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U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SACR09-00162

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8 UNITED STATES DISTRICT COURT
9 FOR THE CENTRAL DISTRICT OF CALIFORNIA
10 SOUTHERN DIVISION

11 UNITED STATES OF AMERICA,)
12 Plaintiff,)
13 v.)
14 CONTROL COMPONENTS, INC.,)
15 Defendant.)
16)
17)

SA CR No. **SACR09-00162**
I N F O R M A T I O N
[18 U.S.C. § 371: Conspiracy;
15 U.S.C. § 78dd-2: Foreign
Corrupt Practices Act]

18 The United States Attorney charges:

19 COUNT ONE

20 [18 U.S.C. § 371]

21 INTRODUCTION

22 At all times relevant to this Information:

23 The Foreign Corrupt Practices Act

24 1. The Foreign Corrupt Practices Act of 1977 ("FCPA"), as
25 amended, Title 15, United States Code, Sections 78dd-1, et seq.,
26 was enacted by Congress for the purpose of making it unlawful,
27 among other things, for certain United States persons and
28 business entities to act corruptly in furtherance of an offer,

1 promise, authorization, or payment of money or anything of value
2 to a foreign government official (or to any person, while knowing
3 that the money or thing of value will be offered, given or
4 promised to a foreign official), for the purpose of securing any
5 improper advantage, or of assisting in obtaining or retaining
6 business for and with, or directing business to, any person.

7 The Travel Act

8 2. The Travel Act, Title 18, United States Code, Section
9 1952, made it unlawful to travel in interstate or foreign
10 commerce or use the mail or any facility in interstate or foreign
11 commerce, with intent to promote, manage, establish, carry on, or
12 facilitate the promotion, management, establishment, or carrying
13 on, of unlawful activity, namely, commercial bribery in violation
14 of the laws of the state of California.

15 Control Components, Incorporated

16 3. Defendant Control Components, Incorporated ("CCI") was
17 a Delaware corporation headquartered in Rancho Santa Margarita,
18 California, that designed and manufactured control valves for use
19 in the nuclear, oil and gas, and power generation industries
20 worldwide. Defendant CCI was a wholly-owned subsidiary of IMI
21 plc, a company organized under the laws of England and Wales.
22 Defendant CCI sold its products to both state-owned and private
23 companies in over thirty countries around the world.

24 4. Because Defendant CCI was organized under the laws of a
25 state of the United States and had its principal place of
26 business in the United States, it was a "domestic concern" as
27 that term is defined in the FCPA, Title 15, United States Code,
28 Section 78dd-2.

1 5. Defendant CCI's state-owned customers included, but
2 were not limited to, Jiangsu Nuclear Power Corporation (China)
3 ("JNPC"), Guohua Electric Power (China), China Petroleum
4 Materials and Equipment Corporation ("CPMEC"), PetroChina,
5 Dongfang Electric Corporation (China), China National Offshore
6 Oil Company ("CNOOC"), Korea Hydro and Nuclear Power ("KHNP"),
7 Petronas (Malaysia), and National Petroleum Construction Company
8 (United Arab Emirates) ("NPCC"). Each of these state-owned
9 entities was a department, agency, or instrumentality of a
10 foreign government, within the meaning of the FCPA, Title 15,
11 United States Code, Section 78dd-2(h)(2)(A). The officers and
12 employees of these entities, including but not limited to the
13 Vice-Presidents, Engineering Managers, General Managers,
14 Procurement Managers, and Purchasing Officers, were "foreign
15 officials" within the meaning of the FCPA, Title 15, United
16 States Code, Section 78dd-2(h)(2)(A).

