

APPENDIX C

**Summaries of Foreign Corrupt Practices Act Enforcement Actions
by the United States
January 1, 1998 – September 30, 2010**

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**Summaries of Foreign Corrupt Practices Act Enforcement Actions
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1. ABB Ltd¹

Resulting Criminal Enforcement Action(s):

- A. United States v. ABB Inc. (S.D. Tx., September 29, 2010)**
- B. United States v. ABB Ltd – Jordan (S.D. Tx., September 29, 2010)**
- C. United States v. Enrique Aguilar, et al. (C.D. Cal., September 15, 2010)**
- D. United States v. John Joseph O’Shea (S.D. Tx., November 16, 2009)**
- E. United States v. Fernando Maya Basurto (S.D. Tx., June 10, 2009)**
- F. United States v. Ali Hozhabri (S.D. Tx., November 1, 2007)**

Resulting Civil Enforcement Action(s):

- G. SEC v. ABB Ltd (D.D.C., September 29, 2010)**
- H. SEC v. Ali Hozhabri (D.D.C., August 6, 2008)**

Entities and Individuals:

- ABB Ltd, deferred prosecution agreement and civil complaint filed September 29, 2010.
- ABB Inc., charged September 29, 2010.
- ABB Ltd – Jordan, charged September 29, 2010.
- John Joseph O’Shea, General Manager of ABB Inc., indicted November 16, 2009.
- Fernando Maya Basurto, Agent/Intermediary, indicted June 10, 2009.
- Enrique Faustino Aguilar Noriega, Agent/Intermediary, indicted September 15, 2010.
- Angela Maria Gomez Aguilar, Agent/Intermediary, indicted September 15, 2010.
- Ali Hozhabri, Project Manager for ABB Inc., indicted November 1, 2007; civil complaint filed August 6, 2008.

Criminal Charges:

- Conspiracy:
 - to bribe foreign officials (ABB Inc., O’Shea, Basurto, Enrique Aguilar)
 - to falsify books and records (ABB Ltd – Jordan)
 - to commit currency transfer structuring (Basurto)
 - to commit international money laundering (O’Shea, Basurto, Enrique nad Angel Aguilar)
 - to falsify records in a federal investigation (Basurto, O’Shea)
 - to commit wire fraud (ABB Ltd – Jordan and Hozhabri)
- Bribery of foreign officials (ABB Inc., O’Shea, Enrique Aguilar)
- Money laundering (all defendants except Basurto)
- Falsification of records in a federal investigation (O’Shea)
- Currency transaction structuring (Basurto)
- Bulk Cash Smuggling (Hozhabri)
- Failure to File Report Regarding Monetary Instrument (Hozhabri)

¹ Also see Cases 62 and 66.

Civil Charges:

- Bribery of foreign officials (ABB Ltd)
- Books and records violations (all defendants)
- Internal controls violations (all defendants)
- Aiding and abetting ABB's falsification of books and records (Hozhabri)

Location and Time Period of Misconduct: Mexico, 1997-2008; Iraq, 2000-2004.

Summary:

Bribery of CFE Officials by Employees of ABB Inc.:

On April 18, 2005, ABB Ltd., an energy equipment and services company based in Switzerland and listed on the New York Stock Exchange, self-reported to the SEC and the DOJ that its Sugar Land, Texas subsidiary, ABB Inc., may have made corrupt payments to public officials in Mexico to obtain contracts with the Comisión Federal de Electricidad (CFE), a Mexican state-owned utility company. ABB Inc., which does business as ABB Network Management ("ABB NM"), provided products and services to electrical utilities, many of them foreign state-owned utilities, for network management in power generation, transmission, and distribution.

According to court documents, while acting as the general manager of ABB NM, John Joseph O'Shea arranged and authorized payments to multiple officials at CFE in exchange for lucrative contracts. In order to conceal these bribes, ABB NM hired a Mexican company, of which Fernando Basurto was a principal, to serve as its sales representative in Mexico. In exchange for channeling the bribes, the Mexican company received a percentage of the revenue generated from business with Mexican governmental utilities, including CFE. ABB NM also allegedly paid bribes through Sorvill International, S.A., a company controlled by Enrique and Angela Aguilar.

In December 1997, CFE awarded ABB NM the SITRACEN contract, which called for significant upgrades to Mexico's electrical network system. This contract generated more than \$44 million in revenue for the company. In October 2003, CFE awarded ABB NM the Evergreen contract, a multi-year contract for the maintenance and upgrading of the SITRACEN contract.

In exchange for the Evergreen contract, O'Shea, Basurto, and officials at CFE allegedly agreed that approximately 10 percent of the revenue that ABB NM received from CFE would be returned to CFE officials as corrupt payments and that one percent of the contract revenue would be received by O'Shea as kickback payments. The Evergreen contract ultimately generated more than \$37 million in revenue for the ABB NM. O'Shea, Basurto, and others also allegedly used false invoices from Mexican companies as a basis to make international wire transfers that purported to be legitimate payments for "technical services" and "maintenance support services," but which were actually corrupt payments. Additional "commission payments" made to Basurto and his family were later transferred to CFE officials. All together, O'Shea allegedly authorized more than \$900,000 in corrupt payments to CFE officials before an internal investigation by ABB Ltd stopped the transfers.

After O'Shea was subsequently terminated from ABB NM, O'Shea, Basurto, and others allegedly engaged in a cover up. As part of this conspiracy, O'Shea and Basurto fabricated documents that purported to be evidence of a legitimate business relationship between ABB NM and the Mexican companies that provided the false invoices.

For his role in the scheme to bribe CFE officials and his attempts to cover-up the bribery, O'Shea was charged in November 2009 in an 18-count indictment with conspiracy, bribery of foreign officials

in violation of the FCPA, international money laundering, and falsifying records in a federal investigation. On June 10, 2009, Basurto was charged in a four count indictment with conspiracy and structuring transactions to avoid reporting requirements. Subsequently, on November 23, 2009, Basurto was charged in a superseding information with conspiracy to bribe foreign officials in violation of the FCPA, to commit international money laundering, and to falsify records in a federal investigation.

On September 29, 2010, the Department charged ABB NM with one count of violating the anti-bribery provisions of the FCPA and one count of conspiracy to violate the anti-bribery provisions of the FCPA. On the same date, the SEC filed a settled civil complaint against ABB Ltd, charging the company with violating the anti-bribery, books and records, and internal controls provisions of the FCPA in connection with the CFE bribery scheme. According to court documents, ABB NM paid \$1.9 million in bribes to CFE officials for in order to win the SITRACEN and Evergreen contracts.

Other Misconduct by Employees of ABB Inc.:

On November 1, 2007, Ali Hozhabri, a former ABB NM project manager, was indicted in the Southern District of Texas on three counts of bulk cash smuggling and three counts of failure to file reports regarding the foreign transportation of monetary instruments of more than \$10,000. Subsequently, in August 2008, the SEC charged Hozhabri in a civil complaint with books and records and internal controls violations. According to the SEC's complaint, between 2002 and 2004, Hozhabri fraudulently submitted approximately \$468,714 in cash and check disbursement requests to ABB NM for purported business expenses associated with projects in Brazil, Paraguay, and the United Arab Emirates. These purported expenses were phony and were inaccurately recorded as legitimate business expenses in ABB's books and records.

