury that the foregoing is true and correct to the best of my knowledge.



Claire Rossini
Special Agent
Internal Revenue Service – Criminal Investigation

Subscribed and sworn to before me on this 5th day of November 2013, at Greenbelt, MD.


Charles B. Day
United States Magistrate Judge