17 Summary of Defendant CCI's Violations

18 6. Beginning in or around 1998 and continuing through in
19 or around August 2007, defendant CCI, through its former officers
20 and employees named herein and others, made corrupt payments to
21 officers and employees of numerous state-owned and privately-
22 owned customers around the world for the purpose of assisting in
23 obtaining or retaining business for defendant CCI. From in or
24 around 2003 through in or around 2007, defendant CCI made
25 approximately \$4.9 million in corrupt payments to officers and
26 employees of state-owned customers and derived approximately
27 \$31.7 million in net profits from sales related to those
28 payments. From in or around 2003 through in or around 2007,

1 defendant CCI made approximately \$1.95 million in corrupt
2 payments to officers and employees of privately-owned customers
3 and derived approximately \$14.82 million in net profits from
4 sales related to those payments. In total, from in or around
5 2003 through in or around 2007, defendant CCI made approximately
6 236 corrupt payments to officers and employees of state-owned and
7 private companies in thirty-six countries totaling approximately
8 \$6.85 million and earned approximately \$46.5 million in net
9 profits from the sales related to those corrupt payments.

10 Defendant CCI's Senior Management

11 7. Stuart Carson ("S. Carson") was the Chief Executive
12 Officer ("CEO") of defendant CCI from in or around 1989 through
13 in or around 2005. S. Carson was the prime architect of
14 defendant CCI's friend-in-camp ("FIC") sales model, in which
15 defendant CCI employees and agents cultivated relationships with
16 employees of state-owned and privately-owned customers. In many
17 instances, these relationships included corrupt payments by
18 defendant CCI employees and agents to the FICs for the purpose of
19 obtaining and retaining business for CCI. From in or around
20 January 2003 through in or around August 2005, S. Carson caused
21 defendant CCI employees and agents to make corrupt payments
22 totaling approximately \$4.3 million to officers and employees of
23 state-owned companies, and corrupt payments totaling
24 approximately \$1.8 million to officers and employees of
25 privately-owned companies.

26 8. Hong Carson, also known as "Rose Carson" ("R. Carson")
27 was defendant CCI's Manager of Sales for China and Taiwan from in
28 or around 1995 through in or around 2000 and then served as the

1 Director of Sales for China and Taiwan from in or around 2000
2 through in or around 2007. R. Carson was S. Carson's wife. From
3 in or around 2003 through in or around 2007, R. Carson caused
4 defendant CCI employees and agents to make corrupt payments
5 totaling approximately \$1 million to officers and employees of
6 state-owned companies, and corrupt payments totaling
7 approximately \$43,000 to officers and employees of privately-
8 owned companies.

9 9. Paul Cosgrove ("Cosgrove") was Executive Vice
10 President of defendant CCI from in or around 2002 through in or
11 around 2007 and served as the Head of defendant CCI's Worldwide
12 Sales Department from in or around 1992 through in or around
13 2007. Cosgrove was the second highest ranking executive at
14 defendant CCI and was responsible for approving many of the
15 corrupt payments made by employees and agents of CCI to officers
16 and employees of state-owned and privately-owned companies. From
17 in or around 2003 through in or around 2007, Cosgrove caused
18 defendant CCI employees and agents to make corrupt payments
19 totaling approximately \$1.9 million to officers and employees of
20 state-owned companies, and corrupt payments totaling
21 approximately \$300,000 to officers and employees of privately-
22 owned companies.

23 10. David Edmonds ("Edmonds") was the Vice-President of
24 Worldwide Customer Service at defendant CCI from in or around
25 2000 through in or around 2007. In this capacity, Edmonds
26 oversaw defendant CCI's replacement parts sales and the servicing
27 of existing valves. From in or around 2003 through in or around
28 2007, Edmonds caused defendant CCI employees and agents to make

1 corrupt payments totaling approximately \$430,000 to officers and
2 employees of state-owned companies, and corrupt payments totaling
3 approximately \$220,000 to officers and employees of privately-
4 owned companies.

5 11. Flavio Ricotti ("Ricotti") served as defendant CCI's
6 Vice-President and Head of Sales for Europe, Africa, and the
7 Middle East from in or around 2001 through in or around 2007.
8 From in or around 2003 through in or around 2007, Ricotti caused
9 defendant CCI employees and agents to make corrupt payments
10 totaling approximately \$750,000 to officers and employees of
11 state-owned companies, and corrupt payments totaling
12 approximately \$380,000 to officers and employees of privately-
13 owned companies.

