UK Contractor Extradited to U.S., Pleads Guilty in Massive USAID Fraud Scheme Tied to Pakistan Energy Program

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Credit: Marine Corps photo by Cpl. Hernan Vidana

A UK citizen who ripped off American taxpayers through a U.S.-funded foreign aid program has been sentenced to time served after a brazen kickback scheme drained nearly $100,000 in USAID funds — and he'll now be handed over to immigration authorities.

Stephen Paul Edmund Sutton, 53, of the United Kingdom, pleaded guilty in Washington, D.C. federal court Monday to conspiring to commit theft concerning a program receiving federal funds, a felony offense.

Sutton was a Logistics Operations Manager for a contractor implementing the U.S. Agency for International Development's (USAID) Power Distribution Program (PDP) in Pakistan — a five-year effort that was supposed to help modernize Pakistan's failing electric utilities.

Instead, Sutton and his co-conspirator, who remains under indictment, lined their pockets by setting up bogus shell companies that funneled inflated contracts for forklifts and crane services — all under the guise of helping Pakistan's struggling power grid. Sutton personally pocketed at least $21,000 in kickbacks.

More from DOJ:

> According to court documents, PDP was a component of U.S. government assistance to the government of Pakistan to support its energy sector.
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> Launched in September 2010, the five-year program was designed to facilitate improvements in Pakistan's government-owned electric power distribution companies through interventions and projects addressing governance issues, technical and non-technical losses, and low revenue collection.
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> The main goal of the PDP was to improve the commercial performance of the participating distribution companies through technology upgrades and improvements in processes, procedures, and practices, as well as training and capacity building.
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> Under the PDP contract, Sutton's employer subcontracted through purchase orders with vendors in Pakistan for certain goods and services.
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> From May through November 2015, Sutton and his co-conspirator, an employee supervised by Sutton, participated in a kickback scheme by creating two companies, obtaining PDP purchase orders for forklift and crane services for the companies, and distributing the profits to themselves.
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> As part of the scheme, his co-conspirator arranged for low-grade local vendors to provide the services for at least half the contract rates, and Sutton ensured that the company paid the invoices despite suspicions raised by an accounts payable officer.
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> U.S. government sentencing documents indicate the agency was defrauded of almost $100,000 and that for his part, Sutton received at least $21,000 in kickbacks.
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> Sutton's co-conspirator is also charged by indictment and his case is pending disposition.
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> This case was investigated by the USAID Office of Inspector General and was prosecuted by Assistant United States Attorney Emily Miller and former Special Assistant United States Attorneys Scot Morris and Nicholas Coates of the Fraud, Public Corruption, and Civil Rights Section.
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> The Justice Department's Office of International Affairs provided significant assistance in securing the arrest and extradition of Sutton from the UK.