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PRESS RELEASE

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Egyptian Citizen Charged with Helping Collierville Company Defraud Government of Over \$500,000

Memphis, TN – An Egyptian citizen was arrested Thursday evening for his alleged role in defrauding a U.S. foreign aid program, which resulted in the distribution of defective water pumps by a Collierville establishment to the Egyptian Water Authority. The illegal acts accounted for more than \$500,000 in fraudulent sales.

Mustafa El Shehaly, 55, of Cairo, Egypt, was apprehended outside Chicago O'Hare International Airport for his alleged role in a conspiracy to commit wire fraud. In December 2011, an indictment was filed in the Western District of Tennessee, alleging that El Shehaly conspired with American Marsh Pumps, Inc. (AMP), a Tennessee corporation headquartered in Collierville, to make false statements to a government agency, costing U.S. taxpayers \$536,750.

According to the indictment, the conspirators violated several regulations established by the United States Agency for International Development (USAID) for its Commodity Import Program (CIP), an initiative that was designed to provide economic stimulus in the U.S. and Egypt. The program was responsible for financing the purchase of the water pumps.

To utilize the program, companies were required to select industrial water pumps that were tested and solely manufactured in the United States. However, the water pumps distributed by AMP were not only defective, they were manufactured in China. The defendants made the fraudulent misrepresentation that the water pumps were of U.S. source and origin.

Under the USAID CIP guidelines, potential beneficiaries also had to consider offers from three different companies before making a selection. El Shehaly, however, presented

USAID with an actual bid from AMP, along with fraudulent bids from two additional companies. The pre-arranging of the bidding process guaranteed that AMP would be selected to provide industrial water pumps to the Egyptian Water Authority.

After arriving in Chicago, IL, from Cairo Thursday, El Shehaly was apprehended by agents from USAID's Office of Inspector General (OIG).

U.S. Customs and Border Protection, along with Homeland Security Investigations assisted with the arrest.

El Shehaly faces up to 20 years in federal prison if convicted. His arrest culminates more than six years of investigation, planning, and coordination by the USAID OIG, U.S. Attorney's Office for the Western District of Tennessee, Department of Justice, Department of Homeland Security, and Department of State.

Assistant United States Attorney Christopher E. Cotten is representing the government in this case.

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