14 12. Han Yong Kim ("Kim") was the President of CCI-Korea
15 from in or around 1997 through in or around 2005. From in or
16 around 2005 through in or around 2007, Kim served as a consultant
17 to CCI-Korea. From in or around 2003 through in or around 2007,
18 Kim caused defendant CCI employees and agents to make corrupt
19 payments totaling approximately \$200,000 to officers and
20 employees of state-owned companies, and corrupt payments totaling
21 approximately \$350,000 to officers and employees of privately-
22 owned companies.

23 13. Richard Morlok ("Morlok") was defendant CCI's Finance
24 Director from in or around 2002 through in or around 2007. In
25 this capacity, Morlok oversaw the Finance Department and had the
26 duties of a Chief Financial Officer. From in or around 2003
27 through in or around 2007, Morlok caused defendant CCI employees
28 and agents to make corrupt payments totaling approximately

1 \$628,000 to officers and employees of state-owned companies.

2 14. Mario Covino ("Covino") was defendant CCI's Director of
3 Worldwide Factory Sales from in or around March 2003 through in
4 or around 2007. In this capacity, Covino was responsible for
5 overseeing defendant CCI's new construction projects and the
6 replacement of existing valves made by other companies and
7 installed at defendant CCI's customer's plants. From in or
8 around 2003 through in or around 2007, Covino caused defendant
9 CCI employees and agents to make corrupt payments totaling
10 approximately \$1 million to officers and employees of state-owned
11 companies.

12 Defendant CCI's Use of Bribes to Obtain and Retain Business

13 15. During S. Carson's tenure as the CEO of defendant CCI,
14 defendant CCI executives S. Carson, R. Carson, Cosgrove, Edmonds,
15 and others instituted a sales approach that encouraged defendant
16 CCI salespeople to cultivate FICs, who were typically employees
17 of defendant CCI's state-owned and privately-owned customers who
18 had the authority either to award contracts to defendant CCI or
19 to influence a project's technical specifications in a manner
20 that would favor defendant CCI. Beginning in or around 1998 and
21 continuing through in or around 2007, defendant CCI executives
22 and employees caused payments to be made to FICs to obtain and
23 retain business. Defendant CCI personnel sometimes referred to
24 these corrupt payments as "flowers." Such payments were
25 approved, and in some cases personally made and negotiated, by
26 defendant CCI senior executives.

27 16. In some instances, defendant CCI employees made corrupt
28 payments directly to employees of customers. In other instances,

1 defendant CCI employees made corrupt payments through CCI's
2 representatives by inflating the fee paid by CCI to the
3 representative by the amount of the corrupt payment. In other
4 instances, defendant CCI used a "consultant" as a pass-through
5 for corrupt payments. These consultants would perform few, if
6 any, legitimate services for defendant CCI and were often owned
7 either by the recipient of the corrupt payment or a friend or
8 relative of the recipient.

9 17. S. Carson, R. Carson, Cosgrove, Edmonds, Ricotti, Kim,
10 Morlok, Covino, and others caused defendant CCI to make payments
11 to FICs at numerous state-owned entities including, but not
12 limited to, JNPC, Guohua Electric Power (China), CPMEC,
13 PetroChina, Dongfang Electric Corporation (China), CNOOC, KHNP,
14 Petronas (Malaysia), and NPCC in order to obtain and retain
15 business.

16 18. S. Carson, R. Carson, Cosgrove, Edmonds, Ricotti, Kim,
17 Morlok, Covino, and others caused defendant CCI to make payments
18 to FICs at numerous privately-owned companies including, but not
19 limited to, Company 1, Company 2, Company 3, and Company 4 in
20 order to obtain and retain business.

21 19. S. Carson, R. Carson, Cosgrove, Edmonds, Ricotti, and
22 Covino also participated in and arranged for the purchase of
23 overseas holidays to places such as Disneyland and Las Vegas for
24 employees of state-owned and privately-owned customers under the
25 guise of training or inspection trips. The actual purposes of
26 the trips were to reward the customers' officers and employees
27 for causing their employers to purchase defendant CCI products,
28 retain current business for defendant CCI, and obtain new

1 business for defendant CCI.

