

**FILED**

**JUN 25 2010**

**Clerk, U.S. District & Bankruptcy  
Courts for the District of Columbia**

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

	:	
<b>UNITED STATES OF AMERICA,</b>	:	<b>CRIMINAL NO. 08-246-ESH</b>
	:	
v.	:	<b>VIOLATIONS:</b>
	:	<b>Count One: 18 U.S.C. § 371 (conspiracy);</b>
<b>OUSAMA M. NAAMAN</b>	:	<b>Count Two: 15 U.S.C. § 78dd-1</b>
	:	<b>and 18 U.S.C. § 2 (Foreign</b>
<b>Defendant</b>	:	<b>Corrupt Practices Act)</b>
	:	
	:	

**STATEMENT OF THE OFFENSE**

The United States and OUSAMA M. NAAMAN, the defendant, agree that the following facts are true and correct:

1. INNOSPEC INC., previously known as Octel Corporation, (“Innospec”), was a Delaware company with executive offices in the United Kingdom. Innospec was engaged in the manufacture and sale of specialty chemicals and gasoline additives, including tetraethyl lead (“TEL”), which is used in the refining of leaded gasoline and some types of aviation fuel. Innospec issued and maintained a class of publicly-traded securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 (15 U.S.C. § 78l), which were traded on the NASDAQ after March 22, 2006. Prior to March 22, 2006, Innospec’s securities were traded on the New York Stock Exchange. As such, Innospec was required to file periodic reports in Washington, D.C. with the United States Securities and Exchange Commission under Section 13 of the Securities Exchange Act (15 U.S.C. § 78m). Accordingly, Innospec was an issuer organized under the laws of the United States, within the meaning of the FCPA, 15 U.S.C. § 78dd-1(a) and (g).

2. Innospec Ltd. (“Limited”), previously known as Associated Octel Company, Ltd., a wholly-owned subsidiary of Innospec, also manufactured and sold fuel and specialty chemicals, including TEL. Limited was headquartered in the United Kingdom.

3. Alcor Chemie Vertriebes GmbH (“Alcor”), a wholly-owned subsidiary of Innospec incorporated in Switzerland, also manufactured and sold TEL. Alcor was headquartered in Zug, Switzerland, and maintained a manufacturing plant in the Federal Republic of Germany until in or around March 2002.

4. The Iraqi Ministry of Oil (“MoO”) and its component refineries and directorates were customers of Innospec and Alcor. MoO, including all its refineries, was a department, agency, and instrumentality of the Government of the Republic of Iraq within the meaning of the FCPA, 15 U.S.C. § 78dd-1(f)(1)(A).

5. The Trade Bank of Iraq, wholly-owned and controlled by the Iraqi Ministry of Finance, was a department, agency, or instrumentality of the Government of the Republic of Iraq within the meaning of the FCPA, 15 U.S.C. § 78dd-1(f)(1)(A).

6. Defendant OUSAMA M. NAAMAN, a Lebanese/Canadian dual national, acted as the agent for Innospec and Alcor in Iraq and elsewhere beginning in at least 1995 and maintained his principal offices in Abu Dhabi, United Arab Emirates. On behalf of Innospec and Alcor, NAAMAN negotiated contracts with the MoO to provide TEL to the oil refineries operating in Iraq. Interact S.A.R.L. and Tawam Commercial Est. (“NAAMAN’s companies”) were companies controlled by NAAMAN, which were used to facilitate the payment of bribes to and for the benefit of officials of the MoO.

7. “Executive 1,” a British citizen, was a senior executive of Innospec and Limited until in or around April 2005.

8. “Executive 2,” a United States citizen, was a senior executive of Innospec and Limited from in or around December 2002 until in or around mid-2008.

9. “General Manager,” a German citizen, was the General Manager of Alcor.

10. “Director,” a British citizen, was a division managing director for Innospec.

11. “Iraqi Official A,” an Iraqi citizen, was a senior official in the MoO.

12. “Iraqi Official B,” an Iraqi citizen, was a senior official in the MoO.

#### **PAYMENTS TO THE GOVERNMENT OF IRAQ**

13. On or around November 23, 2000, General Manager signed a contract on behalf of Alcor with NAAMAN, which provided that NAAMAN would be Alcor’s sole agent under the OFFP, and would receive a 2% commission on sales above \$7,000 per metric ton.

14. On December 14, 2001, General Manager sent a letter to NAAMAN increasing his “commission” by 12%. This increase was comprised of the 10% kickback to the Iraqi government and an additional 2% commission for NAAMAN for delivering the kickback, all above and beyond NAAMAN’s usual 2% commission.