Kickbacks to the former Iraqi Government by Employees of ABB Ltd - Jordan:

On September 29, 2010, the Department also charged ABB Ltd's Jordanian subsidiary, ABB Ltd – Jordan, with one count of conspiracy to commit wire fraud and to violate the books and records provisions of the FCPA. According to court documents, from 2000 to 2004, ABB Ltd – Jordan and other ABB subsidiaries paid, or caused to be paid, more than \$800,000 in kickbacks to the former Iraqi government to secure 27 contracts under the U.N. Oil-for-Food Program (OFFP). For example, from 2001 to 2002, ABB Ltd – Jordan paid more than \$300,000 in kickbacks to three regional companies of the Iraqi Electricity Commission, an Iraqi government agency, in order to secure 11 purchase orders worth more than \$5.9 million. All together, ABB subsidiaries allegedly earned more than \$13,500,000 in revenue and \$3,800,000 in profits from contracts obtained through illegal kickbacks under the OFFP.

Bribery of CFE Officials by a Manufacturing Company located in Azusa, California:

In a related matter, Angela Aguilar, of Cuernavaca, Mexico, was arrested on August 10, 2010, on a criminal complaint charging her with violating the anti-bribery provisions of the FCPA when she traveled to Houston from Mexico. Aguilar and her husband, Enrique Aguilar, were subsequently indicted on September 15, 2010. The seven-count indictment charged Enrique Aguilar with conspiracy to violate the FCPA, FCPA violations, money laundering conspiracy, and money laundering, while Angela Aguilar was charged with money laundering conspiracy and money laundering.

The indictment alleges that Enrique and Angela Aguilar were the directors of Grupo Internacional de Asesores S.A. (Grupo), which purported to provide sales representation services for

companies doing business with CFE. According to the indictment, Grupo was hired by an Azusa, Calif.,-based company to serve as its sales representative in Mexico and to obtain contracts for it from CFE. Grupo received a percentage of the revenue the Azusa-based company realized from its contracts with CFE. The Azusa-based company manufactured emergency restoration systems and other equipment used by electrical utility companies. According to the indictment, many of the company's clients were foreign, state-owned utilities like CFE.

From approximately February 2002 until March 2009, Enrique Aguilar and his co-conspirators allegedly orchestrated a scheme in which he was paid a 30 percent commission on all the goods and services the Azusa-based company sold to CFE, even though this was a significantly higher commission than previous sales representatives for the company had received. The indictment alleges that Enrique Aguilar's co-conspirators understood that all or part of the 30 percent commission would be used to pay bribes to Mexican officials in exchange for CFE awarding contracts to the Azusa-based company. The costs of goods and services sold to CFE allegedly were increased by 30 percent to ensure that the added cost of paying Enrique Aguilar was absorbed by CFE and not the Azusa-based company.

Enrique Aguilar allegedly caused fraudulent invoices to be submitted from Grupo to the Azusa-based company for 30 percent of the contract price. According to the indictment, a co-conspirator would then wire the money requested in the fraudulent invoices into Grupo's brokerage account, allegedly knowing that the invoices were fraudulent and the funds were being used as bribes.

Ultimately, Enrique and Angela Aguilar allegedly laundered more than \$5 million in payments from the Azusa-based company through the Grupo brokerage account to make concealed payments for the benefit of CFE officials. According to the indictment, Enrique and Angela Aguilar purchased a yacht for approximately \$1.8 million and a Ferrari for \$297,500 for a CFE official who, at that time, was the Sub-Director of Generation for CFE Mexico and later CFE Mexico's Director of Operations. According to the indictment, Enrique and Angela Aguilar also paid more than \$170,000 worth of credit card bills for the same CFE official and sent approximately \$600,000 to relatives of the CFE official.

According to court documents, CFE Mexico ultimately awarded 19 government contracts to the California-based company worth approximately \$14.9 million.

Criminal Disposition:

ABB Inc. (ABB NM) pleaded guilty on September 29, 2010, and was fined \$17.1 million. In order to resolve the pending criminal charges against its Jordanian subsidiary, ABB Ltd entered into a three-year deferred prosecution agreement on the same date. As part of the agreement, ABB Ltd agreed to pay \$1.92 million and to adhere to a set of enhanced corporate compliance and reporting obligations, which include the recommendations of an independent compliance consultant.

Angela Aguilar and O'Shea are awaiting trial, while Enrique Aguilar is a fugitive. Basurto pleaded guilty on November 16, 2009, and his sentencing has been continued until after O'Shea's trial.

Ali Hozhabri pleaded guilty on June 23, 2008, to a one-count superseding information charging him with conspiracy to commit wire fraud. Hozhabri is currently awaiting sentencing.

Civil Disposition:

Without admitting or denying the SEC's allegations, ABB Ltd and Hozhabri each consented to the entry of a judgment permanently enjoining them from future FCPA violations. ABB Ltd also agreed to pay \$17,141,474 in disgorgement, \$5,662,788 in prejudgment interest, and a \$16,510,000 penalty.

Hozhabri was also ordered to pay \$234,357 in disgorgement. The disgorgement amount will be deemed satisfied by his payment of that amount in the form of a criminal fine.

2. Alliance One International, Inc.

Resulting Criminal Enforcement Action(s):

- A. **In Re Alliance One International, Inc. (August 6, 2010)**
- B. **United States v. Alliance One Tobacco Osh, LLC (W.D. Va., August 6, 2010)**
- C. **United States v. Alliance One International AG (W.D. Va., August 6, 2010)**
- D. **United States v. Bobby Jay Elkin, Jr. (W.D. Va., August 3, 2010)**

Resulting Civil/Administrative Enforcement Action(s):

- E. **SEC v. Alliance One International, Inc. (D.D.C., August 6, 2010)**
- F. **SEC v. Bobby Jay Elkin, Jr., et al. (D.D.C., April 28, 2010)**

Entities and Individuals:

- Alliance One International, Inc. (Alliance One), non-prosecution agreement announced August 6, 2010; civil complaint filed August 6, 2010.
- Alliance One Tobacco Osh, LLC (AOI-Kyrgyzstan), charged August 6, 2010.
- Alliance One International AG (AOIAG), charged August 6, 2010.
- Bobby J. Elkin, Jr., Country Manager for Kyrgyzstan, charged August 3, 2010; civil complaint filed April 28, 2010.
- Baxter J. Myers, Regional Financial Director, civil complaint filed April 28, 2010.
- Thomas G. Reynolds, Corporate Controller, civil complaint filed April 28, 2010.
- Tommy L. Williams, Senior Vice President of Sales, civil complaint filed April 28, 2010.

Location and Time Period of Misconduct: Kyrgyzstan, 1996-2004; Thailand, 2000-2004; Malawi, 2002-2003; Greece, 2003; Indonesia, 2003; Mozambique, 2004-2007; China and Thailand, 2005.

Criminal Charges:

- Conspiracy to bribe foreign officials (all defendants)
- Bribery of foreign officials (AOI-Kyrgyzstan, AOIAG)
- Falsification of books and records (AOI-Kyrgyzstan, AOIAG)

Civil Charges:

- Bribery of foreign officials (all defendants)
- Falsification of books and records (Alliance One)
- Internal controls violations (Alliance One)
- Aiding and abetting Alliance's books and records violations (Elkin, et al.)
- Aiding and abetting Alliance's internal controls violations (Elkin, et al.)