2 20. S. Carson and R. Carson arranged for the purchase of
3 numerous extravagant vacations they took with executives of both
4 state-owned and privately-owned customers for the purpose of
5 securing business and charged all expenses, including those of
6 the customers, to defendant CCI. Such expenses included first-
7 class airfare to destinations such as Hawaii, five-star hotel
8 accommodations, charter boat trips, and similar luxuries. S.
9 Carson and R. Carson also caused defendant CCI to pay the college
10 tuition of the children of at least two executives at defendant
11 CCI's state-owned customers for the purpose of securing business.

12 21. Defendant CCI frequently held lavish sales events to
13 entertain current or potential state-owned and privately-owned
14 customers for the purpose of securing business. Defendant CCI
15 paid for a large portion of the costs associated with these
16 events, including hotel costs, meals, greens fees for golf, and
17 travel expenses. Defendant CCI senior management, including R.
18 Carson and S. Carson, also frequently gave expensive gifts to
19 employees of state-owned and privately-owned customers for the
20 same purpose.

21 The Audit and Internal Investigation

22 22. In or around August 2004, defendant CCI's parent
23 company, IMI plc, conducted an internal audit of defendant CCI's
24 commission payments. S. Carson attempted to prevent the internal
25 audit and told the visiting auditors that they were not welcome
26 at defendant CCI's headquarters in California and that they
27 should go back to the United Kingdom.

28 23. After learning that the August 2004 audit would

1 proceed, Cosgrove instructed defendant CCI employees to withhold
2 information from the auditors.

3 24. In or around August 2004, R. Carson, Edmonds, Kim,
4 Covino, and Morlok provided false information to the internal
5 auditors in connection with this audit of commission payments,
6 falsely denied that corrupt payments had been made, and provided
7 false and misleading responses to the auditors.

8 25. In or around August 2004, Edmonds caused the creation
9 of false invoices in an attempt to mislead the auditors and
10 convince the auditors that certain commission payments made to
11 defendant CCI's customers were legitimate.

12 26. Following the internal audit, S. Carson, Cosgrove,
13 Edmonds, Ricotti, Covino, and Morlok continued to encourage and
14 approve corrupt payments, but instructed employees not to use
15 terms such as "FIC," "flowers," or "special arrangement" in
16 emails.

17 27. In or around August 2007, R. Carson, Cosgrove, Edmonds,
18 Ricotti, and Covino provided false and misleading information to
19 attorneys hired by defendant CCI to perform an internal
20 investigation into defendant CCI's commission payments, and
21 falsely denied that corrupt payments had been made.

22 28. In or around August 2007, R. Carson destroyed documents
23 relevant to defendant CCI's internal investigation into defendant
24 CCI's commission payments by, among other things, taking such
25 documents to the ladies' room at defendant CCI's headquarters,
26 tearing up the documents, and flushing them down the toilet.

27 **THE CONSPIRACY**

28 29. Beginning in or around 1998 and continuing through in

1 or around August 2007, in Orange County, within the Central
2 District of California, and elsewhere, defendant CCI did
3 knowingly and willfully conspire and agree with S. Carson, R.
4 Carson, Cosgrove, Edmonds, Ricotti, Kim, Morlok, Covino, and
5 others both known and unknown, to commit the following offenses
6 against the United States:

7 Object No. 1 - Foreign Corrupt Practices Act

8 a. To make use of the mails and the means and
9 instrumentalities of interstate commerce corruptly in furtherance
10 of an offer, payment, promise to pay, and authorization of the
11 payment of any offer, payment, promise to pay, and authorization
12 of the payment of any money, offer, gift, promise to give, and
13 authorization of the giving of anything of value to any foreign
14 official, and to any person, while knowing that the money or
15 thing of value will be offered, given, or promised to a foreign
16 official, for purposes of: (i) influencing acts and decisions of
17 such foreign official in his official capacity; (ii) inducing
18 such foreign official to do and omit to do acts in violation of
19 the lawful duty of such official; (iii) securing an improper
20 advantage; and (iv) inducing such foreign official to use his
21 influence with a foreign government and instrumentalities thereof
22 to affect and influence acts and decisions of such government and
23 instrumentalities, in order to assist defendant CCI in obtaining
24 and retaining business for and with, and directing business to,
25 defendant CCI, in violation of Title 15, United States Code,
26 Section 78dd-2(a); and

