



**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**

# **PRESS RELEASE**

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## **USAID INVESTIGATION RESULTS IN GRAND JURY INDICTMENT FOR ALLEGED FALSE CLAIMS**

**WASHINGTON, D.C.** – The United States Agency for International Development (USAID) announced today that last week a federal grand jury in San Francisco, Calif. indicted a company and its owner for defrauding the Commodity Import Program (CIP), a USAID funded program in Egypt.

Hossam Morsi, of Hillsborough, Calif. and Morcon Technologies, Inc., located in San Mateo, Calif., were charged with wire fraud, false claims and money laundering in violation of Title 18 United States Code Sections 1343 and 2, Title 18 United States Code Sections 287 and 2, and Title 18 United States Code Section 1957. Morcon Technologies was in the business of exporting scientific and technological equipment to foreign customers in the Middle East, primarily in Egypt.

The purpose of the CIP is to promote economic development in the Egyptian private sector by providing financing for imported goods. The CIP regulations mandate that goods purchased by an Egyptian importer be produced in the United States and not be priced beyond normal market levels. To ensure that goods are not overpriced, the importer is normally required to obtain competing bids from at least three U.S. companies.

The indictment alleged that Mr. Morsi and his company provided two inflated false bids to the Egyptian importer, the Misr University for Science and Technology, which then included these phony bids in the package sent to USAID for approval of financing under the CIP. One fake bid was from a company that had no knowledge that its name was used on the bid and the other fake bid came from a company owned and operated by Mr. Morsi's former brother-in-law. The two false bids allowed the third bidder, Morcon Technologies, to significantly inflate its pricing while still submitting the lowest bid. USAID financed more than \$990,000 for the university to purchase the equipment.

"The type of fraud charged in this indictment diminishes the funding available to private companies in Egypt and prevents honest U.S. companies from legitimately competing for export business," said USAID Inspector General Everett L. Mosley.

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This case was a joint investigation conducted by USAID's Office of Inspector General and the Federal Bureau of Investigation. The case is being prosecuted by the U.S. Attorney's Office, Northern District of California.

Mr. Morsi is scheduled to make his initial appearance in federal court in San Francisco on January 9, 2002.