

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

SECURITIES AND EXCHANGE COMMISSION
100 F Street, N.E.
Washington, D.C. 20549,

Plaintiff,

v.

ALI HOZHABRI,

Defendant.

Case: 1:08-cv-01359
Assigned To : Urbina, Ricardo M.
Assign. Date : 8/6/2008
Description: General Civil

COMPLAINT

Plaintiff Securities and Exchange Commission ("Commission") alleges:

SUMMARY

1. This action involves violations of the issuer books and records provisions of the federal securities laws arising from an embezzlement scheme at ABB Ltd. ("ABB"). Defendant Ali Hozhabri ("Hozhabri" or "Defendant") was a project manager at ABB Network Management ("ABB NM"), a division of a U.S. based ABB subsidiary, which provides products and services for managing power generation and transmission networks. From 2002 through 2004, Defendant fraudulently submitted approximately \$468,714 in cash and check disbursement requests to ABB NM for fictional local business expenses associated with projects in Brazil, Paraguay, and the United Arab Emirates ("UAE"). The funds disbursed by ABB NM as a result of these requests were not used to pay business expenses, but rather were embezzled by Defendant and the former General Manager of ABB NM.

2. As a result of the conduct alleged in this Complaint, Defendant violated Section 13(b)(5) of the Securities Exchange Act of 1934 (“Exchange Act”) and Exchange Act Rule 13b2-1 [15 U.S.C. § 78m(b)(5) and 17 C.F.R. § 240.13b2-1], and aided and abetted violations of Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)].

JURISDICTION

3. This court has jurisdiction over this action pursuant to Exchange Act Sections 21(d) and 27 [15 U.S.C. §§ 78u(d) and 78aa]. In connection with the conduct described herein, Defendant made use of the mails and/or the means or instrumentalities of interstate commerce.

DEFENDANT

4. Defendant Ali Hozhabri (“Hozhabri”), age 53, is a citizen of the United States and currently resides in Houston, Texas. During the relevant time period, Hozhabri was a project manager for ABB Network Management, a Sugarland, Texas based division of ABB Inc., a U.S. subsidiary of ABB.

RELEVANT ENTITY

5. ABB Ltd., a Swiss corporation with headquarters in Zurich, Switzerland, is a global provider of power and automation technologies. ABB’s American Depository Receipts are registered with the Commission pursuant to Exchange Act Section 12(b) [15 U.S.C. § 78l(b)], and trade on the New York Stock Exchange. As a foreign issuer, ABB files annual reports with the Commission on Form 20-F. During the relevant time period, ABB had numerous direct and indirect subsidiaries, including ABB Inc., whose financial results were part of ABB’s consolidated financial statements filed with the Commission.

FACTS

The Embezzlement Scheme

6. Between 2002 and 2004, Defendant and the former General Manager of ABB NM, embezzled at least \$468,714 from ABB NM. They carried out this scheme by requesting and/or authorizing cash and check disbursements to pay purported business expenses associated with contracts ABB NM was performing for Itaipu Binacional (“ITAIPU”), an entity owned by the governments of Brazil and Paraguay, and for Abu Dhabi Company for Onshore Oil Operations (“ADCO”), a division of a government owned company in the UAE.

7. Defendant was ABB NM’s project manager on these contracts. The \$468,714 that ABB NM disbursed as a result of these fraudulent requests was never used to pay any business expenses associated with these contracts, but rather was embezzled by Defendant and the former ABB NM General Manager. Defendant personally kept \$234,357 of these embezzled funds, and ABB NM’s General Manager kept the remainder of money.

The ITAIPU Contract

8. ITAIPU is an entity owned by the governments of Brazil and Paraguay that generates and transmits power from a hydroelectric damn on the Parana River. In 2000, as a result of an acquisition by ABB, ABB NM assumed performance of a \$6.9 million contract to provide products and services to ITAIPU. Between 2002 and 2004, Defendant and the former General Manager of ABB NM, embezzled approximately \$330,000 in connection with the ITAIPU contract.