#### *Contract 830584*

15. On or around March 19, 2001, NAAMAN submitted a bid in response to a tender issued by the MoO for the purchase of TEL for use at Basrah Refinery. The bid was in the name of General Manager on behalf of Alcor. The bid listed a price of €7,800 per metric ton.

16. In or around early April 2001, NAAMAN submitted another bid for the sale of TEL on the same tender, dated March 19, 2001. The bid was in the name of General Manager on behalf of Alcor. The bid listed a price of €8,580 per metric ton, a 10% increase over the original bid.

17. On or around April 16, 2001, NAAMAN signed a side letter on behalf of Alcor promising to pay a kickback of €381,888 to the Iraqi government in exchange for being awarded Contract 830584.

18. On or around April 25, 2001, NAAMAN, acting on behalf of Alcor, signed a contract with the MoO for the provision of TEL to Basrah Refinery, subsequently referenced by the U.N. as Contract 830584, with a total contract price of €4,200,768. This total included the extra 10% fee promised in the side letter. This fee was concealed in contracts and correspondence with the U.N. and was intended to be used to pay a kickback to the Iraqi government through NAAMAN and his companies.

19. Between on or around April 16, 2001 and on or around May 7, 2002, NAAMAN transferred approximately €381,888 to Iraqi government-controlled accounts in Lebanon and Jordan, representing the promised kickback on Contract 830584.

20. On or around December 20, 2001, Alcor paid NAAMAN approximately €39,312 in agent's fees and €196,560 to reimburse him for kickbacks paid on Contract 830584.

21. On or around January 17, 2002, Alcor paid NAAMAN approximately €37,065.60 in agent's fees and €185,328.00 to reimburse him for kickbacks paid on Contract 830584.

22. On or around May 7, 2002, Alcor paid NAAMAN approximately €76,377.60 in agent's fees on Contract 830584.

*Contract 930208*

23. On or around March 29, 2001, NAAMAN submitted a bid in response to a tender issued by the MoO for the purchase of TEL for use at Daura Refinery. The bid was in the name of General Manager on behalf of Alcor. The bid listed a price of €7,850 per metric ton.

24. In or around April 2001, NAAMAN submitted another bid for the sale of TEL on the same tender, dated March 29, 2001. The bid was in the name of General Manager on behalf of Alcor. The bid listed a price of €8,700 per metric ton, an 11% increase over the original bid.

25. On or around May 31, 2001, NAAMAN sent a fax to General Manager, requesting that he sign the contract for the Daura Refinery tender. NAAMAN stated in the letter that the contract price includes a “2% + 2%” commission for his company and an additional 10% described as “Additional Money for Third Party Reimbursement.”

26. On or around June 2, 2001, General Manager signed a side letter on behalf of Alcor promising to pay a kickback of €255,000 to the Iraqi government in exchange for being awarded Contract 930208.

27. On or around June 3, 2001, General Manager signed a contract with the MoO for the provision of TEL to Daura Refinery, subsequently referenced by the U.N. as Contract 930208, with a total contract price of €2,610,000, which included the extra 10% fee promised in the side letter. This fee was concealed in contracts and correspondence with the U.N. and was intended to be used to pay a kickback to the Iraqi government through NAAMAN and his companies.

28. Between on or around June 3, 2001 and on or around March 19, 2002, NAAMAN transferred approximately €255,000 to Iraqi government-controlled accounts in Lebanon and Jordan, representing the promised kickback on Contract 930208.

29. At a meeting in France on or around August 31, 2001, NAAMAN advised Executive 1 and General Manager that each contract would have an additional 10% added on to the sale price, which would be “reimbursed to the client” via a bank guarantee established at the Bank of Beirut in Lebanon.

30. On or around February 19, 2002, Alcor paid NAAMAN approximately €47,100 in agent’s fees and €255,000 to reimburse him for kickbacks paid on Contract 930208.

31. On or around March 19, 2002, Rafidahn Bank in Beirut requested that Rafidahn Bank in Bagdad credit €255,000 to “Al Daura Refinery/Baghdad” from “Bank of Beirut-Beirut.”

*Contract 930299*

32. On or around May 11, 2001, NAAMAN submitted a bid in response to a tender issued by the MoO for the purchase of TEL for use at Baiji Refinery. The bid was in the name of General Manager on behalf of Alcor. The bid listed a price of €8,330 per metric ton.

33. In or around June 2001, NAAMAN submitted another bid for the sale of TEL on the same tender, dated May 11, 2001. The bid was in the name of General Manager on behalf of Alcor. The bid listed a price of €9,164 per metric ton, a 10% increase over the original bid.

