



# U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT PRESS RELEASE

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## FORMER CONTRACTOR PLEADS GUILTY IN SCHEME TO DEFRAUD USAID

**Washington, D.C.** - The U.S. Agency for International Development's (USAID) Office of Inspector General (OIG) announced today that on February 9, 2004 a guilty plea was entered in the U.S. District Court for the Central District of California by Lei Jack Chen. Chen, the former President of Jackmoon, USA, Inc., pled guilty to violating 18 U.S.C. 2 (aiding and abetting) in the underlying offense of 18 U.S.C. 551 (concealing or destroying invoices or other papers). Chen's guilty plea is the second conviction secured as the result of a two-year investigation conducted by the USAID OIG.

According to the plea agreement filed with the District Court on January 16, 2004, Chen admitted that he aided and abetted other employees of California-based Jackmoon in the removal of "Made in China" labels and the placement of "Made in USA" designations on parts and packaging, or containers of parts. These parts were sold and shipped to a USAID-funded prime contractor working on a telecommunications project in Egypt. The parts were falsely represented as having been made in the U.S., knowing that USAID funding for the purchase of parts supplied under the project was contingent on those parts being of U.S. origin.

"This second conviction of a high ranking corporate officer in relation to criminal conduct aimed at circumventing the Congressionally mandated 'Buy America' policy, is further demonstration of our resolve to hold accountable those who would attempt to violate the provisions of this integral component of the U.S. foreign assistance program. We have, and will continue to take enforcement of this provision very seriously," said USAID Inspector General Everett L. Mosley.

Chen is scheduled for sentencing on May 3, 2004.

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