Summary:

On August 6, 2010, two foreign subsidiaries of Alliance One International, Inc. (Alliance One), a global tobacco leaf merchant headquartered in Morrisville, N.C., were charged in separate three-count criminal informations with conspiring to violate the FCPA, violating the anti-bribery provisions of the FCPA, and violating the books and records provisions of the FCPA. On the same date, the SEC filed a settled civil action against Alliance One in the U.S. District Court for the District of Columbia. Alliance One was formed in 2005 as the result of a merger of Dimon Incorporated and Standard Commercial Corporation, both of which were wholesale tobacco merchants. The charges brought by the Department

and the SEC related to conduct that was committed by employees and agents of foreign subsidiaries of both Dimon and Standard prior to the merger.

Previously, on August 3, 2010, Bobby Jay Elkin, Jr., Dimon's former Kyrgyzstan country manager, was charged with one-count of conspiring to violate the FCPA's anti-bribery provisions. Elkin, along with three other former Alliance One employees, was also charged by the SEC in a settled civil enforcement action filed on April 28, 2010.

The criminal and civil charges filed against Alliance One, its subsidiaries, and former employees stem from bribery schemes in multiple countries, including Kyrgyzstan and Thailand:

- a) Kyrgyzstan: According to court documents, AOI-Kyrgyzstan admitted that employees of Dimon's Kyrgyz subsidiary paid a total of approximately \$3 million in bribes from 1996 to 2004 to various officials in the Republic of Kyrgyzstan, including officials of the Kyrgyz Tamekisi, a government entity that controlled and regulated the tobacco industry in Kyrgyzstan. Employees of Dimon's Kyrgyz subsidiary also paid bribes totaling \$254,262 to five local provincial government officials "known as "Akims," to obtain permission to purchase tobacco from local growers during the same period. In addition, the employees paid approximately \$82,000 in bribes to officers of the Kyrgyz Tax Police in order to avoid penalties and lengthy tax investigations.

As a country manager for Kyrgyzstan, Bobby J. Elkin, Jr. authorized, directed, and made these bribes in Kyrgyzstan through a bank account held under his name called the Special Account. According to the SEC's complaint, Baxter J. Myers, a former Regional Financial Director, authorized all fund transfers from a Dimon subsidiary's bank account to the Special Account and Thomas G. Reynolds, a former Corporate Controller, formalized the accounting methodology used to record the payments made from the Special Account for purposes of Dimon's internal reporting.

- b) Thailand: From 2000 to 2004, Dimon, Standard, and another competitor, Universal Leaf Tabacos Ltda., sold Brazilian-grown tobacco to the Thailand Tobacco Monopoly (TTM). Each of these three companies retained sales agents in Thailand, and collaborated through those agents to apportion tobacco sales to the TTM among themselves, coordinate their sales prices, and pay kickbacks to officials of the TTM in order to ensure that each company would share in the Thai tobacco market. These companies made annual sales to the TTM, and in order to secure these sales contracts, each company paid kickbacks to certain TTM representatives based on the number of kilograms of tobacco they sold to the TTM. To obtain these contracts, Dimon paid bribes totaling \$542,590 and Standard paid bribes totaling \$696,160, for a total of \$1,238,750 in bribes to TTM officials during this period. In addition, these companies then falsely characterized these corrupt payments on each of the companies' respective books and records as "commissions" paid to their sales agents.

According to the SEC's complaint, Tommy L. Williams, a former Senior Vice President of Sales, directed the sales of tobacco from Brazil and Malawi to the TTM through Dimon's agent in Thailand. In this capacity, Williams authorized the payment of bribes to the TTM officials.

In addition, the SEC's complaint alleged that employees of Standard and Dimon improperly provided things of value to foreign government officials in the following countries:

- c) China and Thailand: By at least May 2005, Standard provided gifts, travel, and entertainment expenses to government officials in China and Thailand. For example, in 2002 and 2003, contemporaneous documents show that Standard employees provided watches, cameras, laptop computers, and other gifts to Chinese and Thailand tobacco officials. Standard also paid for dinner and sightseeing expenses during non-business related travel to Alaska, Los Angeles, and Las Vegas for Chinese and Thailand government delegations.
- d) Greece: A 2003 internal audit of two Dimon subsidiaries in Greece revealed a \$96,000 cash payment to a Greek tax official in April 2003 by the country manager of Dimon Greece. The Greek tax official was conducting an audit of Dimon Greece at the time of the payment, and as a result of the payment, Dimon Greece's tax payment was reduced from €2.5 million to approximately €600,000.
- e) Indonesia: In August 2004, the controller of Dimon's Indonesian subsidiary made a cash payment of approximately \$44,000 to an Indonesian tax official in exchange for terminating an audit of the Indonesian subsidiary and obtaining a tax refund of \$67,000.

Criminal Disposition:

On August 6, 2010, Alliance One entered into a non-prosecution agreement with the Department and agreed to retain an independent compliance monitor for a minimum of three years.

On the same date, AOI-Kyrgyzstan and AOIAG each pleaded guilty to separate three-count criminal informations. As part of their plea agreements, AOIAG agreed to pay a fine of \$5,250,000 and AOI-Kyrgyzstan agreed to pay a fine of \$4,200,000, for a total fine of \$9.45 million. Sentencing of both AOI subsidiaries has been scheduled for October 21, 2010.

Elkin pleaded guilty on August 3, 2010, to a one-count criminal information charging him with conspiracy to violate the FCPA. He is currently scheduled to be sentenced on October 21, 2010.

Civil Disposition:

Without admitting or denying the SEC's allegations, Alliance One consented to the entry of a final judgment permanently enjoining the company from future violations of the anti-bribery, books and records, and internal controls provisions of the FCPA. Alliance One was also ordered to pay disgorgement of \$10,000,000 and to retain an independent compliance monitor for three years.

On April 28, 2010, the SEC filed a settled civil action against Elkin, Myers, Reynolds, and Williams, which permanently enjoined them from future violations of the FCPA. Myers and Reynolds were each required to pay a \$40,000 civil penalty. The settlement against Elkin takes into account his cooperation with the Commission's investigation.

3. Universal Corporation

Resulting Criminal Enforcement Action(s):

- A. **In Re Universal Corporation (August 6, 2010)**
- B. **United States v. Universal Leaf Tabacos Ltda. (E.D. Va., August 6, 2010)**

Resulting Civil/Administrative Enforcement Action(s):

- C. **SEC v. Universal Corporation (D.D.C., August 6, 2010)**

Entities and Individuals:

- Universal Corporation, non-prosecution agreement announced August 6, 2010; civil complaint filed August 6, 2010.
- Universal Leaf Tabacos Ltda., charged August 6, 2010.

Location and Time Period of Misconduct: Thailand, 2000-2004; Malawi, 2002-2003; Mozambique, 2004-2007.

Criminal Charges:

- Conspiracy:
 - to bribe foreign officials
 - to falsify books and records
- Bribery of foreign officials

Civil Charges:

- Bribery of foreign officials
- Falsification of books and records
- Internal controls violations

Summary:

On August 6, 2010, Universal Leaf Tabacos Ltda. (Universal Brazil), the Brazilian subsidiary of Universal Corporation (Universal), was charged in the Eastern District of Virginia with conspiring to violate the anti-bribery and books and records provisions of the FCPA, and with violating the anti-bribery provisions of the FCPA. On the same date, the SEC filed a settled civil action against Universal in the District of Columbia, charging the parent company with violations of the anti-bribery, books and records, and internal controls provisions of the FCPA. The criminal and civil charges against Universal and its subsidiary stem from schemes to bribe foreign officials in Thailand, Mozambique, and Malawi.