34. In or around mid-2001, NAAMAN signed a side letter on behalf of Alcor promising to pay a kickback of €663,652 to the Iraqi government in exchange for being awarded Contract 930299.

35. On or around July 8, 2001, General Manager signed a contract with the MoO for the provision of TEL to Baiji Refinery, subsequently referenced by the U.N. as Contract 930299, with a total contract price of €7,291,000, which included the extra 10% fee promised in the side letter. This fee was concealed in contracts and correspondence with the U.N. and was intended to be used to pay a kickback to the Iraqi government through NAAMAN and his company.

36. Between in or around June 2001 and in or around late 2002, NAAMAN transferred approximately €1,501,200 to Iraqi government-controlled accounts in Lebanon and Jordan, representing the promised kickbacks on Contract 930299.

37. On or around April 13, 2002, Rafidahn Bank in Beirut requested that Rafidahn Bank in Bagdad credit €280,724 to “Ministry of Oil / North Refineries – Baiji” from “Bank of Beirut-Beirut.”

38. On or around April 22, 2002, Rafidahn Bank in Beirut requested that Rafidahn Bank in Bagdad credit €138,450 to “North Refineries” from “Bank of Beirut-Beirut.”

39. In or around 2002, Innospec, through Alcor, paid NAAMAN a total of approximately €1,501,200 to reimburse him for kickbacks paid under Contract 930299.

*Contract 1230520*

40. On or around July 31, 2002, NAAMAN submitted a bid in response to a tender issued by the MoO for the purchase of TEL for use at Daura Refinery. The bid was in the name of General Manager on behalf of Alcor. The bid listed a price of €10,437 per metric ton, which included the extra 10% kickback to the Iraqi government. This fee was concealed in contracts and correspondence with the U.N. and was intended to be used to pay a kickback to the Iraqi government through NAAMAN and his company.

41. On or around November 3, 2002, NAAMAN signed a side letter on behalf of Alcor promising to pay a kickback of €284,652 to the Iraqi government in exchange for being awarded Contract 1230520.

42. On or around December 4, 2002, General Manager signed a contract with the MoO for the provision of TEL to Daura Refinery, subsequently referenced by the U.N. as Contract 1230520, with a total contract price of €3,131,100, which included the extra 10% fee.

43. In or around mid-2003, Innospec, through Alcor, paid NAAMAN approximately €100,199.77 in commissions on Contract 1230520.

*Contract 1230533*

44. On or around September 1, 2002, NAAMAN submitted a bid in response to a tender issued by the MoO for the purchase of TEL for use at Baiji Refinery at a price of €10,437 per metric ton, which included the extra 10% kickback to the Iraqi government. This fee was concealed in contracts and correspondence with the U.N. and was intended to be used to pay a kickback to the Iraqi government through NAAMAN and his company.

45. On or around November 3, 2002, NAAMAN signed a side letter on behalf of Alcor promising to pay a kickback of €1,708,020 to the Iraqi government in exchange for being awarded Contract 1230533.

46. On or around November 25, 2002, General Manager signed a contract with the MoO for the provision of TEL to Baiji Refinery, subsequently referenced by the U.N. as Contract 1230533, with a total contract price of €18,788,220, which included the extra 10% fee.

47. On or around late 2003 through early 2004, INNOSPEC, through Alcor, paid NAAMAN approximately €601,218.13 in commissions on Contract 1230533.



**PAYMENTS TO OFFICIALS OF THE GOVERNMENT OF IRAQ**

*2004 Long Term Purchase Agreement*

48. On or around October 15, 2004, General Manager and Officials A and B executed a contract for the provision of TEL to Iraq, referred to as a “Long Term Purchase Agreement.”

49. From in or around October 2005 to in or around October 2007, NAAMAN, General Manager, Director, and Executive 2 agreed to pay approximately \$600,000 in bribes to Iraqi officials in exchange for purchases under the 2004 LTPA.

50. In support of those bribes, NAAMAN provided falsified invoices which were then incorporated into the books and records of Alcor and Innospec.

51. On behalf of Innospec and Alcor, NAAMAN paid a senior Iraqi MoO official approximately \$167,000 in exchange for two purchases under the 2004 LTPA.

52. On behalf of Innospec and Alcor, NAAMAN paid an official in the Trade Bank of Iraq in exchange for a favorable exchange rate on letters of credit for purchases under the 2004 LTPA.

