

UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA)
)
)
 v.)
)
)
 ALCOA WORLD ALUMINA LLC,)
)
)
 Defendant.)

Criminal No. 14-7
Violation:
15 U.S.C. § 78dd-2 and
18 U.S.C. § 2

INFORMATION

The United States charges:

General Allegations

At all times material to this Information, unless otherwise stated:

1. The Foreign Corrupt Practices Act of 1977, as amended, Title 15, United States Code, Sections 78dd-1 *et seq.* (hereinafter the "FCPA"), prohibited certain classes of persons and entities from corruptly making payments to foreign government officials to assist in obtaining or retaining business. In relevant part, the FCPA's anti-bribery provisions prohibited any issuer of publicly traded securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934, 15 U.S.C. § 78l, or required to file periodic reports with the United States Securities and Exchange Commission ("SEC") under Section 13 of the Securities Exchange Act, 15 U.S.C. § 78m (hereinafter "issuer"), or any agent of such issuer, or any domestic concern other than an issuer subject to 15 U.S.C. § 78dd-1, from making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay, or authorization of the payment of money, directly or indirectly, to a foreign official for the

purpose of obtaining or retaining business for, or directing business to, any person. 15 U.S.C. §§ 78dd-1(a) and 78dd-2(a).

Relevant Entities and Individuals

The Defendant

2. Defendant **ALCOA WORLD ALUMINA LLC** was a Limited Liability Company formed under Delaware law which maintained its principal place of business in Pittsburgh, Pennsylvania, in the Western District of Pennsylvania. ALCOA WORLD ALUMINA LLC owned and operated (either directly or indirectly) bauxite mining and alumina refining assets in North America, Europe, South America, Africa and the Caribbean. ALCOA WORLD ALUMINA LLC was a “domestic concern” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(a).

Relevant Alcoa Entities

3. **Alcoa Inc.** (“Alcoa”) was a corporation organized under the laws of the Commonwealth of Pennsylvania. Until 2006, Alcoa’s principal place of business was in Pittsburgh, Pennsylvania, in the Western District of Pennsylvania. In 2006, Alcoa moved its principal place of business to New York, New York. Alcoa issued and maintained a class of publicly traded securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934, which were traded on the New York Stock Exchange. Alcoa was therefore an “issuer” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

4. Alcoa was a global provider of primary aluminium and fabricated aluminium. Alcoa was also a global provider of smelter grade alumina, the raw material that is supplied to smelters to produce aluminium. Alcoa refined alumina from bauxite it extracted from its global

mining operations. Alcoa operated worldwide through subsidiaries and affiliated entities in North America, Asia, Australia, Europe, South America, Africa and the Caribbean.

5. **Alcoa World Alumina and Chemicals** (“AWAC”) was an unincorporated global bauxite mining and alumina refining enterprise formed in 1995 between Alcoa and Alumina Limited (“Alumina”), the majority and minority owners of AWAC, respectively. AWAC conducted its operations by and through the coordinated activity of several affiliated enterprise companies, with each enterprise company being owned by Alcoa and Alumina in proportion to their respective ownership interests in the AWAC enterprise. In matters of strategy and policy, the AWAC enterprise companies received direction and counsel from a “Strategic Council” that was chaired by Alcoa. AWAC was a “domestic concern” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(a).

6. Defendant **ALCOA WORLD ALUMINA LLC** was an AWAC enterprise company. Beginning in or around 2000, executives at **ALCOA WORLD ALUMINA LLC**’s offices in Pittsburgh and Knoxville, Tennessee, assumed primary responsibility for all of AWAC’s relationships with global alumina customers, including Aluminium Bahrain B.S.C. (“Alba”), a state-owned and state-controlled aluminium smelter in Bahrain. **ALCOA WORLD ALUMINA LLC** personnel responsible for these functions reported indirectly to Alcoa personnel in New York.

7. **Alcoa of Australia Limited** (“Alcoa of Australia”) was the AWAC enterprise company that owned and operated AWAC’s bauxite mining and alumina refining assets in Australia. Alcoa of Australia’s principal place of business was in Melbourne, Australia, until 1996, and was thereafter in Perth, Australia. Alcoa of Australia owned and operated mines in Western Australia that extracted bauxite, which Alcoa of Australia then processed into smelter

grade alumina in refineries it owned and operated. Alcoa of Australia sold the smelter grade alumina to aluminium smelters it owned in the state of Victoria, Australia, as well as to customers and alumina traders around the world.

Relevant ALCOA WORLD ALUMINA LLC Individual

8. **Executive A** held a senior sales and marketing position at ALCOA WORLD ALUMINA LLC in Pittsburgh, Pennsylvania, starting in or around 2000, when he took over responsibility for the relationship with Alba.

