

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA,	:	CRIMINAL NO.
	:	
Plaintiff,	:	VIOLATION: 18 U.S.C. § 371
	:	
v.	:	(Conspiracy to Make Corrupt Payments to
	:	Foreign Officials, to Falsify Books and
	:	Records, and to Export Controlled Goods
RICHARD T. BISTRONG,	:	Without Authorization)
	:	
Defendant.	:	

INFORMATION

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

INTRODUCTION

Background

1. The Foreign Corrupt Practices Act of 1977, as amended, 15 U.S.C. §§ 78dd-1, *et seq.* ("FCPA"), prohibited certain classes of persons and entities from making payments to foreign government officials to assist in obtaining or retaining business. Specifically, the FCPA prohibited any issuer of publicly-traded securities, or any officer, director, employee or agent of an issuer, from willfully 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 or anything of value to any 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 a foreign official for the purpose of assisting in the obtaining or retaining of business. 15 U.S.C. § 78dd-1(a)(3). Furthermore, the FCPA required issuers to make and keep books, records and accounts

that accurately and fairly reflect transactions and dispositions of the company's assets and prohibited the knowing falsification of such books, records and accounts. 15 U.S.C.

§§ 78m(b)(2)(A), 78m(b)(5) and 78ff(a).

2. An official of a "public international organization" was a "foreign official" under the FCPA. 15 U.S.C. §§ 78dd-1(f)(1)(A) and 78dd-1(f)(1)(B). The United Nations (the "U.N."), headquartered in New York, New York, was a "public international organization" and, thus, its officials were "foreign officials" under the FCPA. 22 U.S.C. § 288; Exec. Order No. 9698, 11 Fed. Reg. 1809 (Feb. 20, 1946).

3. The International Emergency Economic Powers Act ("IEEPA"), 50 U.S.C. §§ 1701-1706, and the Export Administration Regulations, 15 C.F.R. §§ 736.2, 764.2 and 774, authorized the United States Department of Commerce (the "Commerce Department") to review and control the export of certain goods and technologies from the United States to foreign countries. Based on those statutes and regulations, the Commerce Department placed limitations on the export of goods and technologies that it found could make a significant contribution to the military or nuclear potential of other nations and that could be detrimental to the foreign policy or national security of the United States. Specifically, the Commerce Department required individuals and companies seeking to export certain controlled commodities to first obtain a validated export license from the Commerce Department.

Certain Relevant Parties

4. An unnamed co-conspirator company (hereinafter "Company A"), was headquartered in Jacksonville, Florida, organized under the laws of Delaware, and listed as a public company on

the New York Stock Exchange. Company A was a manufacturer of security products, vehicle armor systems, protective equipment and other products for use, primarily, by military, law-enforcement, security and corrections personnel. Company A maintained a class of securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 (15 U.S.C. § 78l) and was required to file reports with the United States Securities and Exchange Commission under Section 13 of the Securities Exchange Act (15 U.S.C. § 78m). Accordingly, Company A was an “issuer” as that term is used in the FCPA, 15 U.S.C. § 78dd-1.

5. Company A’s Products Group (the “Products Group”) was a wholly-owned division of Company A that manufactured and sold a variety of military and law-enforcement equipment such as body armor, holsters, anti-riot products, pepper spray, police batons and weapon maintenance products. The Products Group operated throughout most of the world and had offices in the United States, the United Kingdom, and Mexico.

6. Defendant RICHARD T. BISTRONG (“BISTRONG”) was a United States citizen and Company A’s vice-president for international sales. In approximately 2000, BISTRONG began working in international sales for the Products Group, but also maintained some responsibility for other Company A international sales. BISTRONG was an “officer,” an “employee,” and an “agent” of an issuer within the meaning of the FCPA, 15 U.S.C. § 78dd-1.

7. “Products Employee A,” a citizen of the United Kingdom, was the managing director of a wholly-owned subsidiary of Company A that was a part of the Products Group and headquartered in the United Kingdom (hereinafter the “International Sales Subsidiary”). The International Sales Subsidiary manufactured and sold protective gear such as ballistic helmets and armored vests.

8. "U.N. Agent" was a third-party intermediary BISTRONG and Company A used to assist Company A in winning contract tenders for body armor with the U.N. As part of Company A's financial arrangement with the U.N. Agent, Company A agreed to pay the U.N. Agent a success fee in the form of a percentage of the value of any contract with the U.N. that the U.N. Agent assisted Company A in obtaining.

9. "Products Consultant B," a Norwegian citizen based in the United States, was a Company A sales consultant whose sales territory included the Netherlands.

10. "Products Employee C," a United States citizen, was a senior employee in the Products Group's finance department.

11. "Products Employee D," a citizen of Colombia, was an employee of the Products Group specializing in the sale of forensic equipment.

