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USAID/OIG INVESTIGATION RESULTS IN PLEA AGREEMENT BY GERMAN COMPANY TO PAY A CRIMINAL FINE IN THE AMOUNT OF \$30 MILLION

Washington, D.C.-- Philipp Holzmann AG, a German construction company, has pled guilty to participating in a criminal conspiracy to rig bids on a USAID-funded construction contract in the Arab Republic of Egypt, Everett L. Mosley, Acting Inspector General, U. S. Agency for International Development, announced today.

As part of its plea agreement with the Department of Justice, Antitrust Division, Holzmann agreed to pay a criminal fine in the amount of \$30 million.

The one-count felony judgement was entered in the U.S. District Court in Birmingham, Alabama. It charged Holzmann and other unnamed co-conspirators with participating in a conspiracy to suppress and eliminate competition on the U. S. Agency for International Development (USAID) contract in violation of the Sherman Antitrust Act.

Today's action is the first charge to arise out of an on-going grand jury investigation in the Northern District of Alabama conducted by the Justice Department's Antitrust Division, Atlanta Field Office, working in concert with the USAID Office of the Inspector General.

"This plea agreement is the first step in the unraveling of a wide-ranging conspiracy involving several multi-national corporations, which had targeted the USAID program for exploitation," Mosley said. "This investigation is part of our continuing law enforcement effort to combat fraud in the foreign assistance programs. Program integrity is essential to maintain public support for the foreign assistance program of the United States."

Holzmann participated in rigging the bids so that its American subsidiary, J.A. Jones Construction Co., which had submitted a bid as part of a joint venture, would be awarded the lucrative USAID contract for construction of a wastewater treatment project at a highly inflated price.

The investigation is continuing until each co-conspirator is identified and prosecuted.

This investigation was conducted by USAID's Office of Inspector General.

The case was prosecuted by the Justice Department's Antitrust Division, Atlanta Field Office.