The Intermediary and Related Entities

9. **Consultant A** was an international middleman who resided in London and was a citizen of Canada, Jordan, and the United Kingdom. Consultant A had close contacts with certain members of Bahrain's Royal Family, some of whom were senior officials in the Government of Bahrain. Consultant A met with ALCOA WORLD ALUMINA LLC executives in London, New York, and elsewhere to discuss matters relating to the alumina supply relationship with Alba.

10. **Alumet Limited** ("Alumet") was a shell entity controlled by Consultant A and incorporated in the British Virgin Islands, with its purported places of business in Australia, Guernsey, and Switzerland. Alumet had no legitimate business operations and no history in the alumina business. Alumet held bank accounts at the Royal Bank of Canada ("RBC") in Switzerland and the Channel Islands.

11. **AA Alumina and Chemicals Ltd.** ("AAAC") was a shell entity controlled by Consultant A and incorporated in the British Virgin Islands, with its purported places of business in Australia, Guernsey, and Switzerland. AAAC had no legitimate business operations and no

history in the alumina business. AAAC held bank accounts at RBC in Switzerland and the Channel Islands.

12. Consultant A held an account at RBC Guernsey in the name of **United Legal Engineering Co.** (“ULECO”), a shell entity, that contained funds from, among other sources, the purported sales of alumina to Alba by Alumat and AAAC on behalf of Alcoa of Australia, as explained more fully in the paragraphs alleged below. Consultant A sometimes used a ULECO bank account to wire money directly or indirectly to accounts beneficially owned by officials of the Kingdom of Bahrain.

13. Consultant A also maintained bank accounts at HSBC in Luxembourg under the name of two other shell companies, La Fosca and Dadco Real Estate Developments, S.A. Consultant A would wire money to officials of the Kingdom of Bahrain through those accounts from ULECO’s account at RBC Guernsey.

Relevant Entities and Foreign Officials in Bahrain

14. Aluminium Bahrain B.S.C. (“Alba”) was an aluminium smelter operating in Bahrain. The state holding company of the Kingdom of Bahrain, the Mumtalakat, which was controlled by the Ministry of Finance, held 77 percent of the shares of Alba. The Saudi Basic Industries Corporation (“SABIC”), which was majority-owned and controlled by the government of the Kingdom of Saudi Arabia, held a 20 percent minority stake in Alba, and three percent of Alba’s shares were held by a German investment group. The majority of profits earned by Alba belonged to the Mumtalakat, though part of the profit was permitted to be used by Alba for its operations. The Ministry of Finance had to approve any change in Alba’s capital structure and had to be consulted on any major capital projects or contracts material to Alba’s operations. Members of the Royal Family of Bahrain and representatives of the government sat on the Board

of Directors of Alba, controlled its Board, and had primary authority in selecting its chief executive officer and chief financial officer. Accordingly, Alba was an “agency” and “instrumentality” of the Government of Bahrain and Alba’s directors, officers and employees were “foreign officials” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(h)(2)(A).

15. **Official A** was a member of Bahrain’s Royal Family and served as a member of the board of directors of Alba from 1982 to 1997. From 1988 to 1990, Official A was also a member of Alba’s tender committee, which was responsible in part for awarding major contracts to Alba’s suppliers, such as Alcoa entities supplying alumina to Alba. As an officer of Alba, Official A was a “foreign official” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(h)(2)(A).

16. **Official B** served on Alba’s board from at least 1986 to 2000 as a representative of SABIC. From 1988 to 1990, Official B also served on Alba’s tender committee with Official A. As an officer of Alba, Official B was a “foreign official” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(h)(2)(A).

17. **Official C** was a senior member of Bahrain’s Royal Family, a senior government official of Bahrain from at least 1995 to 2005, and served as a high-ranking officer of Alba from 1995 to 2005. As a high-ranking officer of Alba, Official C was extremely influential over the assignment of contracts to Alba’s suppliers. Official C relied on Consultant A to assist him in opening international bank accounts using various aliases or shell entities for the purpose of receiving corrupt funds from kickbacks from Alba’s suppliers. As an officer of Alba and a senior government official, Official C was a “foreign official” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(h)(2)(A).

18. **Official D** was a senior member of Bahrain's Royal Family and a senior government official of Bahrain for many decades. Official C was a close associate of Official D. Official D's office was required to be consulted before Alba could commit to a long term alumina supply contract with Alcoa. As a senior governmental official, Official D was a "foreign official" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-2(h)(2)(A).

Background

19. Since at least the 1960s, Alcoa of Australia mined bauxite from its mines in Western Australia and processed the bauxite in its Australian refineries at Kwinana, and later at Pinjarra and Wagerup, to produce smelter grade alumina. Alcoa of Australia sold its alumina to smelters around the world that processed alumina into aluminium ingots, billets and other products. Historically, Alcoa of Australia had direct supply relationships with its major smelter-grade alumina customers.

