

JUSTICE NEWS

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Three Senior Executives at Defense Contracting Firms Charged with Scheme to Defraud the U.S. Military in Connection with \$8 Billion Troop Supply Contract and with Violating the Iran Sanctions Regime

Three men were charged in an indictment returned Nov. 27 for their roles in a scheme to defraud U.S. Military contracts in Afghanistan, engaging in illegal commerce in Iran, and laundering money internationally. Their conduct was in connection to two multi-million dollar contracts to provide supplies and logistical support to U.S. troops in Afghanistan.

Assistant Attorney General Brian A. Benczkowski of the Justice Department's Criminal Division, Special Agent in Charge Patrick J. Lechleitner of U.S. Immigration and Customs Enforcement's Homeland Security Investigations (HSI) Washington, D.C. and Special Inspector General for Afghanistan Reconstruction (SIGAR) John F. Sopko made the announcement.

Abul Huda Farouki, 75, of McLean, Virginia; his brother Mazen Farouki, 73, of Boyce, Virginia; and Salah Maarouf, 71, of Fairfax, Virginia, were each charged in an indictment filed in the District of Columbia with two counts of major fraud, one count of conspiracy to violate the restrictions on doing business with Iran, four counts of substantive violations of those restrictions, and one count of conspiracy to commit international money laundering. The defendants made their initial appearance on Nov. 29 before Judge G. Michael Harvey. All were arraigned and pleaded not guilty. The next hearing is scheduled for Dec. 6 before Judge Trevor N. McFadden.

The indictment alleges that Abul Huda Farouki was the chief executive officer of Anham FZCO, a defense contractor based in the United Arab Emirates (UAE), which maintained offices in Dubai, UAE, Jordan and the United States. Mazen Farouki was the President and Founder of Unitrans International Incorporated, an international logistics company with close ties to Anham. Defendant Salah Maarouf operated a company that procured goods and services for Anham.

According to the indictment, on June 22, 2012, the U.S. Department of Defense awarded Anham an \$8 billion contract to provide food and supplies to U.S. troops in Afghanistan known as the "SPV-A contract." As part of the bidding process, the defendants allegedly caused Anham to represent that it would build two warehouses in Afghanistan, which Anham would use to provide supplies to U.S. forces. The indictment alleges that the defendants schemed to defraud the Department of Defense in connection with the SPV-A contract by submitting bids that contained knowingly false estimates of the completion dates for the warehouses and by providing the government with misleading photographs intended to convey that Anham's progress on the warehouses was further along than it actually was. Specifically, the indictment alleges that, in February of 2012, the defendants and others caused Anham employees to transport construction equipment and materials to the proposed site of one of the warehouse complexes to create the false appearance of an active construction site. Members of the conspiracy then photographed the site, provided the photographs to the Department of Defense, and then largely deconstructed the staged construction site.

The SPV-A contract also required bidders to certify that they abide by the Iran Sanctions Act, which prohibits U.S.

citizens and companies from engaging in commercial activity in Iran. According to the indictment, the defendants conspired to increase Anham's profits in connection with the SPV-A contract by shipping warehouse building materials to Afghanistan via Iran, instead of using more costly, but legal, routes. According to the indictment, after learning that the *Wall Street Journal* was planning to run a story detailing Anham's practice of shipping materials through Iran, Abul Huda Farouki sent an email to a senior Department of Defense official, which falsely claimed that senior management at Anham had been unaware that the transshipments through Anham had taken place.

In addition to the SPV-A contract, the indictment alleges that the defendants schemed to defraud the Department of Defense with respect to the National Afghan Trucking (NAT) contract, which was a \$984 million contract that required Anham to supply trucking services to the U.S. Military in Afghanistan. As with the SPV-A contract, the NAT contract required bidders to certify compliance with laws concerning sanctions placed on Iran. According to the indictment, rather than ship trucks to Afghanistan using legal but relatively expensive routes, the defendants conspired to cut costs by transporting vehicles through Iran. The indictment alleges that the defendants' conduct violated laws prohibiting fraud, commercial activity with Iran, and international money laundering.

The charges in the indictment are merely allegations and all defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

The case was investigated by HSI Washington, DC and by investigators at SIGAR. Trial Attorneys James Gelber and Danny Nguyen of the Criminal Division's Fraud Section are prosecuting the case.

Attachment(s):

[Download Farouki et al Indictment](#)

Topic(s):

Financial Fraud

Component(s):

[Criminal Division](#)

[Criminal - Criminal Fraud Section](#)

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