

Former U.S. Army Corps of Engineers Employee Sentenced to 13 years in Prison for Multimillion-Dollar Bribery, Kickback Scheme

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At Least \$50 Million in Iraq Construction Contracts Involved

NEWARK, N.J. – A former U.S. Army Corps of Engineers (USACE) Project Engineer deployed to Tikrit, Iraq, during Operation Iraqi Freedom was sentenced today to 156 months in prison for taking at least \$3.7 million in bribes and kickbacks in connection with more than \$50 million in USACE contracts awarded to foreign companies in Gulf Region North, Iraq, New Jersey U.S. Attorney Paul J. Fishman announced.

Egyptian-born U.S. citizen John Alfy Salama Markus, 40, of Nazareth, Pa., previously pleaded guilty before U.S. District Judge Jose L. Linares to three counts of a 54-count Indictment returned in July 2011 charging him with wire fraud, conspiracy to commit bribery and to defraud the U.S. government, money laundering and tax offenses. Two other USACE employees and two foreign contractors also were charged in the July 2011 Indictment. Judge Linares imposed the sentence today in Newark federal court.

“The Court’s lengthy sentence recognizes the significant harm Salama Markus caused when he corrupted tens of millions in Iraq construction contracts by treating projects to secure safe access to fuel, electricity, education and medical treatment as opportunities for illegally amassing personal wealth,” U.S. Attorney Fishman said. “Bribes should not be the cost of doing business with the United States. They violate our laws and unfairly tarnish those who serve our country with honor.”

“By accepting bribes and corrupting the acquisition process while deployed to a combat theater, Mr. Salama Markus failed in his duty to his country and betrayed his position of trust for personal greed, depriving the U.S. taxpayers of his honest service,” Acting Special Agent in Charge Craig W. Rupert, DCIS Northeast Field Office, said. “The Defense Criminal Investigative Service continues to aggressively root out corruption and fraud impacting our warfighters and to safeguard the proper use of U.S. taxpayer dollars.”

“Today’s sentencing of Salama Markus is a direct result of the excellent relationship IRS has with our law enforcement partners in combating violations of federal law,” Shantelle P. Kitchen, Acting Special Agent in Charge, IRS-Criminal Investigation, Newark Field Office, said. “This sentence should send a clear message: illegally lining your own pocket for personal financial gain will not be tolerated, and individuals like Mr. Markus will be punished for their crimes.”

According to documents filed in this case and statements made in court:

From July 2007 to June 2008, Salama Markus accepted at least \$3.7 million in bribe and kickback payments in connection with USACE contracts awarded to multiple companies associated with two foreign contractors named in the Indictment – Ahmed Nouri, a/k/a “Ahmed Bahjat,” 42, a citizen of Great Britain residing in Greece and Iraq and the former vice president of Operations for Iraqi Consultants & Construction Bureau (“ICCB”); and Mithaq Al-Fahal, a/k/a “Mithaq Mahmood Al-Fahal,” 38, an Iraqi citizen who was a senior project manager at Sakar Al-Fahal and controlled Dar Al Jubori Co. From September 2005 to July 2008, Salama Markus was assigned to Tikrit as a project engineer, where he and his co-worker, Onisem Gomez, were involved in the review and award process for contractors seeking lucrative USACE contracts in Gulf Region North, Iraq, as well as the administration, oversight and modification of such contracts, post-award.

Salama Markus admitted that he devised a scheme to provide favorable official action and assistance to co-conspirators Nouri and Al-Fahal for the benefit of their associated companies, including obtaining and disseminating confidential bid and internal USACE pricing information to individuals seeking the award of USACE contracts to their companies, and approving lucrative payments to these companies. All of these actions were taken in exchange for bribes and kickbacks that Salama Markus accepted from foreign contractors. Salama Markus also admitted paying more than \$100,000 in bribe money received by Gomez.

Salama Markus opened or established control over multiple foreign bank accounts in Jordan and Egypt to receive illegal bribe and kickback payments that he took from foreign contractors in connection with USACE contracts awarded. With respect to some of these USACE contracts, Salama Markus created, maintained and sent via email to foreign contractors spreadsheets and other records detailing: (a) the value of USACE contracts awarded; (b) the percentage of those contracts that Salama Markus solicited and demanded; (c) the payments – whether by installment or lump sum – made to Salama Markus by foreign contractors in connection with the award of USACE contracts; and (d) in some cases, the date on which these illegal payments were accepted in cash or deposited into Salama Markus' foreign bank accounts. A single page of one spreadsheet created by Salama Markus in July 2008 reflected his demand and acceptance of bribe payments totaling \$1,958,500, or 10 percent of the contract value, from co-conspirator Al-Fahal in connection with the award to companies associated with Al-Fahal of \$19,580,000 in contracts for the construction of segments of the Baghdad to Bayji Pipeline.

Salama Markus used the foreign bank accounts under his control to receive and transfer bribe and kickback payments from foreign contractors to at least 11 bank accounts opened, established and controlled by Salama Markus in New Jersey and Pennsylvania. Salama Markus also transferred bribe and kickback money to co-conspirator Gomez.

Salama Markus admitted that with the proceeds of his wire fraud scheme and bribery offenses he paid for the construction of a custom-built home in Nazareth, which was worth \$1.1 million. He admitted that on Oct. 16, 2008, the date of settlement, he obtained a cashier's check drawn on a Bank of America account for \$850,807.54 made out to a title company in connection with the construction of the Nazareth home.

Salama Markus also admitted that, for calendar year 2009, he failed to file with the U.S. Department of Treasury a Report of Foreign Bank and Financial Accounts (FBAR), disclosing that he had a financial interest in, and signature and other authority over, certain financial accounts in foreign countries, including Jordan.

Salama Markus agreed to the entry of a forfeiture money judgment in the amount of at least \$3.7 million, a portion of which will be satisfied by his forfeiture of the Nazareth residence, as well as his forfeiture of five vehicles and two motorcycles.

In addition to the prison term, Judge Linares sentenced Salama Markus to three years of supervised release, fined him \$75,000 and ordered him to cooperate with the IRS concerning the payment of taxes and penalties.

U.S. Attorney Fishman credited special agents of DCIS, under the direction of Special Agent in Charge Craig W. Rupert, Acting Special Agent-in-Charge of the Northeast Field Office of the U.S. Department of Defense, Office of the Inspector General, Defense Criminal Investigative Service; IRS-Criminal Investigation, under the direction of Acting Special Agent in Charge Shantelle P. Kitchen with the investigation leading to today's sentence. He also thanked special agents of the U.S. Department of Homeland Security, Immigration and Customs Enforcement, Homeland Security Investigations, under the direction of Special Agent in Charge Andrew McLees; and the U.S. Army Criminal Investigation Command, Mid-Atlantic Fraud Field Office, under the direction of Special Agent in Charge William J. Stakes Jr., for their work in the ongoing investigation.

The government is represented by Assistant U.S. Attorneys Sandra L. Moser and Vikas Khanna of the U.S. Attorney's Office Special Prosecutions Division in Newark.