From 2000 to 2004, Universal Brazil and two of its competitors, Dimon Incorporated and Standard Commercial Corporation, sold Brazilian-grown tobacco to the Thailand Tobacco Monopoly (TTM). Each of these three companies retained sales agents in Thailand, and collaborated through those agents to apportion tobacco sales to the TTM among themselves, coordinate their sales prices, and pay kickbacks to officials of the Thailand Tobacco Monopoly in order to ensure that each company would share in the Thai tobacco market. These companies made annual sales to the TTM, and in order to secure these sales contracts, each company paid kickbacks to certain TTM representatives based on the number of kilograms of tobacco they sold to the TTM. To obtain these contracts, Universal Brazil paid approximately \$697,000 in bribes to TTM officials during this period. In addition, Universal Brazil

employees then falsely characterized the corrupt payments on the company's books and records as "commissions" paid to the company's sales agents.

According to the SEC's complaint, between October 2002 and November 2003, Universal's African subsidiary also paid \$750,000 in bribes to two high ranking Malawian government officials and \$100,000 to a political opposition leader. Those payments were authorized by, among others, two successive regional heads for Universal's African operations. Universal also failed to accurately record these payments in its books and records.

In addition, the SEC's complaint alleged that from March 2004 through September 2007, Universal subsidiaries made a series of payments in excess of \$165,000 to government officials in Mozambique, through corporate subsidiaries in Belgium and Africa. Among other things, the payments were made to secure an exclusive right to purchase tobacco from regional growers and to procure legislation beneficial to the Company's business.

Criminal Disposition:

On August 6, 2010, Universal entered into a non-prosecution agreement with the Department and Universal Brazil pleaded guilty to a two-count information. As part of the non-prosecution and plea agreements, Universal and Universal Brazil agreed to retain an independent compliance monitor for a minimum of three years. Universal Brazil was sentenced on September 1, 2010, to 3 years' organizational probation and a fine of \$4,400,000.

Civil Disposition:

Without admitting or denying the SEC's allegations, Universal consented to the entry of a final judgment permanently enjoining the company from violating the anti-bribery, books and records, and internal controls provisions of the FCPA. In addition, Universal was ordered to disgorge \$4,581,276.51 and to retain an independent compliance monitor for three years.

4. Innospec Inc.

Resulting Criminal Enforcement Action(s):

- A. **United States v. Innospec Inc. (D.D.C., March 17, 2010)**
- B. **United States v. Ousama Naaman (D.D.C., August 7, 2008)**

Resulting Civil/Administrative Enforcement Action(s):

- C. **SEC v. David P. Turner, et al. (D.D.C., August 5, 2010)**
- D. **SEC v. Innospec Inc. (D.D.C., March 18, 2010)**

Entities and Individuals:

- Innospec Inc. (Innospec), charged March 17, 2010; civil complaint filed March 18, 2010.
- Ousama Naaman, Innospec's agent, indicted August 7, 2008; civil complaint filed August 5, 2010.
- David P. Turner, Business Director, civil complaint filed August 5, 2010.

Criminal Charges:

- Conspiracy:
 - to bribe foreign officials (all defendants)
 - to falsify books and records (all defendants)
 - to commit wire fraud (all defendants)
- Bribery of foreign officials (all defendants)
- Falsification of books and records (Innospec)
- Wire fraud (Innospec)

Civil Charges:

- Bribery of foreign officials (all defendants)
- Falsification of books and records (all defendants)
- Internal controls violations (all defendants)
- Aiding and abetting Innospec's falsification of books and records (Turner, Naaman)
- Aiding and abetting Innospec's internal controls violations (Turner, Naaman)

Location and Time Period of Misconduct: Iraq, 2000-2008; Indonesia, 2000-2005; Cuba, 2001-2004.

Summary:

On August 7, 2008, Ousama Naaman, a Canadian/Lebanese dual national, who served as Innospec's agent in the Middle East, was indicted for his alleged participation in an eight-year conspiracy to defraud the United Nations Oil-for-Food Program (OFFP) and to bribe Iraqi government officials in connection with the sale of a chemical additive used in the refining of leaded fuel. Naaman was charged with one count of conspiracy to commit wire fraud and to violate the FCPA and two counts of violating the FCPA. On March 17, 2010, Innospec was charged in a twelve-count criminal information with conspiracy, foreign bribery in violation of the FCPA, foreign bribery related accounting misconduct in violation of the FCPA, and wire fraud. On March 18, 2010, the SEC filed a settled civil complaint against Innospec, charging the company with violating the FCPA's anti-bribery, internal controls, and books and records provisions.

The SEC subsequently filed a civil complaint against Naaman and David Turner, Innospec's former Business Director, on August 5, 2010. The SEC charged Naaman and Turner with violating the anti-bribery, books and records, and internal controls provisions of the FCPA, as well as with aiding and abetting Innospec's books and records and internal controls violations.

According to court documents, from 2000 to 2003, Innospec's Swiss subsidiary, Alcor, was awarded five contracts valued at more than €40 million to sell tetraethyl lead to refineries run by the Iraqi Ministry of Oil under the OFFP. To obtain these contracts, Innospec, Alcor, Turner and Naaman, paid or promised to pay at least \$4 million in kickbacks to the former Iraqi government. As Innospec's Business Director, Turner authorized or approved these kickback payments. For his role in routing the kickbacks, Naaman received 2% of the contract value, in addition to the 2% commission he was paid for securing the contracts. In order to cover the cost of the kickbacks to the Iraqi officials, Innospec then inflated its prices in contracts approved by the OFFP.

The SEC's complaint also alleged that when Innospec's internal auditors questioned Turner about the nature of the commission payments that were made to Naaman under the OFFP, Turner made false statements to the auditors and concealed the fact that the commission payments to Naaman included kickbacks to the Iraqi government in return for contracts.

In addition to the illegal OFFP kickbacks, from 2004-2008, Innospec, Turner, and Naaman paid more than \$3 million in bribes, in the form of cash, travel, gifts and entertainment, to officials of the Iraqi Ministry of Oil and the Trade Bank of Iraq to secure sales of tetraethyl lead in Iraq and to secure more favorable exchange rates on the sales contracts. Naaman subsequently provided Innospec with false invoices, on the basis of which Innospec reimbursed him for the bribes.

In 2006, Turner and other senior Innospec officials also directed Naaman to pay a bribe of \$150,000 to officials within the Iraqi Ministry of Oil to ensure that a competing product manufactured by a different company failed a field test, keeping the competing product out of the Iraqi market.

According to court documents, Turner and other senior Innospec officials also caused more than \$2.8 million in bribes to be paid through an Indonesian agent to officials of the Indonesian government in order to secure contracts for Innospec.

As part of its plea agreement, Innospec also admitted that, from 2001 to 2004, a subsidiary of the company sold nearly \$20 million in oil soluble fuel additives to state-owned Cuban power plants without a license from the Treasury Department's Office of Foreign Assets Control (OFAC), in violation of the Trading with the Enemy Act.

