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District of New Jersey

FOR IMMEDIATE RELEASE

Friday, July 8, 2016

Two Former Executives Of Louis Berger International Sentenced In Foreign Bribery Scheme

TRENTON, N.J. – Two former executives of Louis Berger International (LBI), a New Jersey-based construction management company, have been sentenced in connection with a long-running bribery scheme to secure government construction management contracts by bribing officials in India, Indonesia, Vietnam and Kuwait.

U.S. Attorney Paul J. Fishman of the District of New Jersey, Assistant Attorney General Leslie R. Caldwell of the Justice Department's Criminal Division, and Special Agent in Charge Timothy Gallagher of the FBI's Newark Division made the announcement today.

Richard Hirsch, 62, of Makaati, Philippines, was sentenced by U.S. District Judge Mary L. Cooper to two years of probation and fined \$10,000. Hirsch previously served as the senior vice president responsible for the company's operations in Indonesia, Thailand, the Philippines and Vietnam. James McClung, 60, of Dubai, United Arab Emirates, was sentenced by Judge Cooper on July 7, 2016, to one year plus one day in jail. McClung previously served as the senior vice president responsible for the company's operations in India and Vietnam. On July 17, 2015, McClung and Hirsch each pleaded guilty before Judge Cooper in Trenton federal court to one count of conspiracy to violate the Foreign Corrupt Practices Act (FCPA) and one substantive count of violating the FCPA.

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

From 1998 through 2010, LBI and its employees, including Hirsch and McClung, orchestrated \$3.9 million in bribe payments to foreign officials in various countries in order to secure government contracts. To conceal the payments, the conspirators made payments under the guise of "commitment fees," "counterpart per diems" and other payments to third-party vendors. In reality, the payments were intended to fund bribes to foreign officials who had awarded contracts to LBI or who supervised LBI's work on contracts, the defendants admitted.

McClung cooperated with the government's investigation by identifying other executives at LBI who had knowledge of bribery. Some of the information provided by McClung was also helpful to the government's successful prosecution of LBI's former CEO, Derrish Wolff, who pleaded guilty to accounting fraud in December 2014.

On July 17, 2015, LBI entered into a deferred prosecution agreement and admitted its own criminal conduct, including its participation in a conspiracy to violate the anti-bribery provisions of the FCPA. Pursuant to the DPA, LBI agreed to pay a \$17.1 million criminal penalty, to implement rigorous internal controls, to continue to cooperate fully with the department and to retain a compliance monitor for at least three years.

This case was investigated by the FBI's Newark Division under the direction of Special Agent in Charge Gallagher. The government is represented by Assistant U.S. Attorney Thomas J. Eicher, chief of the Criminal Division for the U.S. Attorney's Office, District of New Jersey, and Trial Attorney John W. Borchert of the Criminal Division's Fraud Section. The Criminal Division's Office of International Affairs also provided assistance.

Defense counsel:

Hirsch: William G. Sullivan Esq., Chicago, Illinois

McClung: Kelly B. Kramer Esq., Washington, D.C.

Component(s):

USAO - New Jersey.

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