27 Object No. 2 - The Travel Act

28 b. To travel in interstate or foreign commerce or use

1 the mail or any facility in interstate or foreign commerce, with
2 intent to promote, manage, establish, carry on, or facilitate the
3 promotion, management, establishment, or carrying on, of any
4 unlawful activity, namely, commercial bribery in violation of the
5 laws of the state of California.

6 **PURPOSE OF THE CONSPIRACY**

7 30. The purpose of the conspiracy was to make corrupt
8 payments to (a) foreign officials of state-owned enterprises and
9 (b) officers and employees of privately-owned enterprises in
10 order to assist in obtaining and retaining lucrative business for
11 and with, and directing business to, defendant CCI.

12 **THE MANNER AND MEANS OF THE CONSPIRACY**

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

16 a. Defendant CCI's executives implemented a sales
17 approach which encouraged defendant CCI's salespeople to
18 cultivate "friends-in-camp" ("FICs") at defendant CCI's
19 customers. Numerous FICs were officers and employees of
20 defendant CCI's state-owned customers holding such positions as
21 Vice-President, Engineering Manager, General Manager, Procurement
22 Manager, and Purchasing Officer, and had the authority either to
23 award contracts or to influence a project's technical
24 specifications in a manner that would favor defendant CCI.

25 b. As part of the cultivation of FICs at defendant
26 CCI's customers, defendant CCI's executives and salespeople made
27 payments or caused payments to be made to the FICs in order to
28 assist in obtaining and retaining business for defendant CCI.

1 Defendant CCI personnel sometimes referred to these payments as
2 "flowers."

3 c. Defendant CCI's executives and salespeople caused
4 defendant CCI's Finance Department to arrange for direct payments
5 to the FICs, payments to the FICs through defendant CCI's
6 representatives and salespeople, and payments to the FICs through
7 defendant CCI's "consultants," who were retained for the purpose
8 of acting as pass-through entities for the improper payments.

9 d. Defendant CCI's executives and salespeople caused
10 defendant CCI to make payments to FICs at numerous state-owned
11 entities including, but not limited to, JNPC (China), Guohua
12 Electric Power (China), CPMEC, PetroChina, Dongfang Electric
13 Corporation (China), CNOOC, KHNP, Petronas (Malaysia), and NPCC
14 (United Arab Emirates).

15 e. Defendant CCI's executives and salespeople caused
16 defendant CCI to make payments to FICs at numerous private
17 companies including, but not limited to, Company 1, Company 2,
18 Company 3, and Company 4.

19 OVERT ACTS

20 32. In furtherance of the conspiracy and to achieve its
21 purpose and objects, defendant CCI committed the following overt
22 acts, among others, in the Central District of California, and
23 elsewhere:

24 Corrupt Dealings with CNOOC Officials

25 a. On or about December 30, 2003, a CCI salesperson
26 in China sent an email to R. Carson proposing that a corrupt
27 payment be made to an employee of CNOOC, a state-owned entity in
28 China, in connection with the Chunxiao Gas Complex Development.

1 The email stated that "the customer agreed to marked up the price
2 to \$250,000, and required \$65,000 feedback beside the 2% of the
3 commission. . . . Therefore the total commission is \$68,700. The
4 distribution of this commission as following: \$3700 as consultant
5 fee to the Design Institute; \$65,000 as commission to the
6 enduser."

7 b. On or about April 14, 2004, Cosgrove sent an email
8 regarding this same Chunxiao Gas Complex Development project to
9 S. Carson stating that "Rose says we need to take this for future
10 opportunities I need your approval."

