



# U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT PRESS RELEASE

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## INVESTIGATION OF INTERNATIONAL FRAUD SCHEME RESULTS IN GUILTY PLEA BY U.S. CORPORATION

**WASHINGTON, DC** -- The United States Agency for International Development's Office of Inspector General (USAID/OIG) announced today that as a result of an investigation conducted by its Cairo, Egypt field office, Morcon Technologies Inc., based in San Mateo, California, pleaded guilty to two counts in violation of Title 18 U.S.C. § 1343 wire fraud and Title 18 U.S.C. § 287 false claims. Immediately following the plea Morcon was sentenced to one-year probation and payment of \$250,000 in restitution. U.S. District Court Judge Marilyn Hall Patel, Northern District of California, handed down the sentence.

Morcon Technologies was indicted by a federal grand jury on November 29, 2001. They were charged with knowingly and intentionally devising a scheme and artifice to defraud USAID through the Commodity Import Program (CIP).

The purpose of the CIP is to promote economic development in the Egyptian private sector by providing financing for imported goods. The CIP regulations mandate that goods purchased by an Egyptian importer be produced in the United States and not be priced beyond normal market levels. To ensure that goods are not overpriced, the import is normally required to obtain competing bids from at least three U.S. companies.

Morcon Technologies admitted that it aided and abetted in the commission of a wire fraud and the making of false claim to USAID when false bids were submitted by Morcon Technologies' Egyptian agent. The false bids enabled Morcon Technologies to win a contract financed by the CIP to supply scientific equipment to Misr University in Cairo, Egypt. The two competing fake bids made Morcon's bid appear reasonable even though it was highly inflated. Morcon, as the apparent low bidder, was required to certify that the equipment provided was not overpriced. The equipment was indeed highly inflated and therefore the certification was a false claim and the corresponding payment from USAID's CIP funds to Morcon Technology was a wire fraud.

Morcon Technologies further admitted that it did not exercise adequate control over its Egyptian agent and was therefore responsible for the false bids that were submitted. Additionally, Morcon Technologies received the financial benefit from the fraudulent transaction.

This successful prosecution is the result of a long term investigation conducted by agents of the USAID/OIG working in close collaboration with Assistant United States Attorney Robin Harris of the U.S. Attorney's Office for the Northern District of California said Everett L. Mosley, Inspector General, USAID/OIG.

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