

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA**

	:	
<b>UNITED STATES OF AMERICA,</b>	:	<b>CRIMINAL NO. _____</b>
	:	
<b>Plaintiff,</b>	:	<b>VIOLATIONS: 18 U.S.C. § 371</b>
	:	
v.	:	
	:	
<b>IVECO S.p.A.</b>	:	
	:	
<b>Defendant.</b>	:	
	:	

**INFORMATION**

1. The United States Department of Justice, Criminal Division, Fraud Section, charges that at all times material to this Information:

**GENERAL ALLEGATIONS**

*Relevant Entities and Individuals*

2. IVECO S.p.A (“Iveco”), was headquartered in Turin, Italy, and was an international manufacturer and supplier of commercial trucks, parts, and diesel engines.

3. Iveco was a wholly-owned subsidiary of Fiat S.p.A. (“Fiat”), a company that, until August 23, 2007, had American Depositary Receipts (“ADRs”) publicly traded on the New York Stock Exchange (“NYSE”). As such, Fiat issued and maintained a class of publicly-traded securities registered pursuant to Section 12(g) of the Securities Exchange Act of 1934 (15 U.S.C. § 78l), and was required to file periodic reports with the United States Securities and Exchange Commission under Section 13 of the Securities Exchange Act (15 U.S.C. § 78m). Accordingly, Fiat was an “issuer” within the meaning of the Foreign Corrupt Practices Act (“FCPA”), 15 U.S.C. § 78dd-1(a). By virtue of its status as an issuer within the meaning of the FCPA, Fiat was

required to make and keep books, records, and accounts that, in reasonable detail, accurately and fairly reflected the transactions and disposition of assets of Fiat and its subsidiaries, including those of Iveco, which were incorporated into the books of Fiat.

4. Fiat Finance North America, Inc., a wholly-owned subsidiary of Fiat, was a Delaware corporation headquartered in New York, New York, and provided financing for other Fiat companies.

5. “Employee A,” a citizen of Italy, was employed as an Area Manager in Iveco’s Egypt office from 1996 until in 2003.

6. “Employee B,” a citizen of Italy, was employed as an Assistant Sales Manager in Iveco’s Egypt office from 2000 until 2003.

7. “Company X,” a Lebanese company, acted as both an agent and distributor for Iveco in connection with sales to the Iraqi government made under the United Nations (“U.N.”) Oil for Food Program (“OFFP”).

8. “Company Y,” a United Arab Emirates company, acted as a conduit for payments to the Iraqi government under the OFFP.

9. “Consultant A,” a United States citizen with an office in Washington, D.C., provided consulting services for Iveco during the OFFP.

*The United Nations Oil for Food Program*

10. On or about August 6, 1990, days after Iraq’s invasion of Kuwait, the U.N. adopted Security Council Resolution 661, which prohibited U.N. member-states from transacting business with Iraq, except for the purchase and sale of humanitarian supplies. Resolution 661 prohibited virtually all direct financial transactions with the government of Iraq.

11. On or about April 15, 1995, the U.N. adopted Security Council Resolution 986, which served as a limited exception to the Iraq sanctions regime in that it allowed Iraq to sell its oil. However, Resolution 986 required that the proceeds from oil sales be used by the Iraqi government to purchase humanitarian supplies, including but not limited to food, for the Iraqi people. Hence, this program became known as the Oil for Food Program. Payments made to the Iraqi government that were not approved by the U.N. and that were outside the strict contours of the OFFP were prohibited.

12. The rules of the OFFP required that the proceeds from all sales of Iraqi oil be deposited into a U.N.-controlled escrow account at the New York, New York, branch of Banque Nationale de Paris (“BNP-Paribas”). That escrow account funded the purchase of humanitarian goods by the Iraqi government.

13. Under the rules of the OFFP, a supplier of humanitarian goods contracted with a ministry or other department of the Iraqi government to sell goods to the government. Once that contract was finalized, the contract was submitted to a U.N. Committee (“the 661 Committee”) which reviewed the contracts to ensure that their terms complied with all OFFP and Iraqi sanction regulations. The 661 Committee accepted the contracts, rejected them, or asked the supplier to provide additional information upon which the committee could make a decision.

