

Federal Program Fraud statute, 18 U.S.C. § 666(a)(1)(A). The CAAEF was a “domestic concern” as that term is defined in the Foreign Corrupt Practices Act of 1977 (“FCPA”), 15 U.S.C. § 78dd-2(h)(1)(B).

2. In each year between 1994 and the present, benefits in excess of \$10,000 under the SEED Act were appropriated and distributed by the United States to the CAAEF for its stated purpose.

3. Defendant RICHARD G. PITCHFORD, a citizen and resident of the United States, was a CAAEF Vice President and Country Manager in Turkmenistan, and was an agent of an “organization,” as that term is used in 18 U.S.C. § 666(a)(1)(A). He was an officer and agent of a “domestic concern,” as that term is defined in the FCPA, 15 U.S.C. § 78dd-2(h)(1)(B). He was also, as an individual, a “domestic concern,” as that term is defined in 15 U.S.C. § 78dd-2(h)(1)(A). It was part of defendant PITCHFORD’s responsibilities to identify business ventures for investment by the CAAEF and to make recommendations to the CAAEF Board of Directors.

4. “The CAAEF Uzbekistan Country Manager,” a citizen and resident of the United States, was the CAAEF Vice President and Country Manager in Uzbekistan. As an officer of CAAEF, he was an agent of an “organization,” as that term is used in 18 U.S.C. § 666(a)(1)(A). It was part of the CAAEF Uzbekistan Country Manager’s responsibilities to identify business ventures for investment by the CAAEF and to make recommendations to the CAAEF Board of Directors.

5. The Department of Trade and Industry was an agency of the Government of the United Kingdom and was responsible for promoting economic trade and development for British companies and individuals.

6. The “British Company” was a British company located in Hull, England.

7. The “Foreign Government Official” was a citizen of the United Kingdom and an official of the Department of Trade and Industry with responsibilities for, among other things, promoting business opportunities for British companies in the Central Asian region.

8. The “CAAEF Consultant” was a citizen of Pakistan residing in Uzbekistan, who acted as a consultant to the CAAEF on textile projects in Turkmenistan and Uzbekistan.

B. The Conspiracy

1. Beginning in or about December 1996 and continuing through December 1998, in the District of Columbia and elsewhere, defendant PITCHFORD did unlawfully, willfully and knowingly combine, conspire and confederate with other persons known and unknown to the United States:

- a. To use the mails and other means and instrumentalities of interstate commerce corruptly in furtherance of an offer, payment, promise to pay, or authorization of the payment of money to an official of the Government of the United Kingdom, a “foreign official” as that term is used in the Foreign Corrupt Practices Act, 15 U.S.C. § 78dd-2(h)(2)(A), for the purpose of influencing his acts and decisions in his capacity as an official of the Department of Trade and Industry, in order to assist the British Company to obtain business, that is, a contract with the Central Asia American Enterprise Fund, in violation of the FCPA, Title 15, United States Code, Section 78dd-2(a)(3); and
- b. to embezzle, steal, obtain by fraud and otherwise without authority knowingly convert to the use of defendant PITCHFORD, and others known and unknown to

the United States, persons other than the rightful owner, property valued at \$5,000 or more and owned by and under the care, custody, and control of the CAAEF, in violation of Title 18, United States Code, Section 666(a)(1)(A);

D. Purpose Of The Conspiracy

The purposes and objectives of the conspiracy were, among other things to unjustly enrich themselves and to steal, embezzle, and otherwise obtain covert and illicit kickbacks from contracts in which the CAAEF entered.

E. The Manner and Means

1. It was a part of the conspiracy that defendant PITCHFORD and others known and unknown to the United States, would and did cause the contracts relating to CAAEF funded projects to be artificially and fraudulently inflated so as to allow defendant PITCHFORD and others to receive unlawful kickbacks from the excessive amounts of the contracts.

2. It was further a part of the conspiracy that defendant PITCHFORD, the CAAEF Uzbekistan Country Manager, and the CAAEF Consultant, and others known and unknown to the United States, would and did cause contracts to be approved by the CAAEF Board of Directors from which defendant PITCHFORD, the CAAEF Uzbekistan Country Manager, and the CAAEF Consultant would benefit personally.

3. It was further a part of the conspiracy that, defendant PITCHFORD and others known and unknown to the United States, would and did cause the CAAEF to award contracts from which defendant PITCHFORD, the CAAEF Uzbekistan Country Manager, and the CAAEF Consultant, and others, would and did receive unlawful kickbacks.

4. It was further a part of the conspiracy that the Foreign Government Official would

be offered and paid money in exchange for using his influence as an official of the Government of the United Kingdom to facilitate and to conceal unlawful kickbacks involving CAAEF project contracts.

