



***United States Attorney
District of New Jersey***

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**FORMER U.S. ARMY CORPS OF ENGINEERS EMPLOYEE PLEADS GUILTY
TO MULTIMILLION-DOLLAR BRIBERY, KICKBACK SCHEME**

At Least \$50 Million in Iraq Construction Contracts Involved

NEWARK, N.J. – A former U.S. Army Corps of Engineers (USACE) employee deployed to Tikrit, Iraq, during Operation Iraqi Freedom today admitted taking at least \$3.7 million in bribes and kickbacks in connection with more than \$50 million in USACE contracts awarded to foreign companies in Gulf Region North, Iraq, New Jersey U.S. Attorney Paul J. Fishman announced.

Egyptian-born U.S. citizen John Alfy Salama Markus, 40, of Nazareth, Pa., pleaded guilty before U.S. District Judge Jose L. Linares in Newark federal court to three counts of a 54-count Indictment returned in July 2011 charging him with wire fraud, conspiracy to commit bribery and to defraud the U.S. government, money laundering, and tax offenses. Two other USACE employees and two foreign contractors also were charged in the July 2011 Indictment.

“Salama Markus treated projects to secure safe access to fuel, electricity, education and medical treatment as prizes to be won by whoever was willing to pay for them,” U.S. Attorney Fishman said. “Bribery, whether at home or abroad, violates our laws and tarnishes all who serve our country with honor. It should never be viewed as part of the cost of doing business with the United States. Today’s guilty plea exposes the defendant to a lengthy prison sentence, just punishment for turning his position of responsibility into a vehicle for illegally amassing personal wealth.”

“The actions of Salama Markus and others, especially those placed in positions of trust and authority, undermine the faith and confidence of the American taxpayers in their government servants and stains the reputation of many truly dedicated Defense employees,” Defense Criminal Investigative Service Special Agent in Charge Edward T. Bradley said. “The Defense Criminal Investigative Service will continue to ferret out corruption in acquisition with the assistance of our partner agencies to ensure the well-being of our U.S. military, faithful service by Defense employees, and proper stewardship of taxpayer funds.”

“Mr. Salama Markus solicited millions in bribe and kickback payments, which he used to line his own pockets for personal financial gain,” Victor W. Lessoff, Special Agent in Charge, IRS-Criminal Investigation, Newark Field Office, said. “The IRS, along with our law enforcement partners, will not tolerate this behavior and we will vigorously pursue individuals like Mr. Salama so they are brought to justice.”

According to documents filed in this case and statements made in court:

From July 2007 to June 2008, Salama Markus accepted at least \$3.7 million in bribe and kickback payments in connection with USACE contracts awarded to multiple companies associated with two foreign contractors named in the Indictment – Ahmed Nouri, a/k/a “Ahmed Bahjat,” 42, a citizen of Great Britain residing in Greece and Iraq and the former vice president of Operations for Iraqi Consultants & Construction Bureau (“ICCB”); and Mithaq Al-Fahal, a/k/a “Mithaq Mahmood Al-Fahal,” 37, an Iraqi citizen who was a senior project manager at Sakar Al-Fahal and controlled Dar Al Jubori Co. From September 2005 to July 2008, Salama Markus was assigned to Tikrit as a project engineer, where he and his co-worker, Onisem Gomez, were involved in the review and award process for contractors seeking lucrative USACE contracts in Gulf Region North, Iraq, as well as the administration, oversight and modification of such contracts, post-award.

Salama Markus admitted that he and Gomez participated in a scheme to provide favorable official action and assistance to co-conspirators Nouri and Al-Fahal for the benefit of their associated companies, including by obtaining and disseminating confidential bid and internal USACE pricing information to individuals seeking the award of USACE contracts to their companies, and approving lucrative payments for these companies. All of these actions were taken in exchange for bribes and kickbacks that Salama Markus and Gomez accepted from foreign contractors.

Salama Markus opened or established control over multiple foreign bank accounts in Jordan and Egypt to receive illegal bribe and kickback payments that he took from foreign contractors in connection with USACE contracts awarded. With respect to these USACE contracts, Salama Markus created, maintained and sent via email to foreign contractors spreadsheets and other records detailing: (a) the value of USACE contracts awarded; (b) the percentage of those contracts that Salama Markus solicited and demanded; (c) the payments – whether by installment or lump sum – made to Salama Markus by foreign contractors in connection with the award of USACE contracts; and (d) in some cases, the date on which these illegal payments were accepted in cash or deposited into Salama Markus’ foreign bank accounts. A spreadsheet created by Salama Markus in July 2008 reflected his demand and acceptance of bribe payments totaling \$1,958,500, or 10 percent of the contract value, from co-conspirator Al-Fahal in connection with the award to companies associated with Al-Fahal of \$19,580,000 in contracts for the construction of segments of the Baghdad to Bayji Pipeline.

As part of the scheme, Salama Markus used the foreign bank accounts under his control to receive and transfer bribe and kickback payments from foreign contractors to at least 11 bank accounts opened, established and controlled by Salama Markus in New Jersey and Pennsylvania. Salama Markus also transferred bribe and kickback money to co-conspirator Gomez.

Salama Markus also admitted that, with the proceeds of his wire fraud scheme and bribery

offenses, he paid for the construction of a custom-built home in Nazareth, which was worth approximately \$1,110,000. Salama Markus admitted that on Oct. 16, 2008, the date of settlement, he obtained a cashiers check drawn on a Bank of America account of approximately \$850,807.54 made out to a title company in connection with the construction of the Nazareth home.

Salama Markus also admitted that, for calendar year 2009, he failed to file with the U.S. Department of Treasury a Report of Foreign Bank and Financial Accounts (FBAR), disclosing that he had a financial interest in, and signature and other authority over, certain financial accounts in foreign countries, including Jordan.

Salama Markus agreed to the entry of a forfeiture money judgment in the amount of at least \$3.7 million, a portion of which will be satisfied by his forfeiture of his Nazareth residence, as well as five vehicles and two motorcycles.

The wire fraud count to which Salama Markus pleaded guilty is punishable by a maximum potential penalty of 20 years in prison and a fine of the greater of \$250,000 fine, or twice the gross pecuniary loss or gain. The money laundering is punishable by up to 10 years in prison and a fine equal to the greatest of \$250,000, or twice the gross pecuniary loss or gain, or not more than twice the amount of the criminally derived property involved in the transaction. The FBAR count to which Salama Markus pleaded guilty is punishable by up to five years in prison and a fine of not more than \$250,000. Sentencing is scheduled for Jan. 8, 2013.

U.S. Attorney Fishman praised special agents of DCIS, under the direction of Special Agent in Charge Edward Bradley; IRS-Criminal Investigation, under the direction of Special Agent in Charge Victor W. Lessoff for the investigation leading to today's guilty plea. He also thanked special agents of the U.S. Department of Homeland Security, Immigration and Customs Enforcement, Homeland Security Investigations, under the direction of Special Agent in Charge Andrew McLees; and the U.S. Army Criminal Investigation Command, Mid-Atlantic Fraud Field Office, under the direction of Special Agent in Charge William J. Stakes Jr., for their work in the ongoing investigation.

The government is represented by Assistant U.S. Attorney Sandra L. Moser and Vikas Khanna of the U.S. Attorney's Office Special Prosecutions Division in Newark.

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