Criminal Disposition:

Naaman was arrested in Frankfurt, Germany on July 30, 2009. The Department of Justice succeeded in securing Naaman's extradition from the Federal Republic of Germany on April 30, 2010. On June 25, 2010, Naaman pleaded guilty to a superseding information charging him with one count of conspiracy to commit wire fraud, violate the FCPA, and falsify the books and records of a U.S. issuer, and one count of violating the FCPA. Naaman's sentencing is scheduled for December 9, 2010.

On March 18, 2010, Innospec pled guilty before District Judge Ellen Segal Huvelle in the U.S. District Court for the District of Columbia. As part of its plea agreement, Innospec agreed to pay a \$14.1 million criminal fine and retain an independent compliance monitor for a minimum of three years to oversee the implementation of a robust anti-corruption and export control compliance program.

In order to resolve related charges brought by the United Kingdom's Serious Fraud Office in connection with the Indonesian bribery, Innospec's British subsidiary, Innospec Ltd., pleaded guilty on March 18, 2010, in the Southwark Crown Court in London. Accordingly, Innospec Ltd. agreed to pay a criminal penalty of \$12.7 million.

Civil Disposition:

On the same day as its guilty plea, Innospec settled the civil complaint filed by the SEC by agreeing to disgorge \$60 million, with all but \$11.2 million waived due to the company's financial condition. In the SEC matter, Innospec was enjoined from future violations and ordered to retain an independent FCPA compliance monitor for three years. Innospec also agreed to pay \$2.2 million to resolve outstanding matters with OFAC.

Without admitting or denying the SEC's allegations, Turner and Naaman each consented to the entry of final judgments permanently enjoining them from future violations of the anti-bribery, books and records, and internal controls provisions of the FCPA. Turner also agreed to disgorge \$40,000. In order to resolve the SEC's charges against him, Naaman agreed to disgorge \$810,076 plus prejudgment interest of \$67,030, and pay a civil penalty of \$438,038, which would be deemed satisfied by a criminal order requiring him to pay a criminal fine that is at least equal to the civil penalty amount.

5. Pride International, Inc.

Resulting Civil/Administrative Enforcement Action(s):

- A. SEC v. Joe Summers (S.D. Tx., August 5, 2010)**
- B. SEC v. Bobby Benton (S.D. Tx., December 11, 2009)**

Entities and Individuals:

- Bobby Benton, Pride International, Inc.'s Vice President of Western Hemisphere Operations, civil complaint filed December 11, 2009.
- Joe Summers, Pride International, Inc.'s Venezuela Country Manager, civil complaint filed August 5, 2010.

Location and Time Period of Misconduct: Venezuela, 2003-2005; Mexico, 2004.

Civil Charges:

- Bribery of foreign officials (all defendants)
- Falsification of books and records (all defendants)
- False statements to accountants (all defendants)
- Aiding and abetting Pride International's bribery of foreign officials (all defendants)
- Aiding and abetting Pride International's falsification of books and records (all defendants)
- Aiding and abetting Pride International's internal controls violations (all defendants)

Summary:

On December 11, 2009, the SEC charged Bobby Benton, the former Vice President of Western Hemisphere Operations for Pride International, Inc. (Pride), in a civil complaint that alleged violations of the anti-bribery, internal controls, and accounting provisions of the FCPA. As Vice President of Western Hemisphere Operations, Benton was responsible for, among other things, ensuring that Pride conducted its Western Hemisphere operations in compliance with the FCPA, that adequate controls were in place to prevent illegal payments, and that the company's books and records were accurate.

Subsequently, on August 5, 2010, the SEC filed a civil complaint against Joe Summers, Pride's former Venezuela Country Manager. The SEC alleged that Summers had violated the anti-bribery,

books and records, and internal controls provisions of the FCPA and had aided and abetting Pride's violations of the same provisions in connection with a scheme to bribe Venezuelan government officials.

According to the complaints filed against Benton and Summers, from 2003 to 2005, Summers authorized or allowed payments totaling \$384,000 to third-party companies believing that all or a portion of the funds would be given to an official of Venezuela's state-owned oil company in order to secure extensions of three drilling contracts. Summers also authorized the payment of approximately \$30,000 to a third party believing that all or a portion of the funds would be given to an employee of Venezuela's state-owned oil company in order to obtain the payment of receivables.

In addition to the illicit payments to Venezuelan officials, in December 2004, Benton allegedly authorized the bribery of a Mexican customs official in return for favorable treatment regarding customs deficiencies identified during an inspection of a supply boat. The complaint further alleges that Benton had knowledge of a second bribe paid to a different Mexican customs official that same month.

In an effort to conceal these payments, Benton also redacted references to bribery in an action plan responding to an internal audit report and signed two false certifications in connection with audits and reviews of Pride's financial statements, denying any knowledge of bribery.

Civil Disposition:

Without admitting or denying the SEC's allegations, Benton consented to the entry of a final judgment on August 9, 2010, which permanently enjoined him from any future violations of the anti-bribery, books and records, or internal controls provisions of the FCPA, as well as SEC Rule 13b2-2, which regulates representations and conduct in connection with the preparation of required reports and documents. In addition, Benton was ordered to pay a civil penalty in the amount of \$40,000.

Summers, without admitting or denying the SEC's allegations, consented to the entry of an order permanently enjoining him from knowingly circumventing or failing to implement a system of internal accounting controls or knowingly falsifying books and records of an issuer. The order also enjoined Summers from violating the anti-bribery provisions of the FCPA and from aiding and abetting violations of the anti-bribery, books and records, and internal controls provisions of the FCPA. In addition to the permanent injunction, Summers was ordered to pay a civil penalty of \$25,000.

6. General Electric Company

Resulting Civil/Administrative Enforcement Action(s):

A. SEC v. General Electric Company, et al. (D.D.C., July 27, 2010)

Entities and Individuals:

- General Electric Company, civil complaint filed July 27, 2010.
- Ionics, Inc., civil complaint filed July 27, 2010.
- Amersham plc, civil complaint filed July 27, 2010.

Civil Charges:

- Falsification of books and records (all defendants)
- Internal controls violations (all defendants)

Location and Time Period of Misconduct: Iraq, 2000-2003.

Summary:

On July 27, 2010, the SEC filed a settled civil action against General Electric Company (“GE”) and two GE subsidiaries – Ionics, Inc. (currently known as GE Ionics, Inc.) and Amersham plc (currently known as GE Healthcare Ltd.) – in the U.S. District Court for the District of Columbia. The SEC’s complaint charged the companies with books and records and internal controls violations in connection with bribes paid to former Iraqi government officials under the United Nations Oil for Food Program (OFFP) by two GE subsidiaries and two other subsidiaries of public companies that have since been acquired by GE.

Payments by GE subsidiaries: According to the SEC’s Complaint, from approximately 2000 to 2003, two GE subsidiaries, Marquette-Hellige (“Marquette”) and OEC-Medical Systems (Europa) AG (“OEC-Medical”), made approximately \$2.04 million in kickback payments in the form of computer equipment, medical supplies, and services to the Iraqi Ministry of Health.