14. If a contract was approved by the 661 Committee, a letter of credit was issued by BNP-Paribas to the supplier’s bank stating that the supplier would be paid by the OFFP for the relevant goods once certain conditions were met, including delivery of the goods to Iraq and inspection of the goods by a U.N. contractor based in Geneva, Switzerland, that provided inspection services in Iraq on behalf of the U.N. (the “inspection company”). Once those

conditions were deemed by the U.N. to have been met, the U.N. would direct BNP-Paribas to release payment to the supplier.

15. On or about December 10, 1996, the first Iraqi oil exports under the OFFP began. The OFFP continued from in or about December 1996 until the United States' invasion of Iraq on or about March 19, 2003. From in or about December 1996 through March 2003, the United States government prohibited United States companies and individuals from engaging in transactions with the government of Iraq, unless such transactions were authorized by the U.N. pursuant to the OFFP.

16. Beginning in approximately August 2000, the Iraqi government demanded that suppliers of humanitarian goods pay a kickback, usually valued at 10% of the contract price, to the Government of the Republic of Iraq in order to be awarded a contract by the government. These kickbacks violated OFFP regulations and U.N. sanctions, which prohibited payments to the Iraqi government that were not expressly approved by the U.N. and that were not contemplated by the guidelines of the OFFP.

17. Often, these kickbacks were termed "after sales service fees" ("ASSFs"), but did not represent any actual service being performed by the supplier. These ASSFs were usually included in the contract price submitted by the supplier to the U.N. without disclosing to the U.N. that the contract contained an extra 10% which would be returned to the Iraqi government. Including the 10% in the contract price allowed the supplier to avoid paying the 10% out of its profits; instead, the suppliers caused the U.N., unknowingly, to fund the kickbacks to the Iraqi government.

18. Some suppliers labeled the ASSFs as such, thereby leading the U.N. to believe that actual after-sales services were being provided by the supplier. Other suppliers disguised

the ASSFs by inserting fictitious line items into the contracts for goods or services that were not being provided. Still other suppliers simply inflated their contract prices by 10% to account for the payments they would make, or cause to be made, to the Iraqi government.

*Iveco's Kickback Scheme*

19. From in or about October 2000 through in or about June 2001, Iveco and Company X were awarded sixteen contracts worth approximately €31.9 million to supply various Iveco trucks and parts to the Republic of Iraq under the OFFP. To obtain these contracts, Iveco and Company X paid approximately \$3.17 million in kickbacks to the Government of the Republic of Iraq.

20. From November 2000 to January 2001, Iveco entered into four direct contracts with Iraqi ministries to provide fuel tankers, trucks, and spare parts. Company X served as an agent for Iveco on those four direct contracts. From November 2000 to June 2001, Iveco also sold trucks and parts indirectly to the Iraqi government through Company X, which entered into twelve contracts with Iraqi ministries for the sale of Iveco parts.

21. In order to generate the funds to pay the kickbacks and to conceal those payments, Iveco and Company X inflated the price of each of the contracts by approximately 10% to 15% before submitting them to the 661 Committee and the U.N. for approval.

22. After the U.N. approved the contracts, BNP-Paribas issued letters of credit, via international wire communication, to banks used by Iveco and Company X, in the amount of the contract price. These letters of credit authorized Iveco and Company X to be paid contracted amounts, which included the 10% to 15% kickbacks to be paid to the Iraqi government.

**COUNT ONE  
(Conspiracy)**

THE CONSPIRACY AND ITS OBJECTS

23. Paragraphs 1 through 22 of this Information are re-alleged and incorporated by reference as if set out in full.

24. From in or about October 2000, through in or about February 2003, within the territory of the United States and elsewhere, Iveco, Company X, Company Y, Employee A, Employee B, Consultant A, and others known and unknown, did unlawfully and knowingly combine, conspire, confederate, and agree together to commit the following offenses against the United States:

a. to knowingly devise, and intend to devise a scheme and artifice to defraud the U.N. and the OFFP, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, through the use of interstate and foreign wire communications, in violation of Title 18, United States Code, Section 1343; and

b. to knowingly falsify and cause to be falsified books, records, and accounts required to, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Fiat, an issuer within the meaning of the FCPA, contrary to Title 15, United States Code, Sections 78m(b)(2)(A), 78m(b)(5) and 78ff(a).

PURPOSE OF THE CONSPIRACY

25. The primary purpose of the conspiracy was to obtain and retain lucrative business with the Government of the Republic of Iraq through the payment of kickbacks to the government that were concealed from the U.N. and mischaracterized as legitimate charges.