9. Under the ITAIPU contract, ABB NM was permitted to adjust previously submitted invoices to ITAIPU to account for inflation according to a formula specified in the contract. Defendant, the project manager on this contract, bypassed ABB NM's ordinary procedure of generating these invoices through the accounting department, and personally prepared and submitted to ITAIPU, approximately \$330,000 in "readjustment" invoices. After ITAIPU paid these invoices, Defendant prepared and submitted fraudulent requests to ABB NM for cash and check disbursements to pay purported business expenses associated with the ITAIPU contract. The expenses -- described on the disbursement requests as "commissions" and "local works" -- were phony. The purported expenses were inaccurately recorded as legitimate business expenses in ABB's books and records.

10. The General Manager of ABB NM authorized ABB NM's controller to approve these disbursements, purportedly so Defendant could take cash to Brazil to pay local business expenses of ABB NM associated with this project. These funds were not used to pay business expenses. Instead, Defendant and the former ABB NM General Manager kept the money for their personal use.

The ADCO Contract

11. ADCO is a division of Abu Dhabi National Oil Company ("ADNOC"), a government owned company that, among other operations, generates and transmits electrical power in the UAE. In 2000, as a result of an acquisition by ABB, ABB NM assumed performance of a \$5.9 million contract to provide products and services to ADCO. Defendant was the project manager on this contract. In 2002 and 2003,

Defendant and the former General Manager of ABB NM, embezzled approximately \$139,000 in connection with the ADCO contract.

12. In 2002 and 2003, there were various change orders to the ADCO contract, pursuant to which ABB NM provided ADCO additional products and services. ABB NM, through an ABB subsidiary in Abu Dhabi, submitted invoices to ADCO in connection with these change orders. After ADCO paid certain of these invoices, Defendant prepared and submitted fraudulent requests to ABB NM for cash and check disbursements to pay purported “commissions” and “subcontractor fees” associated with these change orders. These purported expenses, which were recorded as legitimate business expenses in ABB’s books and records, were phony.

13. The General Manager authorized ABB NM’s controller to approve these disbursements, purportedly so Defendant could take cash to Abu Dhabi to pay local business expenses associated with these change orders. These funds were not used to pay business expenses, rather Defendant and the former ABB NM General Manager kept the money for their personal use.

FIRST CLAIM
(Books and Records and Internal Controls)
[Violations of Exchange Act Section 13(b)(5) and Rule 13b2-1]

14. Paragraphs 1 through 13 are re-alleged and incorporated by reference.

15. As described above, Defendant knowingly circumvented ABB’s internal accounting controls and, directly or indirectly, falsified, or caused to be falsified, books, records, or accounts of ABB subject to Exchange Act Section 13(b)(2) [15 U.S.C. § 78m(b)(2)].

16. By reason of the foregoing, Defendant violated Exchange Act Section 13(b)(5) and Exchange Act Rule 13b2-1 [15 U.S.C. § 78m(b)(5) and 17 C.F.R. § 240.13b2-1].

SECOND CLAIM
(Books and Records)
[Aiding and Abetting Violations of Exchange Act Section 13(b)(2)(A)]

17. Paragraphs 1 through 16 are re-alleged and incorporated by reference.

18. The funds disbursed as part of the embezzlement scheme were inaccurately recorded as payment of legitimate business expenses in ABB's consolidated books and records, in violation of Exchange Act Section 13(b)(2)(A) [15 U.S.C. § 78m(b)(2)(A)]. As a consequence, ABB's books and records failed to accurately and fairly reflect the transactions and dispositions of the assets of the issuer.

19. Defendant knowingly provided substantial assistance in causing ABB to inaccurately record these disbursements and phony expenses in ABB's books and records.

20. By reason of the foregoing, Defendant aided and abetted violations of Exchange Act Section 13(b)(2)(A) [15 U.S.C. § 78m(b)(2)(A)].

RELIEF REQUESTED

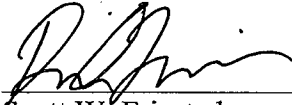
WHEREFORE, the Commission respectfully requests that this Court enter judgment:

(a) permanently enjoining Defendant from violating Exchange Act Section 13(b)(5) [15 U.S.C. § 78m(b)(5)], and Exchange Act Rule 13b2-1 [17 C.F.R. § 240.13b2-1], and from aiding and abetting violations of Exchange Act Section 13(b)(2)(A) [15 U.S.C. § 78m(b)(2)(A)];

(b) ordering Defendant to disgorge ill-gotten gains he received in connection with the conduct alleged in this Complaint; and

(c) granting such other and further relief as is just and appropriate.

Respectfully submitted,



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Dated: August 6, 2008