



Department of Justice

FOR IMMEDIATE RELEASE
MONDAY, DECEMBER 22, 2008
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CRM
(202) 514-2008
TDD (202) 514-1888

**FIAT AGREES TO \$7 MILLION FINE IN CONNECTION WITH
PAYMENT OF \$4.4 MILLION IN KICKBACKS BY THREE SUBSIDIARIES
UNDER THE U.N. OIL FOR FOOD PROGRAM**

WASHINGTON – Fiat S.p.A. (Fiat), an Italian corporation based in Turin, Italy, has agreed to a \$7 million penalty for illegal kickbacks paid to officials of the former Iraqi government by three of its subsidiaries, Acting Assistant Attorney General Matthew Friedrich of the Criminal Division announced today. Fiat agreed to pay the fine as part of a deferred prosecution agreement with the Department. The matter is part of the Justice Department’s ongoing investigation into the U.N. Oil for Food program.

Criminal informations were filed today against three Fiat subsidiaries in U.S. District Court for the District of Columbia. Iveco S.p.A. (Iveco) and CNH Italia S.p.A. (CNH Italia) were each charged with one count of conspiracy to commit wire fraud and to violate the books and records provisions of the Foreign Corrupt Practices Act (FCPA). CNH France S.A. (CNH France) was charged with conspiracy to commit wire fraud.

Fiat has acknowledged responsibility for the actions of its three subsidiaries, Iveco, CNH Italia and CNH France, whose employees and agents made improper payments to the former Iraqi government in order to obtain contracts with Iraqi ministries to provide industrial pumps, gears and other equipment. The agreement requires the company and its subsidiaries to cooperate fully with the Justice Department’s ongoing Oil for Food investigation.

According to the agreement and the informations filed today, between 2000 and 2002, Iveco, CNH Italia and CNH France paid a total of approximately \$4.4 million to the Iraqi government by inflating the price of contracts by 10 percent before submitting the contracts to the United Nations for approval, and concealed from the United Nations the fact that the price contained a kickback to the Iraqi government. Iveco and CNH Italia also inaccurately recorded the kickback payments as “commissions” and “service fees” for its agents in its books and records.

In recognition of Fiat’s thorough review of the illicit payments and its implementation of enhanced compliance policies and procedures, the Department has agreed to defer prosecution of criminal charges against Fiat and its three subsidiaries for a period of three years. If Fiat abides by the terms of the agreement, at the end of the three-year period the Department will dismiss the criminal informations against the subsidiaries.

The Oil for Food Program was established by the United Nations to enable Iraq to sell its oil for humanitarian purposes, in the context of an extensive international sanctions regime. The Oil for Food Program mandated that the proceeds of oil sales be deposited in a United Nations

bank account and that those proceeds be used by the Iraqi government only to purchase humanitarian goods and services, such a food and medicine, approved by the United Nations. Beginning in 2000, the Iraqi government began requiring companies wishing to sell humanitarian goods to government ministries to pay a kickback, often mischaracterized as an “after sales services fee,” to the government in order to be granted a contract. The amount of that fee was usually 10 percent of the contract price. Such payments were not permitted under the Oil for Food Program or other sanction regimes then in place.

In a related matter, Fiat reached a settlement today with the U.S. Securities and Exchange Commission (SEC) on a complaint and agreed to pay \$3.6 million in civil penalties and \$7,209,142 in disgorgement of profits, including pre-judgment interest, in connection with contracts for which its subsidiaries paid kickbacks to the Iraqi government.

The investigation of Iveco, CNH Italia and CNH France, and of other humanitarian goods suppliers involved with the Oil for Food Program, is being conducted by the Criminal Division’s Fraud Section and the FBI’s Washington Field Office. This case is being prosecuted by Fraud Section Trial Attorney Lori Weinstein.

To date, more than \$24 million in penalties have been levied by the Department of Justice in cases involving the suppliers of humanitarian goods under the U.N. Oil for Food program.

The Department acknowledges and expresses its appreciation of the significant assistance provided by the staff of SEC’s Enforcement Division in the ongoing Oil for Food investigation.

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