D. Overt Acts

In furtherance of the conspiracy, defendant PITCHFORD and others known and unknown to the United States committed the following overt acts in the District of Columbia and elsewhere:

Premier Spinning and Classic Clothing Contracts

1. In or about December 1996, defendant PITCHFORD and others known and unknown to the United States caused the CAAEF Board of Directors to approve a \$4 million investment in a project known as the “Premier Spinning Company” joint venture, to produce cotton yarn in Turkmenistan.

2. In or about March 1997, defendant PITCHFORD and others known and unknown to the United States caused the CAAEF to approve a \$1.7 million investment in a project known as the “Classic Clothing Company” joint venture, to manufacture men’s dress shirts and trousers in Turkmenistan.

3. Between in or about December 1996 and March 1997, defendant PITCHFORD and others known and unknown to the United States caused the CAAEF Consultant – acting for his personal benefit and that of defendant PITCHFORD and others, and not for the benefit of the CAAEF – to arrange for the purchase price of equipment for the Classic Clothing and Premier Spinning projects to be inflated above the true value.

4. In or about May 1997, defendant PITCHFORD and others known and unknown to

the United States signed a CAAEF "Investment Disbursement Approval" form, authorizing the disbursement of approximately \$1.1 million to a Premier Spinning vendor and caused the form to be faxed from Turkmenistan to the CAAEF in Washington, D.C.

5. In or about May 1997, in reliance upon defendant PITCHFORD's authorization, the CAAEF transferred approximately \$1.1 million by wire to said Primer Spinning vendor for the benefit of, in part, defendant PITCHFORD, the CAAEF Uzbekistan Country Manager, the CAAEF Consultant, and others.

6. In or about June 1997, the CAAEF Consultant advised defendant PITCHFORD that the CAAEF Consultant had \$300,000 in Pakistan for defendant PITCHFORD and the CAAEF Uzbekistan Country Manager as their share of the kickbacks on the CAAEF-funded Premier Spinning and Classic Clothing projects.

7. On or about July 3, 1997, defendant PITCHFORD and the CAAEF Uzbekistan Country Manager caused a shell company, "K.P.H., Inc.," to be formed in the British Virgin Islands for the purpose of concealing the source and destination of illegal payments from the CAAEF Consultant.

8. On or about July 28, 1997, defendant PITCHFORD and the CAAEF Uzbekistan Country Manager caused Account No. 5308615 to be established at CIBC Bank and Trust Company in the Cayman Islands in the name of "K.P.H., Inc.," for the purpose of facilitating the transfer of the \$300,000 kickback from Pakistan to the United States without said transfer being detected by the United States authorities.

9. On August 11, 1997, defendant PITCHFORD caused the CAAEF Consultant to wire transfer \$200,000 from Account No. 3103-22 at Prime Commercial Bank in Hyderabad,

Pakistan to “K.P.H., Inc.,” Account No. 5308615 in the name of the CAAEF Consultant, at CIBC Bank & Trust Company in the Cayman Islands, for the benefit of defendant PITCHFORD and the CAAEF Uzbekistan Country Manager.

10. On February 19, 1998, defendant PITCHFORD caused the CAAEF Consultant to wire transfer an additional \$100,000 from Account No. 3103-22 at Prime Commercial Bank in Hyderabad, Pakistan to “K.P.H., Inc.,” Account No. 5308615 in the name of the CAAEF Consultant, at CIBC Bank & Trust Company in the Cayman Islands for the benefit of defendant PITCHFORD and the CAAEF Uzbekistan Country Manager.

11. On June 30, 1998, defendant PITCHFORD and the CAAEF Uzbekistan Vice President caused \$250,000 to be wired from Account No. 5308615 at CIBC Bank & Trust Company in the Cayman Islands to Intercontinental Asset Management, a brokerage company in San Antonio, Texas, for the benefit of defendant PITCHFORD and the CAAEF Uzbekistan Country Manager.

The British Company Contract

12. On or about September 1997, in connection with a CAAEF project to establish and equip an edible oil manufacturing facility in Ashkhabad, Turkmenistan, defendant PITCHFORD and the Foreign Government Official – whose duties included identifying foreign business opportunities for British companies and assisting these companies in obtaining contracts – entered into an agreement by which the Official would cause a British Company to bid on the CAAEF Turkmenistan project at a price inflated by approximately 15 percent, or \$200,000, and PITCHFORD would ensure that CAAEF awarded the contract to the British Company.

13. Thereafter, defendant PITCHFORD obtained confidential information from the

bids of the British Company's competitors for the CAAEF Turkmenistan project and delivered the information to the British Company through the Foreign Government official.

14. The British Company used the confidential information to tailor its bid to include the extra \$200,000, but still remain under the bids of its competitors.

15. In or before January 1998, the Foreign Government Official created "Melioservice," a Swiss shell corporation, and caused it to be used as a "commission" agent.

16. On or about January 14, 1998, defendant PITCHFORD caused the CAAEF Board of Directors to approve a contract with the British Company in the approximate amount of \$1.5 million.

17. On or about January 17, 1998, defendant PITCHFORD signed a CAAEF "Investment Disbursement Approval" form, authorizing the disbursement of \$896,535 to the British Company and caused the form to be faxed from Turkmenistan to CAAEF in Washington, D.C.

