

## Statement of ANHAM FZCO on Actions by the U.S. Department of Justice

**November 28, 2018.** *Background: Today, the United States Department of Justice indicted a former employee of ANHAM FZCO and two employees of companies who used to serve as subcontractors. In response, ANHAM made the following statement:*

We are extremely disappointed that the Justice Department took this action, which is based on a mistaken reading of both the facts and the law, and which is contradicted in critical respects by positions the department itself has taken in past proceedings where it defended ANHAM against some of the same allegations it is now making. ANHAM has saved U.S. taxpayers \$1.4 billion through its contract to provide food to U.S. troops serving in Afghanistan, and in preparing for that contract it made good faith efforts to meet aggressive construction timelines in one of the most difficult environments in the world. At no time did ANHAM's former employee or subcontractors cause any loss to the federal government – the government received exactly what it was promised at the price it was promised, a price significantly below that of ANHAM's main competitor. In meeting that contract, ANHAM has provided sustenance including fresh fruit and vegetables, frozen, chilled and dry goods and water to feed and support American warfighters in active war zones since 2013.

ANHAM and its related subcontracting companies first self-reported shipments made through Iran in 2013, and have been cooperating with the Justice Department since the onset of its investigation. This investigation has been pushed by ANHAM's chief competitor, a company that itself pled guilty to defrauding the United States, and which now seeks to profit through false accusations it has made in a civil case against ANHAM. Though we believe the Justice Department's actions against a former employee of the company and employees of former subcontractors are without merit, we will continue to cooperate with that investigation and work towards a reasonable resolution.

There are three allegations made by the government: sanctions violations, fraud against the government, and money laundering. In each case, the government's allegations are without merit.

**Sanctions Violations:** As ANHAM has voluntarily self-reported to the government, a Jordanian subsidiary of the company did ship material through Iran on a small number of occasions. To be clear, ANHAM did not do business with any sanctioned individual or sell any prohibited materials to Iran. The sole allegation of the government is that out of many hundreds of shipments it made to Afghanistan of construction and other materials, a small number were routed through Iran. U.S. law actually permits non-U.S. companies like ANHAM to make such shipments, but even cases involving U.S. companies usually are resolved with a warning letter from the Department of Commerce – in fact, no company or individual has ever been criminally prosecuted for a violation of this nature – and we are puzzled why the Justice Department has decided to handle this case differently than any prior case.

**Fraud:** The Justice Department argues that the government was defrauded, despite failing to show that the government lost a single dollar through its contract with ANHAM. In fact, ANHAM has saved U.S. taxpayers \$1.4 billion, a fact the government itself recognized in a prior case before the Court of Federal Claims, when it defended against some of the very arguments it is now making. In that case, a competitor of ANHAM's made some of the same false allegations now being made by the Justice Department. The Justice Department denied that such fraud occurred, and the court ultimately agreed. It defies logic for the Justice Department to now take a position that is contradicted by its own previous stance before a federal court.

**Money Laundering:** It is not illegal for a foreign shipping company to ship cargo through Iran, so a payment to facilitate that move cannot be money laundering since it is not promoting illegal activity. The Justice Department's money laundering case rests on the same flawed arguments it makes regarding sanctions violations. Put simply, the sanctions violations it alleges were not criminal violations, so payments made to facilitate them cannot be criminal money laundering violations. Moreover, the Justice Department itself does not even allege that ANHAM made any effort to conceal the payments.

**Conclusion:** As noted, ANHAM continues to cooperate with the Justice Department. Nevertheless, the company continues to believe that the purported violations are without legal merit. ANHAM is confident that the indicted individuals, none of whom is currently employed by ANHAM or its current subcontractors, will be completely exonerated after due process in the justice system.