20. Alcoa of Australia shipped alumina to its customers directly from berths it managed at the southwestern Australian port of Bunbury. Typically, Alcoa of Australia delivered alumina to its customer on a vessel designated by the customer, and the customer assumed responsibility for shipping and insurance. Alcoa of Australia ensured that its dock agents inspected and loaded vessels properly with alumina as specified by the customer. Customers would coordinate with Alcoa of Australia the loading dates for vessels.

21. Global contracts for the sale of alumina were generally negotiated as multi-year contracts, given the capital intensive nature of the industry. It was a standard industry practice to set the price of alumina as a percentage of the London Metal Exchange ("LME") price for aluminium. The LME price for aluminium was established daily by market trading activity, and

long term alumina supply contracts would often reference an average LME price for a particular month or quarter to establish a price formula for alumina.

22. Alcoa of Australia began providing Alba with nearly all of its alumina supply requirements as early as 1971 based on a 21-year contract executed in 1969 with Amalgamated Metals Corp. (“AMC”), formerly known as British Metals Corp. AMC provided a credit guarantee, as Alba was a new smelter with a limited credit history. By the 1980s, Alcoa of Australia had established a direct relationship with Alba’s senior management. In or around 1982, Alcoa of Australia began to supply alumina directly to Alba in addition to that already supplied under the agreement with AMC. In 1984, the agreement with AMC was cancelled, and Alcoa of Australia and Alba entered an eight year supply agreement for 270,000 metric tons of alumina per year with an option for additional tonnage in each year. By 1988, Alcoa of Australia was directly supplying Alba with approximately 270,000 metric tons of alumina per year. From 1995 to 2009, Alba was one of Alcoa of Australia’s largest alumina customers and was, in fact, one of the largest alumina customers in the AWAC system.

Overview of the Corruption Scheme

23. Beginning in or around 1989, at the request of certain Bahraini government officials who controlled Alba’s tender process, Alcoa of Australia retained Consultant A’s shell companies as purported sales agents and paid them purported sales commissions. By 1993, Alcoa of Australia began to regularly send invoices for shipments of alumina to Alba through Consultant A’s shell companies. Consultant A would mark-up the price of alumina sold to Alba, thereby creating a significant margin over the price he paid Alcoa of Australia.

24. In or around July 1996, Alba’s alumina supply requirements were projected to expand from approximately 600,000 tons of alumina per year to approximately 1 million tons per

year. Alcoa of Australia decided to pursue a purported distributorship with Consultant A in order to obtain these increased amounts. Accordingly, Alcoa of Australia agents arranged with Consultant A to structure a bifurcated contract that involved using Alumet, one of Consultant A's shell companies, as a purported distributor. This allowed Consultant A to impose a significant mark-up on increasing volumes of alumina sales, from which he was able to create an even greater margin on his own purported purchase price.

25. In or around 2002, ALCOA WORLD ALUMINA LLC, through Executive A, caused Alcoa of Australia to enter into a purported distributorship for the sale of approximately one million tons of alumina annually to Alba through Alumet and AAAC.

26. In or around 2004, ALCOA WORLD ALUMINA LLC, through Executive A, coordinated another purported distribution agreement that involved the sale of up to 1.78 million tons of alumina to Alba every year through Alumet and AAAC. This corrupt arrangement lasted through on or about December 31, 2009.

27. As part of the 2002 and 2004 purported distributorship agreements, Executive A caused Alcoa of Australia to issue invoices to Alumet and AAAC for purported sales of alumina to those entities.

28. As part of the 2002 and 2004 purported distributorship agreements, Consultant A imposed a mark-up on Alumet's and AAAC's purported sales of alumina to Alba and used the mark-up from those sales to enrich himself and pay bribes to senior government officials of Bahrain, including Official C. ALCOA WORLD ALUMINA LLC, through Executive A, consciously disregarded the fact that Consultant A would pay bribes to senior government officials from the mark-up on alumina sales to Alba.

29. During the course of the 20-year period, Consultant A imposed a mark-up of approximately \$400,000,000 on sales of Alcoa of Australia's alumina to Alba and paid tens of millions of dollars in bribes to senior government officials of Bahrain.

***I. Alcoa of Australia Retained Consultant A at the Request of
Officials of the Government of Bahrain***

30. In or around 1988, an Alcoa of Australia sales manager for the Alba account received a request from certain Alba officials to retain Consultant A as "Alcoa's agent" and pay him a "commission." The request was made in part at the behest of Official A, a member of Alba's board and tender committee. The sales manager subsequently told his supervisor that Alcoa of Australia would lose the supply contract if Consultant A was not retained as its agent, and that supervisor, in turn, conveyed that information to an individual who was both an Alcoa of Australia Board member and an Alcoa employee based in Pittsburgh. The individual approved the retention of Consultant A as an agent.