- a) Marquette: Marquette, based in Germany, manufactures and sells cardiology monitoring equipment and has been a GE subsidiary since 1998. Marquette entered into three OFFP contracts in which it either paid or agreed to pay illegal kickbacks in the form of computer equipment, medical supplies, and services after declining to make the payments in cash. The contracts were for the supply of disposable electrodes, transducers, and fetal monitors to the Iraqi Health Ministry, and they generated a combined gross profit to Marquette of \$8.8 million. In order to obtain two of the contracts, Marquette's Iraqi agent made in-kind kickback payments of goods and services worth approximately \$1.2 million to the Iraqi Health Ministry in violation of UN regulations. In order to obtain the third contract, the agent offered to make an additional in-kind kickback payment worth approximately \$250,000. The illegal kickbacks were made or offered with the knowledge and approval of Marquette officials.
- b) OEC-Medical: OEC-Medical, based in Switzerland, manufactures and sells medical equipment. In 2000, OEC-Medical entered into an OFFP contract to provide C-Arms (C-shaped armatures used to support X ray equipment) to the Iraqi Ministry of Health. OEC made an in-kind kickback payment worth approximately \$870,000 on the contract and earned a wrongful profit of \$2.1 million. The OEC-Medical contract was negotiated by the same third party agent that handled the Marquette contracts. As was done with the Marquette contracts, the Iraqi agent agreed to make the payment on behalf of OEC-Medical in the form of computer equipment, medical supplies, and services, rather than cash. In order to conceal from UN inspectors the fact that the agent's commission had been increased to cover an illegal kickback, OEC-Medical and the agent entered into a fictitious "services provider agreement," purporting to identify services the agent would perform to justify his increased commission.

Payments by subsidiaries of other public companies that have since been acquired by GE: Two other current GE subsidiaries, Ionics Italba S.r.L. (“Ionics Italba”), and Nycomed Imaging AS (“Nycomed”), made approximately \$1.55 million in cash kickback payments under the OFFP prior to GE’s acquisition of their parent companies.

- c) Nycomed: During the OFFP, Nycomed was a Norway-based subsidiary of publicly-registered Amersham plc, which was acquired by GE in 2004. Between 2000 and 2002,

Nycomed entered into nine contracts involving the payment of cash “after-sale-service-fee” kickbacks. The contracts were all direct agreements between Nycomed and the Iraqi Ministry of Health for the provision of Omnipaque and Omniscan. Omnipaque is an injectible contrast agent used in conjunction with X-rays; and Omniscan is a contrast agent used in conjunction with magnetic resonance imaging (MRI). Nycomed paid approximately \$750,000 in kickbacks on the nine contracts and earned approximately \$5 million in wrongful profits. The contracts were negotiated by Nycomed's Jordanian agent, and the kickback payments were explicitly authorized by Nycomed's salesman in Cyprus. The Nycomed salesman increased the agent's commission from 17.5% to 27.5% of the contract price, and artificially increased the U.N. contract prices by 10%, all to cover the cost of the kickbacks.

- d) Ionics Italba: During the OFFP, Ionics Italba was an Italy-based subsidiary of publicly-listed Ionics, Inc., which GE acquired in 2005. Ionics Italba manufactures and sells water purification equipment. Between 2000 and 2002, Ionics Italba paid \$795,000 in kickbacks and earned \$2.3 million in wrongful profits on five OFFP contracts to sell water treatment equipment to the Iraqi Oil Ministry. Four of the five contracts were negotiated with side letters documenting the commitment of Ionics Italba to make cash kickback payments. The side letters were concealed from UN inspectors in violation of an OFFP requirement to provide all contract documentation for inspection and UN approval. On the majority of the Ionics Italba contracts, invoices provided by the sales agent included fictitious activities to justify the agent's inflated commission. In addition, when U.N. inspectors questioned a line item in a contract associated with one of the kickbacks, Ionics Italba provided the U.N. inspectors with descriptions from the Iraqi Oil Ministry of services that neither party intended to perform.

Civil Disposition:

In order to settle the SEC's charges against GE and the two subsidiaries for which GE assumed liability upon their acquisition, GE agreed to pay disgorgement of \$18,397,949, prejudgment interest in the amount of \$4,080,665, and a civil penalty in the amount of \$1,000,000, for a total monetary penalty of \$23,478,614. In addition, without admitting or denying the SEC's allegations, GE, Ionics, and Amersham consented to the entry of a final judgment permanently enjoining the companies from future violations of the books and records and internal controls provisions of the FCPA.

7. **ENI, S.p.A.**

Resulting Criminal Enforcement Action(s):

A. United States v. Snamprogetti Netherlands B.V. (S.D. Tx., July 7, 2010)

Resulting Civil/Administrative Enforcement Action(s):

B. SEC v. ENI, S.p.A., et al. (S.D. Tx., July 7, 2010)

Entities and Individuals:

- ENI, S.p.A., civil complaint filed July 7, 2010.
- Snamprogetti Netherlands, B.V., charged July 7, 2010; civil complaint filed July 7, 2010.

Location and Time Period of Misconduct: Nigeria, 1995-2004.

Criminal Charges:

- Conspiracy to bribe foreign officials
- Aiding and abetting the bribery of foreign officials

Civil Charges:

- Bribery of foreign officials (Snamprogetti)
- Falsification of books and records (all defendants)
- Internal controls violations (all defendants)

Summary:

On July 7, 2010, Snamprogetti Netherlands B.V. (Snamprogetti) was charged in a two-count information with one count of conspiracy and one count of aiding and abetting violations of the FCPA. This charges stem from Snamprogetti's role in a decade-long scheme to bribe Nigerian government officials to obtain engineering, procurement, and construction (EPC) contracts to build liquefied natural gas (LNG) facilities on Bonny Island, Nigeria. On the same date, the SEC filed a settled civil action against Snamprogetti, a Dutch company, and its former Italian parent company, ENI, S.p.A. (ENI).

From 1995-2004, Snamprogetti, Kellogg Brown & Root Inc. (KBR), Technip S.A. (Technip) and an engineering and construction company headquartered in Yokohama, Japan, were part of a four-company joint venture that was awarded four EPC contracts by Nigeria LNG Ltd. (NLNG), which is 49 percent owned by the government-owned Nigerian National Petroleum Corporation (NNPC). These contracts, which were valued at more than \$6 billion, were for the construction of LNG facilities on Bonny Island. In exchange for being awarded these EPC contracts, the joint-venture partners used two agents to pay bribes totaled in excess of \$182 million to a range of Nigerian government officials, including officials of the executive branch of the Nigerian government and officials at NNPC and NLNG.

At crucial junctures before the award of the EPC contracts, KBR's CEO, Albert "Jack" Stanley, and others met with three successive former holders of a top-level office in the executive branch of the Nigerian government to ask the office holder to designate a representative with whom the joint venture should negotiate bribes to Nigerian government officials. Stanley and other representatives of the joint venture negotiated bribe amounts with the office holders' representatives and agreed to hire two agents to pay the bribes. During the course of the bribery scheme, the joint venture paid approximately \$132 million to the first agent, a consulting company incorporated in Gibraltar and controlled by Jeffrey

Tesler, and more than \$50 million to the second agent, a global trading company headquartered in Tokyo, Japan, while intending that these agents' fees be used, in part, for bribes to Nigerian government officials.

KBR, Technip, Stanley, Tesler, and Wojciech Chodan, a former salesperson and consultant for a United Kingdom subsidiary of KBR, have also been charged for their role in this bribery scheme.

Criminal Disposition:

In order to resolve the pending criminal charges, Snamprogetti entered into a two-year deferred prosecution agreement with the Department on July 7, 2010, and agreed to pay a \$240 million criminal penalty. As part of the agreement, Snamprogetti, its current parent company, Saipem S.p.A., and its former parent company, ENI, also agreed to ensure that their compliance programs satisfied certain standards and to cooperate with the department in ongoing investigations.