MANNER AND MEANS OF THE CONSPIRACY

26. To achieve the objects of the conspiracy, Iveco and others used the following manner and means, among others:

a. It was part of the conspiracy that Iveco agreed to cause kickbacks to be paid to the government of Iraq in exchange for Iveco and Company X being awarded contracts by the government.

b. It was a further part of the conspiracy that Iveco and Company X submitted contracts to the U.N. for approval that failed to disclose, and concealed, the fact that the prices of the contracts had been inflated by 10% to 15% in order to generate money to pay the kickbacks to the Iraqi government.

c. It was a further part of the conspiracy that with regard to one of Iveco's OFFP contracts, Company X and Company Y executed a sham agreement calling for Company Y to perform purported after sales services, with the understanding that Company Y would pass the money it received from Company X on to the Government of the Republic of Iraq.

d. It was a further part of the conspiracy that Iveco caused the transmission of international wire communications, to and from the United States: (i) to provide notice to the U.N. that Iveco goods had been shipped to, and inspected in, Iraq; and (ii) to provide notice to banks used by Iveco and Company X that the U.N. was authorizing payments pursuant to the contracts.

e. It was a further part of the conspiracy that for certain contracts, Iveco falsely described the kickbacks paid to the Government of the Republic of Iraq in its corporate books and records as service and commission payments to Company X when Iveco was aware

that a substantial portion of these payments was being kicked back to the Iraqi government in exchange for the award of contracts with the Iraqi government.

OVERT ACTS

27. In furtherance of the conspiracy and to accomplish its unlawful objects, the following acts, among others, were committed within the territory of the United States and elsewhere:

*Contract 801576*

a. On or about November 29, 2000, Iveco executed a contract, referenced by the U.N. as Contract 801576, with the Iraqi Ministry of Irrigation to supply 75 Iveco fuel tankers and spare parts for €7,170,000, which included an extra 12% to be used to pay a kickback to the Iraqi government.

b. In or about 2001, Company X paid the Iraqi government \$611,836 in kickbacks on behalf of Iveco in connection with Contract 801576.

c. From on or about February 21, 2002, to on or about April 23, 2002, Iveco caused the fuel tankers and spare parts to be delivered to Iraq, prompting the inspection company to send several facsimiles from Iraq to the U.N. in New York, New York, notifying the U.N. that Iveco products purchased pursuant to Contract 801576 had been received and inspected upon entry into Iraq. This notification, in turn, triggered payment by the U.N. to Iveco for Contract 801576.

d. In or about June 2002, Iveco paid Company X €1,252,855, and in or about October 2002, Iveco paid Company X €154,915, which payments included Company X's commission and reimbursement to Company X for the payment of \$611,836 in kickbacks to the Iraqi government for Contract 801576.



*Contract 802243*

e. On or about August 1, 2000, Company X entered into an agreement with Company Y under which Company Y purportedly would supply “after sales and maintenance services” on behalf of Company X upon the delivery to Iraq of 112 Iveco trucks with lifters and spare parts.

f. On or about November 30, 2000, Iveco executed a contract, referenced by the U.N. as Contract 802243, with the Iraqi Commission of Electricity to supply 112 trucks with lifters and spare parts for €9,287,723, which included an extra 15% to be used to pay a kickback to the Iraqi government.

g. In or about June 2001, Company X caused its bank in Libya to issue a guarantee to Company Y to pay €1,211,443 to Company Y upon delivery to Iraq of the 112 Iveco trucks with lifters and spare parts.

h. On or about October 5, 2001, Company Y sent a letter to the Iraqi Commission of Electricity stating that Iveco had established a bank guarantee in favor of Company Y in the amount of €1,211,443 in connection with Contract 802243. The letter further stated that upon Iveco’s delivery of the 112 trucks with lifters and spare parts into Iraq, Company Y would transfer the money to an account previously specified by the Deputy Manager of the Commission of Electricity and the Iraqi Minister of Finance.

i. On or about October 5, 2001, Company X sent a facsimile to Employee A at Iveco in Egypt, which included the letter from Company Y to the Iraqi Commission of Electricity.

j. On or about October 11, 2001, Employee A directed Employee B to create a spreadsheet of OFFP contracts that included a column titled “restituzione,” which in English

(or in this context in English) means “payback.” The amount in the “restituzione” column for Contract 802243 was €1,211,443.