31. On or about January 1, 1989, Alcoa of Australia entered a purported agency agreement with a shell entity incorporated in the Bailiwick of Jersey called "Rawmet Limited." In addition to Consultant A, who was Rawmet's majority shareholder, two members of Bahrain's Royal family were listed as shareholders. Alcoa of Australia agreed to pay Rawmet a commission of four dollars (\$4) per metric ton of alumina supplied to Alba, with a possible commission of up to one percent of alumina shipped.

32. On or about November 2, 1989, at his supervisor's request, the Alcoa of Australia sales manager memorialized the reasons Alcoa of Australia started using Consultant A's services, stating that, "[a]t the request of Members of the Royal Family of Bahrain we have accepted an agent for sales to Alba." The sales manager's memorandum made it clear that the "commission" was to be paid at the demand of the Royal Family and noted that as a result of

Alcoa of Australia's willingness to pay a one percent (1%) commission, it became the "preferred supplier" to Alba. The sales manager further noted that the commission would "only be paid if" it was (1) "[A]bsolutely necessary for commercial and relationship reasons;" (2) "[O]nly at the request of the owners/governments;" and (3) "[W]ith a 1% maximum" rate for the commission that was (4) "in addition to the price" of alumina.

33. In 1989, Alcoa of Australia paid \$1.28 million in commissions to Rawmet.

II. Alcoa of Australia Entered a Long-Term Supply Agreement with Alba in 1990 and a Related "Agency" Agreement with Alumat

34. On or about January 1, 1990, Alcoa of Australia entered into a 10-year alumina supply agreement with Alba (hereinafter the "1990 Alba Supply Agreement") to provide Alba with up to 600,000 metric tons of alumina at a price formula that was based on a moving average LME price of aluminium.

35. On or about January 1, 1990, Alcoa of Australia also entered into two "agency" agreements with Alumat—one for Alcoa of Australia's supply of alumina to Alba in 1990 (providing that Alcoa of Australia would pay Alumat four dollars (\$4) per metric ton of alumina supplied to Alba during 1990), and the other from 1991 through 2000 (providing that Alcoa of Australia would pay Alumat a commission of one percent (1%) of all alumina supplied to Alba during the term of the agreement). Both Alumat agency agreements contained a provision requiring the parties to keep the agreements themselves confidential.

36. From 1990 to 1996, Alcoa of Australia paid approximately \$6.761 million in "commissions" to Alumat.

Alcoa of Australia Began to Divert Some Alba Alumina Sales Through a Shell Entity Controlled by Consultant A

37. In or around January 1991, the same Alcoa of Australia sales manager arranged some side shipments of alumina to Alba through a trading company. Consultant A, through Alumat, served as the purported sales agent for the shipments and received a commission of \$12.95 per metric ton sold to Alba, or a total of \$505,050. In a handwritten note, the sales manager wrote that “[t]his was undertaken as an aside from the negotiations, to satisfy the owners of Alba.”

38. In or around February 1993, the Alcoa of Australia sales manager arranged to start selling purported shipments of alumina to Alba through a Singapore entity known as Kwinalum, a company controlled by Consultant A. This permitted Kwinalum to invoice Alba for shipments of alumina, but Alcoa of Australia, in reality, continued to handle the shipping of all alumina to Alba from Alcoa of Australia. This arrangement allowed Consultant A to mark-up the price of the alumina that he purportedly sold to Alba.

39. From 1993 through 1996, Alcoa of Australia caused Kwinalum to receive \$18.713 million from mark-ups on the sale of alumina to Alba.

Consultant A Channeled Millions in Corrupt Payments to Government Officials From 1991 through 1996

40. From 1993 through 1996, Consultant A made over \$1 million in corrupt payments to Official A from bank accounts at RBC in Guernsey held in the name of shell entities Alumat and ULECO.

41. From 1993 through 1996, Consultant A made over \$2 million in corrupt payments to Official B from bank accounts at RBC in Guernsey held in the name of shell entities Alumat and ULECO.

III. To Secure Alba's Increased Alumina Supply Needs, Alcoa of Australia Entered a Purported Distributorship Agreement with Consultant A

42. By 1996, Alcoa of Australia was already supplying Alba with 600,000 metric tons a year under the 1990 Alba Supply Agreement. In or around July 1996, Alcoa of Australia personnel learned that Alba was seeking to increase its alumina supply requirements up to 970,000 metric tons a year, and that other major global suppliers of alumina were seeking to capture these additional requirements and were prepared to pay “commissions” to do so.

43. On or about July 18, 1996, a commercial manager for Alcoa of Australia sent an email to other members of the alumina sales team regarding the Alba account, noting that “[i]n order to comply with business norms in the Middle East, and to be competitive with other suppliers, I feel that it will be necessary to supply some of the tonnage through an intermediary company . . . which would be in a position to pay [the] required commission.” The senior commercial manager suggested that Alumat could “purchase up to 200,000 mt/yr [metric tons a year] for onselling to Alba,” and advised that he and another member of the alumina sales team intended to travel to London to “pursue this course of action” and “work on Alba strategies with [Consultant A].” A subsequent memorandum to the file drafted by a member of the sales team stated that this bifurcated arrangement was designed to pay the increased commission requirements—which the sales team understood were too large to be described as sales commissions—from the “mark-up” imposed by Alumat.