Civil Disposition:

Without admitting or denying the SEC's allegations, ENI consented to the entry of a court order permanently enjoining the company from violating the books and records and internal controls provisions of the FCPA. Similarly, Snamprogetti consented to the entry of a court order permanently enjoining the company from violating the anti-bribery, books and records, and internal controls provisions of the FCPA. Both companies also consented to the entry of court orders that require them, jointly and severally, to pay \$125 million in disgorgement.

8. Veraz Networks, Inc.

Resulting Civil/Administrative Enforcement Action(s):

A. SEC v. Veraz Networks, Inc. (N.D. Cal., June 29, 2010)

Entities and Individuals:

- Veraz Networks, Inc., civil complaint filed June 29, 2010.

Location and Time Period of Misconduct: China and Vietnam, 2007-2008.

Civil Charges:

- Falsification of books and records
- Internal controls violations

Summary:

On June 29, 2010, the SEC filed a settled civil complaint against Veraz Networks, Inc. ("Veraz"), a San Jose, California-based telecommunications company. The SEC alleged that Veraz violated the books and records and internal controls provisions of the FCPA in connection with improper payments to foreign officials in China and Vietnam. These payments took place after the company went public in 2007.

Specifically, the SEC alleged that Veraz engaged a consultant in China who in 2007 and 2008 gave gifts and offered improper payments together valued at approximately \$40,000 to officials at a government controlled telecommunications company in China in an attempt to win business for Veraz. A Veraz supervisor who approved the gifts described them in an internal Veraz email as the "gift

scheme.” Similarly, the SEC alleged that in 2007 and 2008, a Veraz employee made improper payments to the CEO of a government controlled telecommunications company in Vietnam in order to win business for Veraz.

Civil Disposition:

Without admitting or denying the SEC’s allegations, Veraz consented to the entry of a final judgment permanently enjoining the company from future violations of the books and records and internal controls provisions of the FCPA. In addition, Veraz was ordered to pay a civil penalty of \$300,000.

9. Technip S.A.

Resulting Criminal Enforcement Action(s):

A. United States v. Technip S.A. (S.D. Tx., June 28, 2010)

Resulting Civil/Administrative Enforcement Action(s):

B. SEC v. Technip (S.D. Tx., June 28, 2010)

Entities and Individuals:

- Technip S.A., charged June 28, 2010; civil complaint filed June 28, 2010.

Location and Time Period of Misconduct: Nigeria, 1995-2004.

Criminal Charges:

- Conspiracy to bribe foreign officials
- Bribery of foreign officials

Civil Charges:

- Bribery of foreign officials
- Falsification of books and records
- Internal controls violations

Summary:

On June 28, 2010, Technip S.A. (Technip), a global engineering, construction and services company based in Paris, was charged in a two-count information with one count of conspiracy and one count of violating the anti-bribery provisions of the FCPA. This charges stem from Technip’s role in a decade-long scheme to bribe Nigerian government officials to obtain engineering, procurement, and construction (EPC) contracts to build liquefied natural gas (LNG) facilities on Bonny Island, Nigeria. On the same date, the SEC filed a settled civil action against Technip in the Southern District of Texas.

From 1995-2004, Technip, Snamprogetti Netherlands B.V. (Snamprogetti), Kellogg Brown & Root Inc. (KBR), and an engineering and construction company headquartered in Yokohama, Japan, were part of a four-company joint venture that was awarded four EPC contracts by Nigeria LNG Ltd. (NLNG), which is 49 percent owned by the government-owned Nigerian National Petroleum Corporation (NNPC). These contracts, which were valued at more than \$6 billion, were for the construction of LNG facilities on Bonny Island. In exchange for being awarded these EPC contracts, the

joint-venture partners used two agents to pay bribes totaled in excess of \$182 million to a range of Nigerian government officials, including officials of the executive branch of the Nigerian government and officials at NNPC and NLNG.

At crucial junctures before the award of the EPC contracts, KBR's CEO, Albert "Jack" Stanley, and others representatives of the joint venture met with three successive former holders of a top-level office in the executive branch of the Nigerian government to ask the office holder to designate a representative with whom the joint venture should negotiate bribes to Nigerian government officials. Stanley and the other representatives negotiated bribe amounts with the office holders' representatives and agreed to hire two agents to pay the bribes. During the course of the bribery scheme, the joint venture paid approximately \$132 million to the first agent, a consulting company incorporated in Gibraltar and controlled by Jeffrey Tesler, and more than \$50 million to the second agent, a global trading company headquartered in Tokyo, Japan, while intending that these agents' fees be used, in part, for bribes to Nigerian government officials.

KBR, Snamprogetti, Stanley, Tesler, and Wojciech Chodan, a former salesperson and consultant for a United Kingdom subsidiary of KBR, have also been charged for their role in this bribery scheme.

Criminal Disposition:

On June 28, 2010, Technip entered into a two-year deferred prosecution agreement with the Department and agreed to pay a criminal penalty of \$240 million. In addition, Technip agreed to retain an independent compliance monitor for a two-year period to review the design and implementation of Technip's compliance program.

Civil Disposition:

Without admitting or denying the SEC's allegations, Technip consented to the entry of a court order permanently enjoining the company from violating the anti-bribery, books and records, and internal controls provisions of the FCPA. In addition, Technip was ordered to disgorge \$98 million in ill-gotten profits from the scheme and prejudgment interest.

10. Daimler AG

Resulting Criminal Enforcement Action(s):

- A. **United States v. Daimler AG (D.D.C., March 22, 2010)**
- B. **United States v. DaimlerChrysler Automotive Russia SAO (D.D.C., March 22, 2010)**
- C. **United States v. Daimler Export and Trade Finance GmbH (D.D.C., March 22, 2010)**
- D. **United States v. DaimlerChrysler China Ltd. (D.D.C., March 22, 2010)**

Resulting Civil/Administrative Enforcement Action(s):

- E. **SEC v. Daimler AG (D.D.C., March 22, 2010)**

Entities and Individuals:

- Daimler AG, charged March 22, 2010; civil complaint filed March 22, 2010.
- DaimlerChrysler Automotive Russia SAO (DCAR), charged March 22, 2010.
- Daimler Export and Trade Finance GmbH (ETF), charged March 22, 2010.
- DaimlerChrysler China Ltd. (DCCL), charged March 22, 2010.

Location and Time Period of Misconduct: At least 22 countries, 1998-2008.

Criminal Charges:

- Conspiracy:
 - to bribe foreign officials (DCAR, ETF, DCCL)
 - to falsify books and records (Daimler AG)
- Bribery of foreign officials (DCAR, ETF, DCCL)
- Falsification of books and records (Daimler AG)

Civil Charges:

- Bribery of foreign officials (Daimler AG)
- Falsification of books and records (Daimler AG)
- Internal controls violations (Daimler AG)

Summary:

On March 22, 2010, criminal charges were filed in the District of Columbia against Daimler AG, a German corporation, and three of its subsidiaries. On the same date, the SEC filed a settled civil complaint against Daimler AG charging it in relation to alleged violations of the FCPA. According to court documents, Daimler AG, whose shares trade on multiple exchanges in the United States, engaged in a long-standing practice of paying bribes to foreign government officials through a variety of mechanisms, including the use of corporate ledger accounts known as “third-party accounts” or “TPAs,” corporate “cash desks,” offshore bank accounts, deceptive pricing arrangements and third-party intermediaries. In some cases, Daimler AG or its subsidiaries wire transferred these improper payments to U.S. bank accounts or to the foreign bank accounts of U.S. shell companies, in order for these entities to pass on the bribes.