11 c. On or about April 15, 2004, S. Carson approved the
12 payment of the "commission" from CCI to an official of CNOOC for
13 the purpose of assisting in obtaining and retaining CNOOC's
14 business in connection with the Chunxiao Gas Complex Development
15 in China, stating in an email that "It is my understanding that
16 this job has been delayed by us for 3 months. I authorize
17 engineering procurement and manufacturing to begin. I make this
18 authorization based on my agreement that Rose will reduce
19 commissions payable and clean up the T&C's on this job. . . ."

20 d. On or about April 16, 2004, R. Carson's assistant
21 sent an email to S. Carson, Cosgrove, Morlok and others stating
22 "Hereinafter is the message from Rose: The commission included in
23 the contract price is actually what the customer added on our
24 quotation which won't influence our margin. . . . [CCI
25 salesperson in China] - Rose instructed you to explain the
26 details regarding commission to all the gentlemen on the above
27 email list."

28 e. On or about April 18, 2004 -- which was April 17,

1 2004, in the United States -- the CCI salesperson in China
2 explained the arrangement to S. Carson, R. Carson, Morlok, and
3 Cosgrove: "Our final decision price is \$185k and including 2%
4 commission. Customer marked up to \$250k as final contract price
5 and required the balance feedback as commission, therefore the
6 total commission is \$68.7k."

7 f. On or about April 17, 2004, S. Carson forwarded
8 the above email to R. Carson and others asking: "What is
9 estimated profit at \$185k?"

10 g. On or about January 14, 2005, S. Carson, R.
11 Carson, Cosgrove, and Morlok caused CCI to wire a commission
12 payment of approximately \$58,500 from its Wells Fargo bank
13 account in California to a bank account at Hang Seng Bank in
14 China for the purpose of making a corrupt payment to a CNOOC
15 official in connection with the Chunxiao Gas Complex Development
16 in China.

17 h. As a result of the approximately \$58,500 corrupt
18 payment made by CCI to a CNOOC official, CCI earned approximately
19 \$142,975 in net profits from the Chunxiao Gas Complex Development
20 project.

21 Corrupt Dealings with KHNP Officials

22 i. On or about November 1, 2003, S. Carson sent an
23 email to Kim discussing new orders being placed by KHNP and
24 wrote: "Please try very hard to find a Friend in Camp for us on
25 Shin Kori/Wolsong. Use your contacts, [President of Company A's
26 representative in Korea's, CCI employee's], anybodies, but get us
27 a FIC who can help us win this order. I'm will to pay big money
28 for a FIC/Consultant [sic]."

1 j. On or about November 4, 2003, Kim wrote a return
2 email to S. Carson stating "The biggest problem is not the volume
3 of flower or how close we are with those guys. The problem is
4 the overall climate of KHNP and Korean society. The former
5 president of KHNP, Mr. [foreign official] who is a good friends
6 of CCI, was fired because he helped some vendors. Everybody is
7 talking that he must go to jail. . . . We need a strong guy who
8 can take the risk but there is no one nowadays. . . . The
9 possibility is not so high but [President of Company A's
10 representative in Korea] and I am still trying very hard to get
11 the consultant."

12 k. On or about April 21, 2004, Morlok, Edmonds, and
13 Kim caused CCI to wire a payment of approximately \$57,658 from
14 CCI's Wells Fargo bank account in California to a CCI-Korea
15 account at Industrial Bank in Korea as a purported "bonus" for a
16 CCI-Korea employee, knowing that the money would actually be used
17 be used to make a corrupt payment to a KHNP official related to
18 the Wolsong and YGN projects.

19 l. On or about April 29, 2004, in order to conceal
20 the corrupt payment made to the KHNP official, Edmonds, Kim, and
21 Morlok caused CCI to wire approximately \$17,000 to the CCI-Korea
22 employee so that he could pay taxes on the purported "bonus" that
23 he never actually received. This money was invoiced as an
24 "employee welfare reimbursement."

25 m. In or around August 2004, after being questioned
26 about the KHNP payments in connection with the 2004 internal
27 audit, Edmonds caused the creation of two false invoices totaling
28 \$57,173 to cover up the corrupt payments to the KHNP official

1 related to the Wolsong and YNG projects in Korea.