44. On or about July 23, 1996, the commercial manager sent an email to Attorney 1, the in-house attorney responsible for supporting the alumina business, advising him of his proposal to sell alumina to Alumat for on-sale to Alba to put “Alcoa in a position where it can compete with other contenders for the extra Alba alumina.” The email also noted that:

[a]s a Middle Eastern company well versed in the normal ways of Middle East business, Alumet is strategically placed to direct the alumina through the necessary channels which will keep the various stakeholders in the Alba smelter happy . . . and hence give Alcoa a fair chance of obtaining the business.

The email further noted that “Alba is one of our most important ‘blue ribbon’ alumina accounts.”

Attorney 1 reviewed the arrangement.

45. On or about August 6, 1996, a senior commercial sales manager at Alcoa of Australia sent an email to other members of the alumina sales team about the proposed arrangement to secure Alba’s business, in which he complained that “[i]t feels like we subsidise [sic] the Sheiks” and noted that the commission could “make [Consultant A] and his customers v.v. rich!”

46. In or about September 1996, Alcoa of Australia and Alba entered an amendment to their existing alumina supply agreement, whereby the parties agreed that Alcoa of Australia would assign annual sales of approximately 300,000 metric tons of alumina to “a company associated with” Alcoa of Australia, in addition to the 600,000 metric tons of alumina that Alcoa of Australia was then annually supplying Alba. The 1996 amendment also contained a confidentiality provision requiring that the name of the assignee company remain “absolutely confidential.”

47. Alcoa of Australia subsequently entered into an agreement with Alumet dated December 11, 1996, whereby Alcoa of Australia would purportedly sell to Alumet up to 375,000 metric tons of alumina for sale to Alba. The pricing to Alumet was based on an LME formula that resulted in pricing materially lower than what Alcoa of Australia was charging Alba directly. The pricing differential permitted Consultant A to significantly mark-up Alumet’s sales of alumina to Alba. The term of the agreement ran from January 1, 1997, to December 31, 2001.

48. The details of the bifurcated arrangement were deemed highly confidential within Alcoa of Australia.

49. On or about January 28, 1997, another in-house attorney at Alcoa of Australia sent an email to her supervisor in Pittsburgh about the “Alumet Contract.” The in-house attorney stated in her email that that “the contract looks odd,” and that it raised “concerns about the pricing and the fact that the contract is with Alumet. Are these factors OK from an antitrust and FCPA perspective? I suppose the tonnage is meant to be linked with the Alba contract but I do not really understand why in that case we are selling to Alumet to supply to Alba.” Attorney 1 also received this email.

50. On or about February 8, 1999, Attorney 1 sent an email to his supervisor regarding the Alumet arrangement, and noted: “no one would suggest that [the bifurcated contract] arrangement is ideal from a commercial or legal perspective.” Attorney 1 suggested taking advantage of the next expiration of the long-term agreement with Alba to “move . . . to a single buy/sell distributor type contract for the Alba business, either with Dadco [a company controlled by Consultant A] or with another distributor.” Attorney 1 noted that moving to a single distributor “would remove the [sic] any questions arising out of the unusual way that the 1997 contract was structured as well as any negative connotation from the commission paid to Dadco under the mid-[1990] agency agreement that is in place.”

The Mark-Up and Commission Payments From 1997 Through 2001

51. From 1997 through 2001, the bifurcated invoicing arrangement—which was structured as a bifurcated supply arrangement—permitted Alumet to invoice Alba for the additional alumina at a materially higher price than Alumet paid Alcoa of Australia. From 1997 through 2001, Alumet received a mark-up in excess of \$108 million from the sale of alumina to

Alba. In addition, Alcoa of Australia paid approximately \$6.179 million in agency commissions to Alumet.

***Consultant A Channeled Millions in Corrupt Payments to Government Officials
From 1997 through 2001***

52. From 1997 through 2001, Consultant A made over \$5 million in corrupt payments to Official A from bank accounts at RBC in Guernsey held in the name of Alumet and ULECO.

53. From 1997 through 2001, Consultant A made approximately \$2.2 million in corrupt payments to Official B from bank accounts at RBC in Guernsey held in the name of Alumet and ULECO.

54. From 1999 through 2001, Consultant A made over \$19 million in corrupt payments to Official C from bank accounts at RBC in Guernsey and Switzerland held in the name of ULECO and another shell entity called Montrose.

***IV. ALCOA WORLD ALUMINA LLC, through Executive A, Enlarged
Consultant A's Role in the Alumina Supply Relationship***

55. By 2000, Executive A, who was then based in ALCOA WORLD ALUMINA LLC's offices in Pittsburgh, had assumed direct responsibility for managing the Alba relationship.