Commerce Department Designations

12. Company A, through its International Sales Subsidiary, manufactured and sold protective gear such as ballistic helmets and armored vests, including vests known as 103A-2 ballistic armor vests and 102-2 ballistic armor vests. The vests were designated by the Commerce Department as Level II and Level IIIA body armor and the helmets were designated by the Commerce Department as Level IIIA helmets. In connection with these designations, the Commerce Department required any person or company seeking to export these vests and helmets to obtain a validated export license.

COUNT ONE
(Conspiracy)

13. Paragraphs 1 through 12 of this Information are re-alleged and incorporated by reference as if set out in full herein.

14. From in or about June 2001 through in or about 2006, in the District of Columbia and elsewhere, RICHARD T. BISTRONG, the defendant, did unlawfully, willfully, and knowingly conspire and agree with Company A, Products Employee A, U.N. Agent, Products Consultant B, Products Employee C, Products Employee D, and others known and unknown, to commit offenses against the United States, specifically:

a. to willfully use the means and instrumentalities of interstate commerce corruptly in furtherance of an offer, payment, promise to pay, and the authorization of the payment of money and anything of value to foreign officials for the purpose of: (i) influencing the 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, instrumentalities thereof and the U.N. to affect and influence acts and decisions of such government, instrumentalities thereof and the U.N., in order to assist Company A in obtaining and retaining business, in violation of the FCPA, 15 U.S.C. § 78dd-1;

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 Company A, an issuer within the meaning of the FCPA, in violation of 15 U.S.C. §§ 78m(b)(2)(A), 78m(b)(5) and 78ff(a);

c. to knowingly and willfully export and cause to be exported to Iraq ballistic body armor and helmets, without having first obtained a license from the Commerce Department, in violation of 50 U.S.C. §§ 1701-1706 and 15 C.F.R. §§ 736.2, 764.2, and 774.

PURPOSE OF THE CONSPIRACY

15. The purpose of the conspiracy was for BISTRONG and his co-conspirators to unlawfully obtain and retain business by making corrupt payments, concealing and mischaracterizing such payments in Company A's books and records, and failing to obtain export licenses, for the purpose of increasing revenue and profits for Company A and for themselves.

MANNER AND MEANS OF THE CONSPIRACY

16. The manner and means by which BISTRONG and his co-conspirators accomplished the purpose of the conspiracy, included, but were not limited to, the following:

a. BISTRONG and his co-conspirators would and did use agents and consultants to make cash and other payments to foreign officials for the purpose of inducing those officials to award contracts to Company A.

b. BISTRONG and his co-conspirators would and did make payments to contracting officials of foreign governments and the U.N. to induce those officials to assist Company A in obtaining contracts from those governments and the U.N., including by providing non-public, inside information regarding those contracts.

c. BISTRONG and his co-conspirators would and did cause BISTRONG to receive payments and kickbacks from Company A suppliers and customers.

d. BISTRONG and his co-conspirators would and did cause payments to be made from Company A to bank accounts of various agents and consultants in the United States and elsewhere, for the purpose of making cash and other payments to foreign officials.

e. BISTRONG and his co-conspirators would and did falsify invoices and make false entries in the books and records of Company A for the purpose of concealing payments made to agents and consultants in connection with contracts obtained by Company A from foreign governments and the U.N.

f. BISTRONG and his co-conspirators would and did export goods from the United States knowing that they had failed to obtain required validated export licences from the Commerce Department.

OVERT ACTS

17. In order to further the purpose and the objects of the conspiracy, BISTRONG and his co-conspirators, known and unknown, did commit and cause to be committed the following overt acts, among others, in the District of Columbia and elsewhere:

The United Nations

a. In or about July 2001, BISTRONG and Products Employee A, on behalf of the Products Group, retained the U.N. Agent to assist Company A in obtaining a U.N. contract for the supply of body armor to U.N. peacekeeping forces.

b. In or about September 2001, in order to ensure that Company A submitted the lowest bid for the 2001 U.N. body armor contract, the U.N. Agent instructed BISTRONG and Products Employee A to give the U.N. Agent a signed, but otherwise blank, pricing sheet that the

U.N. Agent filled in and submitted to the U.N. after learning from a U.N. procurement official the non-public bids submitted by the other competitors for the contract.

c. On or about September 27, 2001, the U.N. Agent sent an email to BISTRONG's Company A email account attaching an internal U.N. procurement memo recommending that Company A be awarded the 2001 U.N. body armor contract, and advising BISTRONG to destroy the message after reading it.

d. On or about October 17, 2001, Company A was awarded the 2001 U.N. body armor contract.

e. In or about February 2003, upon receiving notice from the U.N. Agent that the U.N. had issued another contract tender to supply U.N. peacekeeping forces with additional body armor, BISTRONG sent an email to the U.N. Agent from his Company A email account asking the U.N. Agent how Company A could win that tender.

f. In or about February 2003, the U.N. Agent replied that the same rules would apply to the new tender as applied to the 2001 tender.

g. In or about August 2003, Company A was awarded the 2003 U.N. body armor contract.

h. The total price of the goods sold by Company A under the 2001 and 2003 U.N. body armor contracts was approximately \$6 million, resulting in a total net profit to Company A of approximately \$1 million.

i. From in or about September 2001 through in or about 2006, BISTRONG caused Company A to pay the U.N. Agent more than \$200,000 in commissions for U.N. contracts obtained by Company A knowing that a portion of that money was to be passed on by

the U.N. Agent to a U.N. procurement official to induce that official to provide non-public, inside information to the U.N. Agent and to cause the U.N. to award body armor contracts to Company A.