*MMT Test*

53. From in or around September 2006 through in or around April 2007, NAAMAN, Director, and Executive 2 agreed to pay approximately \$150,000 bribes to Iraqi MoO officials in order to ensure that methylcyclopentadienyl manganese tricarbonyl (“MMT”), a chemical which could be used as an alternative to TEL that is not manufactured by Innospec, Limited, or Alcor, but is manufactured by a competitor, failed a field trial test and therefore would not be used by the MoO as a replacement for TEL.

54. Although Director and Executive 2 believed the \$150,000 would be paid in bribes and NAAMAN agreed to do so, the money was not in fact paid to Iraqi officials, but was instead retained by NAAMAN.

*2008 Long Term Purchase Agreement*

55. In or around 2007, Innospec, through NAAMAN, began negotiations for a new Long Term Purchase Agreement (the "2008 LTPA") with the MoO.

56. From in or around 2007 through February 2008, NAAMAN, Director, and Executive 2 agreed to pay bribes to Iraqi MoO officials in order to secure the 2008 LTPA.

57. In or around late 2007 through early 2008, NAAMAN negotiated with a senior Iraqi MoO official, agreeing to pay the official 2.5% of all sales under the 2008 LTPA.

58. In or around January 2008, NAAMAN and Director traveled to Lebanon to finalize negotiation of the 2008 LTPA and on or around January 24, 2008, NAAMAN, Director, and Iraqi Official A executed the agreement pending approval of the Minister of Oil.

59. Based on the terms of the LTPA, had the bribes been paid, they would have totaled approximately \$2,679,600 over the course of three years.

60. On or around February 24, 2009, the MoO opened a letter of credit in favor of Alcor for a total of approximately \$17,000,000.

*Travel*

61. In or around early 2005, NAAMAN, General Manager, and Director, arranged for five Iraqi officials to travel to the United Kingdom at Innospec's expense.

62. In or around June 2005, in connection with the trip to the United Kingdom, Innospec spent approximately \$11,050 on transportation; \$8,705 on accommodations for ten

nights; and \$10,000 in “pocket money,” cash given directly to the Iraqi officials, for a total of approximately \$29,755.

63. In or around early 2006, NAAMAN and Director arranged for the travel of two Iraqi officials to Dubai at Innospec’s expense.

64. On or around March 31, 2006, Innospec paid NAAMAN approximately \$13,750 to reimburse him for the costs of the travel of the Iraqi officials to Dubai, including \$3,000 in cash given directly to the officials.

65. In or around August 2006, NAAMAN and Director arranged for the travel of a senior Iraqi official to Amman, Jordan and to pay for a vacation for the official and his wife in Thailand in exchange for the official’s assistance to Innospec in a court proceeding in the United Kingdom.

66. On instructions from Director, NAAMAN falsified an invoice for reimbursement of the cost of the trip to Thailand, to read “payment for airfares for trip to Amman for [Iraqi Official B and his wife] for business discussions...”

67. On or around August 11, 2006, Innospec paid NAAMAN approximately \$13,076 to reimburse him for the costs of the travel of the senior Iraqi official and his wife to Thailand, including \$5,000 in cash.

68. In or around January 2008, NAAMAN and Director arranged for the travel of three Iraqi officials to Lebanon for a half-day meeting to finalize the 2008 LTPA, for which NAAMAN paid hotel accommodations for six days, \$1,800 for “entertainment, lunches, & dinners in Lebanon,” \$1,650 for “mobile phone cards for international calling + 3 cameras,” and \$15,000 in “pocket money,” for a total cost of \$34,480.

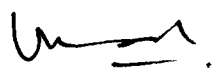
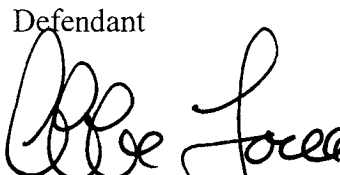
**BOOKS AND RECORDS**

69. In order to conceal the kickback payments to the Iraqi government for contracts under the OFFP on the books and records of Alcor, on or around December 19, 2001, January 19, 2002, and February 11, 2002; NAAMAN sent Alcor invoices misrepresenting the kickbacks on Contracts 803584, 930208, and 930299 as “remuneration for after sales services.”

70. From in or around 2004 to in or around 2008, NAAMAN provided falsified invoices to Alcor, misrepresenting the bribe reimbursement payments to NAAMAN as “commissions.”

The preceding statement is a summary, made for the purpose of providing the Court with a factual basis for my guilty plea to the charges against me. It does not include all of the facts known to me concerning criminal activity in which I and others engaged. I make this statement knowingly and voluntarily and because I am in fact guilty of the crimes charged.

Date: 6/25/10

  
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OUSAMA M. NAAMAN  
Defendant  
  
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ABBE LOWELL  
Attorney for Defendant