56. From April to December 2001, Executive A took a series of steps to cause Alumet and AAAC to become Alcoa of Australia's purported distributors for all of its sales of alumina to Alba.

57. On or about April 12, 2001, Executive A wrote to Official C to advise him that "Alcoa wishes" to extend the "present supply contract [with Alba] for three years to December 31, 2004."

58. On or about August 15, 2001, after receiving a request from Alba to continue the existing supply arrangements through December 2003, Executive A facilitated Alba's entering into an extension of the existing alumina supply arrangement through December 2003.

59. On or about February 14, 2002, Executive A caused Alcoa of Australia to enter into a purported distribution agreement with Alumet and AAAC for the supply of approximately one million tons of alumina intended for sale to Alba.

60. Executive A knew that Alcoa of Australia would continue to ship alumina directly to Alba. Executive A consciously disregarded the fact that the purported contractual arrangement he crafted with Consultant A would permit Alumet and/or AAAC to mark-up sales to Alba of alumina from Alcoa of Australia. In or around February 2002, Alcoa of Australia ceased to invoice Alba directly for shipments of alumina.

The Mark-Up and Commission Payments From 2002 Through 2004

61. From 2002 to 2004, Executive A, acting on behalf of ALCOA WORLD ALUMINA LLC, caused AAAC to receive in excess of \$79 million in mark-ups on alumina sales to Alba.

62. AAAC also received a commission under the terms of the 2002 distribution agreement. The purported 2002 distribution agreement provided for a commission of 0.125% of all payments made by AAAC to Alcoa of Australia for alumina. From 2002 to 2004, Alcoa of Australia paid AAAC a commission of \$493,509.

Consultant A Channeled Millions in Corrupt Payments to Government Officials From 2002 through 2004

63. In 2002, Consultant A made over \$1 million in corrupt payments to Official B from a bank account at RBC in Guernsey held in the name of ULECO.

64. From 2002 through 2004, Consultant A made approximately \$29 million in corrupt payments to Official C from bank accounts at RBC in Guernsey held in the name of Alumet and ULECO.

***V. Executive A Retained Consultant A For
Joint Venture Negotiations between Alcoa and Alba***

65. In 2002, Alcoa was attempting to negotiate a joint venture with Alba, in which Alcoa would supply Alba with alumina from the AWAC system's smelters, and, in exchange, Alba would supply Alcoa with aluminium. Executive A participated in the negotiations for Alcoa and retained Consultant A to privately lobby Official C on behalf of Alcoa's position. On or about April 27, 2002, Executive A caused Alcoa to enter a consulting agreement with Consultant A pursuant to which Consultant A would receive an \$8 million "success fee" based on limited specified negotiation "advice and assistance to Alcoa" if the joint venture were successful.

66. As part of the negotiations, Executive A proposed a joint venture structure that contemplated supplying alumina to Alba through a distributor.

67. On or about March 26, 2003, an in-house attorney in Alcoa's legal department sent an email asking Executive A to explain the role of the distributor. On or about March 27, 2003, Executive A responded that "[t]he Distributorship rol[e] is something the Bahrain Government wants" and that Alcoa "shouldn't get too involved with how the Distributor and the Government interact. We are currently selling the alumina we supply to Alba through a Distributor." In response, the in-house attorney wrote that "we will need to understand the Distributor's role completely . . . for Foreign Corrupt Practice Act purposes."

68. On September 15, 2003, Alcoa and Alba agreed to a Memorandum of Understanding ("MOU") outlining an equity investment by Alcoa in Alba and providing for

alumina to be sold to the Government of Bahrain, as majority shareholder of Alba, “directly or through an associated company of Alcoa satisfactory to GoB [Government of Bahrain] and Alcoa.” The MOU was approved by Official C on behalf of Alba. However, the joint venture negotiations fell through, and Consultant A was never paid the \$8 million success fee.

69. Within 17 days of the signing of the MOU, Consultant A transferred \$2 million to Official C’s account at Deutsche Bank in Geneva, Switzerland, from a ULECO bank account at RBC in Guernsey.

VI. ALCOA WORLD ALUMINA LLC, Through Executive A, Caused Alcoa of Australia to Secure a Corrupt 2005 Long-Term Alumina Supply Deal with Alba

70. By the summer of 2004, Alcoa of Australia was supplying approximately one million metric tons of alumina annually to Alba, but was invoicing Alba indirectly through Consultant A’s companies. Alba’s obligations under pre-existing supply arrangements with Alcoa of Australia were set to expire at the end of 2004.