k. From on or about February 19, 2002, to on or about April 27, 2002, Iveco caused 112 trucks with lifters and spare parts be delivered to Iraq, prompting the inspection company to send several facsimiles from Iraq to the U.N. in New York, New York, notifying the U.N. that Iveco products purchased pursuant to Contract 802243 had been received and inspected upon entry into Iraq. This notification, in turn, triggered payment by the U.N. to Iveco for Contract 802243.

l. In or about April 2002, Company X paid Company Y \$1,107,695 on behalf of Iveco, which Company Y, in turn, transferred to the Iraqi government as a kickback in connection with Contract 802243, as contemplated by the October 5, 2001, letter from Company Y to the Iraqi Commission of Electricity.

m. In or about June 2002, Iveco paid Company X €1,685,763, which payment included Company X’s commission and reimbursement to Company X for the payment of \$1,107,695 in kickbacks to the Iraqi government for Contract 802243.

*Contract 900554*

n. On or about January 25, 2001, Iveco entered into a contract, referenced by the U.N. as Contract 900554, with the Iraqi Ministry of Housing and Construction to supply five drop side trucks with cranes and spare parts for €361,775, which included an extra 12% to be used to pay a kickback to the Iraqi government.

o. On or about June 11, 2001, after the U.N. approved Contract 900554, BNP-Paribas issued a letter of credit to a Lebanese bank in favor of Iveco for €361,775.

p. On or about October 11, 2001, Employee B noted on a spreadsheet of OFFP contracts that the amount of “restituzione” for Contract 900554 was €38,761, equal to 12% of the non-inflated contract value.

q. In or about 2001, Company X paid the Iraqi government \$28,419 in kickbacks on behalf of Iveco in connection with Contract 900554.

r. On or about January 24, 2002, Iveco caused five drop side trucks with cranes and spare parts purchased pursuant to Contract 900554 to be delivered to Iraq, prompting the inspection company to send a facsimile from Iraq to the U.N. in New York, New York, notifying the U.N. that the Iveco products had been received and inspected upon entry into Iraq. This notification, in turn, triggered payment by the U.N. to Iveco for Contract 900554.

s. In or about June 2002, Iveco paid Company X €1,526, which payment included Company X’s commission and reimbursement to Company X for the payment of \$28,419 in kickbacks to the Iraqi government for Contract 900554.

*Contract 830347*

t. On or about October 1, 2000, Iveco executed a contract, referenced by the U.N. as Contract 830347, with the Iraqi Ministry of Oil to supply spare parts for €687,256, which included a 10% fee for “Technical Supervision and After Sales Service” by Company X, to be used to pay a kickback to the Iraqi government.

u. On or about March 9, 2000, Consultant A entered into an agreement with Fiat Finance North America, Inc. to provide various services to Fiat subsidiaries and affiliated companies, which services included support in connection with “procurement schemes of the multilateral and bilateral agencies located in Washington and New York, New York, including...the United Nations.” On or about November 7, 2000, and on or about November 7,

2001, Fiat Finance North America, Inc. extended the term of Consultant A's consulting agreement, ultimately extending the term until March 31, 2003.

v. On or about June 26, 2001, in response to a letter from the U.N. requesting information regarding the 10% ASSF included in Contract 830347, Iveco sent a facsimile from Italy to the U.N. falsely representing the fact and nature of the after sales services that Company X purportedly would provide.

w. On or about July 31, 2001, Consultant A sent a facsimile to the U.N. in New York, New York, from Washington, D.C., falsely affirming the legitimacy of the after sales services to be performed in connection with Contract 830347.

x. In or about 2001, Company X paid the Iraqi government \$55,930 in kickbacks on behalf of Iveco in connection with Contract 830347.

y. On or about February 14, 2002, Iveco caused the spare parts purchased pursuant to Contract 830347 to be delivered to Iraq, prompting the inspection company to send a facsimile from Iraq to the U.N. in New York, New York, notifying the U.N. that the Iveco products had been received and inspected upon entry into Iraq. This notification, in turn, triggered payment by the U.N. to Iveco for 90% of the value for Contract 830347.

z. From in or about June 2001, through in or about July 2002, Consultant A and Iveco made numerous, unsuccessful attempts to obtain further payment from the U.N.

aa. In or about July 2002, Iveco paid Company X €600,000 in connection with several OFFP contracts, which payment included Company X's commission and reimbursement to Company X for the payment of \$55,930 in kickbacks to the Iraqi government for Contract 830347.