2 n. As a result of the approximately \$57,173 in
3 corrupt payments made by CCI to the KHNP official in connection
4 with the Wolsong and YGN projects, CCI earned approximately
5 \$503,000 in net profits.

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COUNT TWO

[15 U.S.C. § 78dd-2]

33. Paragraphs 1 through 32 are re-alleged and incorporated as if fully set forth herein.

34. From in or around December 2003, through in or around January 2005, in Orange County, within the Central District of California, and elsewhere, defendant CCI, a "domestic concern" within the meaning of the FCPA, 15 U.S.C. § 78dd-2(h)(1)(B), used any 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 an offer, gift, promise to give, and authorization of the giving of anything of value to a person, while knowing that all or a portion of such money or thing of value would be offered, given, or promised, directly or indirectly, to foreign officials for purposes of:

(i) influencing the acts and decisions of such foreign officials in their official capacity; (ii) inducing said foreign officials to do or omit to do acts in violation of their lawful duty; (iii) securing an improper advantage; and (iv) inducing such foreign officials to use their influence with a foreign government and instrumentality thereof to affect or influence an act and decision of such government and instrumentality in order to assist defendant CCI in obtaining and retaining business for and with, and directing business to, any person; to wit, in order to secure the award of a contract with the China National Offshore Oil Company ("CNOOC") for the Chunxiao Gas Complex Development, to secure an improper advantage for defendant CCI in connection with that contract, and to obtain future business in China,

1 defendant CCI made a payment and caused a payment to be made,
2 totaling approximately \$58,500, from its bank account in
3 California to a bank account at Hang Seng Bank in China, via
4 international wire transfer, in violation of Title 15, United
5 States Code, Section 78dd-2.

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COUNT THREE

[15 U.S.C. § 78dd-2]

35. Paragraphs 1 through 32 are re-alleged and incorporated as if fully set forth herein.

36. From in or around November 2003, through in or around August 2004, in Orange County, within the Central District of California, and elsewhere, defendant CCI, a "domestic concern" within the meaning of the FCPA, 15 U.S.C. § 78dd-2(h)(1)(B), used any 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 an offer, gift, promise to give, and authorization of the giving of anything of value to a person, while knowing that all or a portion of such money or thing of value would be offered, given, or promised, directly or indirectly, to foreign officials for purposes of: (i) influencing the acts and decisions of such foreign officials in their official capacity; (ii) inducing said foreign officials to do or omit to do acts in violation of their lawful duty; (iii) securing an improper advantage; and (iv) inducing such foreign officials to use their influence with a foreign government and instrumentality thereof to affect or influence an act and decision of such government and instrumentality in order to assist defendant CCI in obtaining and retaining business for and with, and directing business to, any person; to wit, in order to secure the award of a contract with Korean Hydro and Nuclear Power ("KHNP") for the Wolsong and YNG projects, to secure an improper advantage for defendant CCI in connection with those contracts, and to obtain future business in Korea, defendant CCI

1 made a payment and caused a payment to be made, totaling
2 approximately \$57,658, from its bank account in California to a
3 bank account at Industrial Bank in Korea, via international wire
4 transfer, in violation of Title 15, United States Code, Section
5 78dd-2.

6
7 THOMAS P. O'BRIEN
8 United States Attorney

9 CHRISTINE C. EWELL
10 Assistant United States Attorney
11 Chief, Criminal Division

Robb C. Adkins

12 ROBB C. ADKINS
13 Assistant United States Attorney
14 Chief, Santa Ana Branch Office

15 DOUGLAS F. McCORMICK
16 Assistant United States Attorney
17 Deputy Chief, Santa Ana Branch Office

18 MARK F. MENDELSON
19 Acting Chief, Fraud Section, Criminal Division
20 United States Department of Justice

Hank Walther by DFM

21 HANK BOND WALTHER
22 Assistant Chief, Fraud Section, Criminal Division
23 United States Department of Justice

24 ANDREW GENTIN
25 Trial Attorney, Fraud Section, Criminal Division
26 United States Department of Justice
27
28