71. In the summer of 2004, Executive A and one of his supervisors, another senior member of ALCOA WORLD ALUMINA LLC’s global alumina sales department, sought to secure a new long term alumina supply agreement with Alba. On or about August 5, 2004, Executive A and his supervisor were advised by a former senior Alcoa executive who had a relationship with Consultant A that if they attempted to negotiate a direct contractual relationship between Alcoa of Australia and Alba, rather than negotiate a supply arrangement through Consultant A and one of his companies, some or all of Alba’s business could be lost to another alumina supplier.

72. On or about August 19, 2004, Executive A and his supervisor met with Consultant A at Consultant A’s London Office to discuss using Consultant A’s companies “as Alcoa’s exclusive distributor in the region.”

73. On or about August 22, 2004, Executive A sent an email to his supervisor documenting with more specificity certain items that were discussed at the meeting. Among them, Executive A noted that “[w]e agreed to supply [Consultant A] with pricing indications for supply to [AAAC] by 8/24 so he can have these for his meeting [in Bahrain] with [Official C]. We mentioned pricing close to 14%.” Executive A’s email also noted that “[Official C] is holding on to publishing [Alba’s] alumina tender [to the market] until he has further discussions with [Consultant A] on 8/29.” The pricing terms per metric ton of alumina that Executive A quoted to Consultant A at the meeting in London were less than the pricing terms for Alba that Executive A had quoted to Official C approximately one month earlier.

74. On or about September 29, 2004, Executive A facilitated AAAC’s tendering a bid to supply Alba up to 1.6 million tons of alumina for ten years commencing in 2005.

75. On or about October 8, 2004, Attorney 1 suggested terminating the consulting agreement that Alcoa had entered with Consultant A, as “the terms of [Consultant A’s] current engagement created a lot of anxiety in the organization.” Executive A advised that the consultancy agreement should not be terminated until Alcoa had secured a new long-term alumina supply agreement with Alba.

76. On or about November 1, Official C, after consulting with Official D’s office, caused Alba to accept AAAC’s tender offer for a ten-year supply of alumina.

77. On or about December 31, 2004, Executive A caused Alcoa of Australia to enter a sham ten-year distributorship agreement with Alumet and AAAC to purportedly supply them with up to 1.78 million tons of alumina for sale to Alba from 2005 to 2014. From 2005 to 2009, the price term was 13.9% of LME minus \$0.25 per ton of alumina. From 2010 to 2014, the price decreased to 13.5% of LME minus \$0.25 per ton of alumina. Executive A consciously

disregarded the fact that Alcoa of Australia would continue to supply alumina directly to Alba that was purportedly being “distributed” through Alumet and AAAC.

78. On or about March 4, 2005, a representative of Consultant A sent the CEO of Alba a final, unexecuted contract for the purported supply agreement between AAAC and Alba. Alba’s CEO could not sign the contract until he received approval from Official D’s office.

79. On or about May 11, 2005, the private secretary to Official D wrote to Consultant A, inviting him to participate in a “real estate development project in Bahrain” and advised him that his “equity requirement” would be “approximately US \$ 20 million.” Consultant A was instructed to wire that sum by May 31, 2005, to an account in the name of a hotel project at Standard Chartered Bank in Manama, Bahrain. On or about May 11, 2005, Consultant A formed a shell company in Panama under the name of “Dadco Real Estate Developments S.A.” On or about May 16, 2005, Consultant A signed a signature card to open a bank account at HSBC Luxembourg under the name of “Dadco Real Estate Developments S.A.”

80. On or about June 2, 2005, Consultant A, through a series of wire transfers, sent \$20 million from accounts he controlled, including Alumet and ULECO at RBC in Guernsey, through the Luxembourg bank accounts of two other shell companies he controlled, La Fosca and Dadco Real Estate Developments S.A., to the foregoing specified account at Standard Chartered Bank in Manama. The funds that were transferred through these accounts originated from other accounts that contained commingled funds, including funds from Consultant A’s other transactions in the region as well as funds from the mark-up on the corrupt contract between AAAC and Alba.

81. On or about June 8, 2005, the final agreement negotiated between AAAC and Alba was signed by Alba’s CEO on behalf of Alba. The agreement’s effective date was January

1, 2005, and its term was through December 31, 2014. The agreement provided that AAAC would supply Alba with 1.508 million metric tons of alumina in 2005, and 1.6 million metric tons of alumina thereafter for each remaining contract year. From 2005 to 2009, the price formula in the agreement resulted in an average price to Alba of 14.98% of LME per metric ton of alumina. From 2010 through 2014, the price formula in the agreement resulted in an average price to Alba of 14.42 % of LME per metric ton of alumina. Alba was required to bear the cost of shipping and insurance.

Consultant A's Mark-up on Alumina Sales From 2005 to 2009

82. As a result of ALCOA WORLD ALUMINA LLC's conduct, through Executive A, from 2005 through 2009, Alumet and AAAC received in excess of \$188 million on the mark-up of alumina sales to Alba. This money was transferred from the initial accounts in which payment from Alba was received through various bank accounts controlled by Consultant A, including accounts in the name of shell entities Alumet and ULECO at RBC in Guernsey.