18. On or about January 20, 1998, in reliance upon defendant PITCHFORD's authorization, CAAEF transferred \$896,535 by wire to Account No. 20434768563744 at Barclays Bank Plc in Hull, England, for the benefit of the British Company.

19. On or about January 22, 1998, defendant PITCHFORD caused the British Company to wire transfer \$200,000 from its account at Barclays Bank Plc in Hull, England, to Account No. 101-82-762 at Credit Suisse Bank in Winterthur, Switzerland, purportedly in payment of a "commission" to Melioservice. In truth, the beneficiaries of this wire transfer were defendant PITCHFORD and the Foreign Government Official.

The BYH International Cotton Gin Contract

20. On or about January 28, 1998, defendant PITCHFORD caused the CAAEF to enter into a contract – purportedly with a firm known as “BYH International” – to purchase a cotton gin for \$347,000.

21. On or about February 18, 1998, defendant PITCHFORD signed a CAAEF “Investment Disbursement Approval” form, authorizing the disbursement of approximately \$208,000 to BYH, and caused the form to be faxed from Turkmenistan to the CAAEF in Washington, D.C.

22. On or about February 18, 1998, in reliance upon defendant PITCHFORD’s authorization, the CAAEF transferred approximately \$208,000 to Account No. 202116114935 at Habib Bank AG Zurich in Lahore, Pakistan, for the benefit of BYH.

23. On or about February 24, 1998, defendant PITCHFORD caused a wire transfer in the amount of \$100,000 from Account No. 202116114935 at the Habib Bank AG Zurich in Lahore, Pakistan, to Account No. 3103-22 at Prime Commercial Bank in Hyderabad, Pakistan – an account maintained by the CAAEF Consultant.

24. On or about February 25, 1998, defendant PITCHFORD caused the CAAEF Consultant to make two wire transfers, each in the amount of \$50,000, from the Prime Commercial Bank account in Hyderabad, Pakistan, to a Melioservice account, No. 699-02-376, at the Credit Suisse Bank in Winterthur, Switzerland, for the benefit of defendant PITCHFORD.

All in violation of Title 18, United States Code, Section 371.

COUNT TWO

(THEFT FROM A FEDERAL PROGRAM)

1. The general allegations of Count One are hereby incorporated by reference as if fully set forth herein.

2. Between in or about December 1996 and December 1998, in the District of Columbia and elsewhere, the defendant RICHARD G. PITCHFORD did intentionally misapply and embezzle, steal, obtain by fraud and otherwise without authority knowingly convert to his own personal use, and the use of another, to wit the CAAEF Uzbekistan Country Manager, persons other than the rightful owner, property valued at \$5,000 or more and owned by or under the care, custody, and control of the Central Asian American Enterprise Fund.

All in violation of Title 18, United States Code, Section 666(a)(1)(A).

COUNT THREE

(BRIBERY IN VIOLATION OF THE FOREIGN CORRUPT PRACTICES ACT)

1. The general allegations of Count One are hereby incorporated by reference as if fully set forth herein.

2. On or about January 17, 1998, in the District of Columbia and elsewhere, the defendant

RICHARD G. PITCHFORD,

a “domestic concern” as that term is defined in 15 U.S.C. § 78dd-2(h)(1)(A), and an officer and agent of a “domestic concern,” as that term is defined in 15 U.S.C. § 78dd-2(h)(1)(B), to wit the CAAEF, did use and cause to be used instrumentalities of interstate and foreign commerce, corruptly in furtherance of an offer, payment, promise to pay, and authorization of the payment of

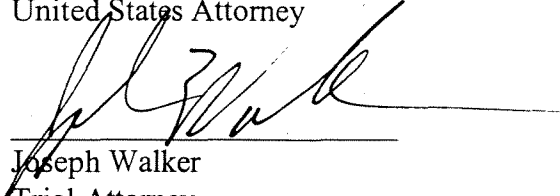
money to a person, to wit: defendant PITCHFORD caused an "Investment Disbursement Approval" form relating to the British Company contract to be faxed from Turkmenistan to the CAAEF in Washington D.C., while knowing that all or a portion of such money would be offered, given, and promised, directly and indirectly, to foreign officials, to wit: to an official of the Government of the United Kingdom, for purposes of influencing acts and decisions of such foreign officials in their official capacities, and inducing such foreign officials to do and omit to do acts in violation of their lawful duties, and inducing such foreign officials to use their influence with a foreign government and instrumentality thereof to affect and influence acts and decisions of such government and instrumentality, in order to assist defendant RICHARD G. PITCHFORD in directing business to the British Company.

All in violation of Title 15, United States Code, Section 78dd-2(a)(3).

Dated this 30th day of August, 2002.

Roscoe C. Howard, Jr.
United States Attorney

By:



Joseph Walker
Trial Attorney
U.S. Department of Justice