

IAP Worldwide Services, Inc. Resolves Foreign Corrupt Practices Act Investigation Former Company VP Pleads Guilty to Participating in Bribery Scheme

U.S. Attorney's Office June 16, 2015 • Eastern District of Virginia (703) 299-3700

ALEXANDRIA, VA—A Florida defense and government contracting company, IAP Worldwide Services, Inc. (IAP), entered into a non-prosecution agreement and agreed to pay a \$7.1 million penalty to resolve the government's investigation into whether the company conspired to bribe Kuwaiti officials in order to secure a lucrative contract. Additionally, a former vice president of IAP pleaded guilty today to conspiracy to violate the Foreign Corrupt Practices Act (FCPA) for his involvement in the bribery scheme.

James Michael Rama, 69, of Lynchburg, Virginia, pleaded guilty before U.S. District Judge James C. Cacheris to one count of conspiracy to violate the anti-bribery provisions of the FCPA. Rama faces a maximum penalty of five years in prison and a \$250,000 fine when he is sentenced on Sept. 11, 2015. The maximum statutory sentence is prescribed by Congress and is provided here for informational purposes, as the sentencing of the defendant will be determined by the court based on the advisory Sentencing Guidelines and other statutory factors. According to court documents, in 2004, Kuwait's Ministry of the Interior (MOI) initiated the Kuwait Security Program (KSP), a project that was intended to provide nationwide surveillance capabilities for several Kuwaiti government agencies primarily through the use of closed-circuit television. The project was divided into two phases: A planning and feasibility period called Phase I, and an installation period called Phase II. The MOI was responsible for overseeing the KSP, including selecting contractors to facilitate its implementation. Revenues from the Phase II contract were expected to be substantially greater than from Phase I.

According to admissions made in connection with both the non-prosecution agreement and Rama's plea agreement, IAP and Rama schemed to ensure that IAP worked as the consultant for Phase I so that it could tailor the requirements for the Phase II contracts to IAP's strengths, which would give the company an advantage in the Phase II bidding. To that end, both IAP and Rama admitted that, in February 2006, executives and senior employees of IAP, including Rama, set up a shell company called Ramaco to bid on Phase I, in part, to conceal IAP's role in crafting the Phase II requirements and its conflict of interest in connection with securing the Phase II contract.

Ultimately, Ramaco secured the Phase I contract for approximately \$4 million. According to admissions made in connection with both agreements, the MOI and IAP agreed that half of that amount would be diverted to a consultant who would pay bribes to Kuwaiti government officials to assist IAP in obtaining and retaining the Phase I contract and to obtain the Phase II contract. IAP and Rama admitted that they disguised the payments by transferring funds Ramaco received to an IAP bank account and then to the consultant through a series of accounts and intermediaries. According to the factual statements incorporated into both the

non-prosecution agreement and Rama's plea agreement, between September 2006 and March 2008, IAP and its co-conspirators paid the consultant approximately \$1,783,688 understanding that some or all of the funds would be used to bribe Kuwaiti government officials.

Based on a variety of factors, including but not limited to IAP's cooperation, the Criminal Division entered into a non-prosecution agreement with the company. The non-prosecution agreement requires IAP's continued cooperation. The non-prosecution agreement requires IAP's continued cooperation. In addition, the non-prosecution agreement requires IAP to conduct a review of its existing internal controls, policies, and procedures, and make any necessary modifications to ensure that the company maintains accurate record keeping and a rigorous anti-corruption compliance program. The non-prosecution agreement further requires IAP to report periodically to the Criminal Division and to the U.S. Attorney's Office of the Eastern District of Virginia regarding remediation and implementation of the aforementioned compliance program and internal controls, policies, and procedures.

Leslie R. Caldwell, Assistant Attorney General of the Justice Department's Criminal Division; Dana J. Boente, U.S. Attorney for the Eastern District of Virginia; Andrew G. McCabe, Assistant Director in Charge of the FBI's Washington Field Office; and Robert E. Craig Jr., Special Agent in Charge of the Defense Criminal Investigative Service (DCIS) Mid-Atlantic Field Office, made the announcement after the plea was accepted by U.S. District Judge James C. Cacheris.

The investigation is being conducted by the FBI's Washington Field Office and the DCIS Mid-Atlantic Field Office. The case is being prosecuted by Assistant U.S. Attorney Paul J. Nathanson, Assistant Chief Tarek Helou and Trial Attorney James P. McDonald of the Criminal Division's Fraud Section. The United Kingdom's Serious Fraud Office and the Criminal Division's Office of International Affairs also provided assistance during the investigation.

A copy of this press release may be found on the website of the [U.S. Attorney's Office](#) for the Eastern District of Virginia. Related court documents and information may be found on the website of the [District Court](#) for the Eastern District of Virginia or on [PACER](#) by searching for Case No. 1:15-cr-143.

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