83. Under these circumstances, ALCOA WORLD ALUMINA LLC, through Executive A, consciously disregarded the fact that the mark-up imposed by Consultant A on Alumet and AAAC's sales of alumina to Alba was facilitating corrupt payments to government officials who controlled Alba's tender process.

Additional Corrupt Payments to Government Officials

84. From 2005 through 2006, Consultant A made almost \$13 million in corrupt payments from the account of ULECO at RBC in Guernsey through the account of La Fosca in Luxembourg to accounts that were beneficially owned by Official C under client code names at ABN AMRO Bank in Luxembourg and LGT Bank in Liechtenstein.

85. On or about April 3, 2006, Consultant A transferred \$17,000,000 from the account of ULECO at RBC in Guernsey through the Luxembourg accounts of La Fosca and Dadco Real Estate to an account owned by Official D at UBS AG in Zurich. The funds that were transferred through these accounts originated from an Alumet bank account at RBC in Guernsey that included funds from AAAC's corrupt mark-up on alumina sales to Alba, among other sources.

VII. ALCOA WORLD ALUMINA LLC Caused Alcoa to Extend Materially Significant Lines of Credit to Consultant A

86. Consultant A sought a line of credit from Alcoa to cover the cost of alumina shipments to Alba until Alba remitted payment to Alumet and AAAC. Consultant A, however, refused to provide financial statements for Alumet or AAAC to Alcoa's credit department, which was normally required for a significant extension of credit to a third-party. Notwithstanding this, in or around December 2004, ALCOA WORLD ALUMINA LLC, through Executive A, sought and received approval to extend credit to Consultant A's companies and thereby caused Alcoa's credit department to extend a \$23 million line of credit to Alumet and AAAC.

87. Thereafter, in each of contract years 2005 through 2009, Alcoa continued to grant business unit overrides to extend materially increasing credit lines to Consultant A's sham distributorships. By 2007, Alcoa was extending a credit line of \$58 million to Alumet and AAAC. During this period, Alcoa granted Alumet and AAAC credit lines that were significantly greater than those granted by Alcoa to any other third-party.

88. By facilitating the extension of credit to Consultant A, Executive A enabled the sham distributorship scheme by allowing Consultant A to defer paying Alcoa of Australia for the multi-million dollar shipments of alumina to Alba until Alumet and AAAC received payment from Alba.

COUNT 1
FCPA Violation
(15 U.S.C. § 78dd-2(a))

89. Paragraphs 1 through 88 are re-alleged and incorporated by reference as though fully set forth herein.

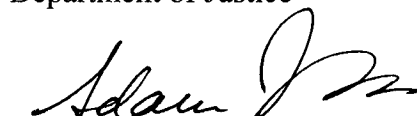
90. From in or around March 2004 through in or around December 2009, in the Western District of Pennsylvania, and elsewhere, the defendant, ALCOA WORLD ALUMINA LLC, did make, use, and cause to be used the mails and any means and instrumentalities of interstate commerce and did acts outside the United States corruptly in furtherance of an offer, payment, promise to pay, and authorization of the payment of any money, offer, gift, promise to give, and authorization of the giving of anything of value to a person while knowing that all or a portion of such money or thing of value would be offered, given, or promised, directly or indirectly, to foreign officials, for the purpose of: (i) influencing acts and decisions of such foreign officials in their official capacities; (ii) inducing such foreign officials to do and omit to do acts in violation of the lawful duties of such officials; (iii) securing an improper advantage; and (iv) inducing such foreign officials to use their influence with a foreign government and instrumentalities thereof to affect and influence acts and decisions of such government or instrumentalities thereof, in order to assist AWAC, ALCOA WORLD ALUMINA LLC, and Alcoa of Australia in obtaining and retaining business for and with, and directing business to, AWAC, ALCOA WORLD ALUMINA LLC, and Alcoa of Australia, *to wit*: ALCOA WORLD ALUMINA LLC caused Alcoa of Australia to enter a sham distributorship agreement with Alumet and AAAC that facilitated the funneling of millions of dollars of bribes indirectly through Consultant A to senior officials of the Kingdom of Bahrain in order to obtain and retain a long-term alumina supply agreement between Alcoa of Australia and Alba.

All in violation of Title 15, United States Code, Section 78dd-2(a), and Title 18, United States Code, Section 2.

FOR THE DEPARTMENT OF JUSTICE:


JEFFREY H. KNOX
Chief, Fraud Section
Criminal Division
Department of Justice

By:



Adam G. Safwat
Deputy Chief, Fraud Section
NY ID No. 2657567
Andrew N. Gentin
DC ID No. 459889
Allan J. Medina
Andrew H. Warren
Trial Attorneys, Fraud Section

By:



DAVID J. HICKTON
United States Attorney
PA ID No. 34524