*Contract 930077*

bb. On or about June 2, 2001, Company X executed a contract, referenced by the U.N. as Contract 930077, with the Iraqi Ministry of Oil to supply six Iveco tipper trucks with spare parts for €476,982, which included an extra 10% to be used to pay a kickback to the Iraqi government.

cc. On or about July 12, 2001, Employee A in Egypt received via facsimile a cost analysis from Company X pertaining to Contract 930077 and several other contracts; in a column labeled “after sale,” Company X set forth the 10% kickback to the Iraqi government for Contract 930077 and the other contracts.

dd. In or about 2001, with Iveco’s knowledge, Company X paid the Iraqi government \$37,153 in kickbacks in connection with Contract 930077.

ee. On or about August 25, 2002, Iveco caused Company X to deliver six Iveco tipper trucks to Iraq, prompting the inspection company to send a facsimile from Iraq to the U.N. in New York, New York, notifying the U.N. that products purchased pursuant to Contract 930077 had been received and inspected upon entry into Iraq. This notification, in turn, triggered payment by the U.N. to Company X for Contract 930077.

*Additional Indirect Contracts*

ff. Between in or about November 2000, and in or about June 2001, Company X entered into at least eleven other contracts with the Iraqi government for the purchase of Iveco trucks and parts, in return for which Company X, with the knowledge of Iveco, paid kickbacks to the Iraqi government. The total value of the kickbacks paid to the Iraqi government in connection with these twelve contracts was approximately \$1.36 million. These

contracts were executed, and the kickback payments were made, on or about the dates specified below:

<b>Contract Number</b>	<b>Date of Execution</b>	<b>Buyer</b>	<b>Contract Value</b>	<b>Items Purchased</b>	<b>Kickback Paid</b>
800883	November 14, 2000	General Corporation for Water and Sewerage – Ministry of the Interior	€731,117	15 Iveco ten-ton Lorry trucks with spare parts	\$58,861
800884	November 14, 2000	General Corporation for Water and Sewerage – Ministry of the Interior	€2,215,955	30 Iveco garbage container hook loader trucks with spare parts	\$179,167
801147	December 6, 2000	General Corporation for Water and Sewerage – Ministry of the Interior	€1,983,680	30 Iveco water tank trucks with spare parts	\$165,664
801822	January 2001	Telecommunication & Post Company – Ministry of Transport & Communications	€287,146	6 Iveco cargo trucks with spare parts	\$28,446
801828	January 2001	Telecommunication & Post Company – Ministry of Transport & Communications	€290,050	5 Iveco cargo trucks with cranes and spare parts	\$28,956
801913	February 6, 2001	Baghdad Mayoralty	€2,231,554	20 Iveco trailer tipper trucks with spare parts	\$198,761
801945	February 11, 2001	General Corporation for Water and Sewerage – Ministry of the Interior	€15,064	5 Iveco ten-ton Lorry trucks with spare parts	\$16,894

<b>Contract Number</b>	<b>Date of Execution</b>	<b>Buyer</b>	<b>Contract Value</b>	<b>Items Purchased</b>	<b>Kickback Paid</b>
900969	May 31, 2001	General Corporation for Water and Sewerage – Ministry of the Interior	€1,150,000	15 Iveco fifteen-ton Lorry trucks with spare parts	\$98,588
901132	June 4, 2001	State Company for Manufacturing Drugs and Medical Appliances	€480,000	6 Iveco garbage collection vehicles	\$113,599
901133	June 7, 2001	Baghdad Mayoralty	€1,480,050	20 Iveco garbage container lifting trucks with spare parts	\$130,398
901134	June 7, 2001	Baghdad Mayoralty	€3,289,000	40 Iveco water tankers with spare parts	\$307,593

*Books and Records*

ff. In or about 2002, in order to conceal on its corporate books and records the kickback payments made to the Iraqi government, Iveco improperly characterized payments to Company X, part of which were paid as kickbacks to the Iraqi government, as “service and commission payments” to Company X.

gg. At the end of Fiat’s fiscal year 2002, the books and records of Iveco, including those containing false characterizations of the kickbacks paid to the Iraqi government, were incorporated into the books and records of Fiat for purposes of preparing Fiat’s year-end financial statements.

(All in violation of Title 18 U.S.C. §371).

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