The Netherlands

j. In or about June 2001, BISTRONG and Products Consultant B, using a third-party intermediary (the “Dutch Agent”), caused the Products Group to bid on a tender issued by the National Police Services Agency of the Netherlands (“KLPD”) for the supply to the KLPD of pepper spray.

k. Prior to the tender of the pepper spray contract, a City of Rotterdam police officer working on procurement matters for the KLPD (the “Dutch Procurement Officer”) provided the Dutch Agent, Products Consultant B, and BISTRONG with confidential, non-public KLPD information regarding the specifications of the pepper spray tender.

l. At the request of Products Consultant B and the Dutch Agent, the Dutch Procurement Officer used his influence within the KLPD to cause the KLPD to issue a tender specifying a specific type of pepper spray manufactured by Company A and no other bidder, as opposed to an alternate type the KLPD was considering, which was manufactured by a competitor but not by Company A.

m. In or about February 2002, the KLPD awarded Company A the pepper spray contract, resulting in approximately \$2.4 million in revenue for Company A and a total net profit for Company A of approximately \$480,000.

n. In or about 2003, BISTRONG and Products Consultant B agreed with the Dutch Agent that the Dutch Agent, in order to pay the Dutch Procurement Officer for his assistance in tailoring the specifications on the pepper spray tender to favor Company A, would

issue an invoice to Company A for marketing services allegedly, but not actually, performed by the Dutch Agent. At the time, BISTRONG, Products Consultant B, and the Dutch Agent knew that Company A would pay the invoiced amount to the Dutch Agent and that the Dutch Agent would then pass some or all of that money to the Dutch Procurement Officer.

o. In or about 2003, BISTRONG and Products Consultant B caused Company A to pay the Dutch Agent approximately \$15,000 based on an invoice for marketing services knowing that the Dutch agent would then pass some or all of that money to the Dutch Procurement Officer.

Nigeria

p. In or about March 2006, on behalf of Company A, Products Employee D entered into discussions with the Independent National Election Commission (“INEC”) of Nigeria regarding the sale of Company A fingerprint ink pads to INEC.

q. In or about April 2006, an official with INEC (the “INEC Official”) informed Products Employee D that INEC would purchase Company A fingerprint ink pads if the INEC Official was paid a kickback on the sale.

r. In or about April 2006, BISTRONG told Products Employee D that Company A should not pay the INEC Official directly, but that the INEC Official should designate a company to which Company A should pay the kickback, knowing that the kickback would then be passed on to the INEC Official.

s. In or about April 2006, BISTRONG instructed Products Employee D to pay a kickback to a company designated by the INEC Official in exchange for INEC’s purchase of the Company A fingerprint ink pads, a purchase that was never made.

Books and Records

t. From in or about 2001 through in or about 2006, BISTRONG, Products Employee C, and others caused the Products Group to keep off Company A's books and records approximately \$4.4 million in payments to agents and other third-party intermediaries (collectively, "the Products Group Agents") used by the Products Group to assist it in obtaining business from foreign government customers. Specifically, BISTRONG, Products Employee C, and others caused the Products Group to send to the end users, primarily government customers, an invoice that included a fee the Products Group would pay to the Products Group Agents – a so-called "pro-forma" invoice. At the same time, BISTRONG, Products Employee C, and others caused the Products Group to create a false invoice – a so-called "net" invoice – that would not contain the amount to be paid to the Products Group Agents. BISTRONG, Products Employee C, and others then caused the Products Group accounting department to enter the data from the false "net" invoices into Company A's books and records.

Export Controls

u. In or about November 2003, the International Sales Subsidiary, located in the United Kingdom, received an order, valued at approximately \$76,000, for 100 Type 103A-2 ballistic armor vests, 25 Type 102-2 ballistic armor vests, and 100 Level IIIA ballistic helmets from a governmental entity known as the Kurdistan Regional Government ("KRG"), which was located in Iraq.

v. In or about December 2003, Products Employee A applied to the United Kingdom Department of Trade and Industry ("DTI") for a license to export the vests and helmets from the U.K. to Iraq; this application was denied by DTI in or about February 2004.

w. In or about March 2004, Products Employee A and BISTRONG, despite having been denied an export license by DTI, agreed to ship, and did ship, the vests and helmets from the United Kingdom to the United States for the purpose of forwarding those products to the KRG.

x. In or about March 2004, after the vests and helmets reached the United States, Products Employee A and BISTRONG caused the vests and helmets to be shipped to KRG representatives in the United Arab Emirates for further delivery to the KRG in Iraq, without obtaining a required license from the Commerce Department to do so.

(Title 18, United States Code, Section 371)

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