The court documents alleged that Daimler and its subsidiaries made hundreds of improper payments worth tens of millions of dollars to foreign officials in at least 22 countries – including China, Croatia, Egypt, Greece, Hungary, Indonesia, Iraq, Ivory Coast, Latvia, Nigeria, Russia, Serbia and Montenegro, Thailand, Turkey, Turkmenistan, Uzbekistan, Vietnam and others – to assist in securing

contracts with government customers for the purchase of Daimler vehicles. In addition, Daimler AG admitted that it agreed to pay kickbacks to the former Iraqi government in connection with contracts to sell vehicles to Iraq under the U.N.'s Oil for Food program. The contracts were valued in the hundreds of millions of dollars. In all cases, Daimler AG improperly recorded these corrupt payments in its corporate books and records.

Criminal Disposition:

On April 1, 2010, Daimler AG and DCCL entered into deferred prosecution agreements with the Department of Justice. On the same date, DCAR and ETF pled guilty and agreed to pay criminal fines of \$27.26 million and \$29.12 million, respectively. In total, Daimler AG and its subsidiaries agreed to pay \$93.6 million in criminal fines and penalties.

Civil Disposition:

Simultaneous with the criminal settlement, U.S. District Court Judge Richard J. Leon entered a separate judgment against Daimler AG resolving the civil complaint filed by the SEC. This judgment enjoined Daimler from future violations, required Daimler AG to pay \$91,432,867 million in disgorgement of profits relating to those violations, and required Daimler obtain an independent FCPA compliance monitor for a three-year period.

11. BAE Systems plc

Resulting Criminal Enforcement Action(s):

A. United States v. BAE Systems plc (February 4, 2010)

Entities and Individuals:

- BAE Systems plc, charged February 4, 2010.

Criminal Charges:

- Conspiracy:
 - to defraud the United States by impairing and impeding its lawful functions;
 - to make false statements; and
 - to violate the Arms Export Control Act and International Traffic in Arms Regulations.

Location and Time Period of Misconduct: Czech Republic, Hungary, Saudi Arabia, 2000-2002.

Summary:

On February 4, 2010, BAE Systems plc (BAES), a multinational defense contractor with headquarters in the United Kingdom, was charged in a one-count criminal information with conspiracy to defraud the United States by impairing and impeding its lawful functions, to make false statements about its FCPA compliance program, and to violate the Arms Export Control Act (AECA) and International Traffic in Arms Regulations (ITAR). These charges alleged that from 2000 to 2002, BAES represented to various U.S. government agencies, including the Departments of Defense and Justice, that it would create and implement policies and procedures to ensure its compliance with the anti-bribery provisions of the FCPA, as well as similar, foreign laws implementing the Organisation for Economic Co-operation and Development (OECD) Anti-bribery Convention.

In pleading guilty, BAES acknowledged that, despite its representations to the U.S. government to the contrary, BAES knowingly and willfully failed to create sufficient compliance mechanisms to ensure compliance with these legal prohibitions on foreign bribery. More specifically, BAES admitted that it regularly used and encouraged the establishment of shell companies and third party intermediaries to assist in securing sales of defense articles. BAES admitted that, from May 2001 onward, it made a series of substantial payments to these shell companies and third party intermediaries that were not subjected to the degree of scrutiny and review to which BAES told the U.S. government the payments would be subjected, even though BAES was aware there was a high probability that part of some of the payments would be used to ensure that BAES was favored in foreign government decisions regarding the purchase of defense articles. In addition, BAES admitted that, as part of the conspiracy, it knowingly and willfully failed to identify commissions paid to third parties for assistance in soliciting, promoting or otherwise securing sales of defense articles, in violation of the AECA and ITAR.

Criminal Disposition:

On March 1, 2010, BAES pled guilty to the charges filed against it on February 4, 2010. As part of its guilty plea, BAES was sentenced to a criminal fine of \$400,000,000, which was the statutory maximum fine. BAES also agreed to retain an independent compliance monitor for three years and maintain a compliance program that is designed to detect and deter violations of the FCPA, the AECA, ITAR, and similar foreign anti-corruption and export control laws.

12. Bribery of Officials at Telecommunications D'Haiti (Haiti Teleco)

Resulting Criminal Enforcement Action(s):

- A. United States v. Jean Fourcand (S.D. Fla., February 1, 2010)**
- B. United States v. Joel Esquenazi, et al. (S.D. Fla., December 4, 2009)**
- C. United States v. Juan Diaz (S.D. Fla., April 22, 2009)**
- D. United States v. Antonio Perez (S.D. Fla., April 22, 2009)**

Entities and Individuals:

- Joel Esquenazi, President, indicted December 4, 2009.
- Carlos Rodriguez, Executive Vice President, indicted December 4, 2009.
- Robert Antoine, Director of International Relations at Haiti Teleco, indicted December 4, 2009.
- Jean Rene Duperval, Director of International Relations at Haiti Teleco, indicted December 4, 2009.
- Antonio Perez, Controller, charged April 22, 2009.
- Juan Diaz, President of Intermediary Company, charged April 22, 2009.
- Jean Fourcand, President of Intermediary Company, charged February 1, 2010.
- Marguerite Grandison, President of Telecom Consulting Services Corp., indicted December 4, 2009.

Criminal Charges:

- Conspiracy:
 - to bribe foreign officials (Perez, Diaz, Esquenazi, Rodriguez, Grandison)
 - to commit money laundering (all defendants except Fourcand)
 - to commit wire fraud (Esquenazi, Rodriguez, Grandison)
- Bribery of foreign officials (Esquenazi, Rodriguez, Grandison)
- Money laundering (Fourcand, Esquenazi, Rodriguez, Duperval, Grandison)

Location and Time Period of Misconduct: Haiti, 1998-2005.

Summary:

On December 4, 2009, two former executives of a Florida-based telecommunications company, the president of a Florida-based intermediary company, and two former Haitian government officials were charged in an indictment for their alleged roles in a foreign bribery, wire fraud, and money laundering scheme that lasted from at least November 2001 through March 2005. Joel Esquenazi, the former president of the telecommunications company; Carlos Rodriguez, the former executive vice-president of the telecommunications company; Marguerite Grandison, the former president of Telecom Consulting Services Corp.; Robert Antoine, a former director of international relations at the Republic of Haiti's state-owned national telecommunications company, Telecommunications D'Haiti (Haiti Teleco); and Jean Rene Duperval, another former director of international relations at Haiti Teleco, were charged in connection with a scheme whereby the telecommunications company paid more than \$800,000 to shell companies, including Grandison's Telecom Consulting Services Corp., to be used for bribes to foreign officials of Haiti Teleco. The purpose of these bribes was to obtain various business advantages from the Haitian officials for the telecommunications company, including issuing preferred telecommunications rates, reducing the number of minutes for which payment was owed, and giving a variety of credits toward owed sums, as well as to defraud the Republic of Haiti of revenue.

Previously, on April 22, 2009, Juan Diaz, the president of J.D. Locator Services Inc., a Florida-based intermediary, and Antonio Perez, the former controller of the Florida-based telecommunications company, were charged in connection with their roles in the alleged foreign bribery scheme. According to court documents, from 1998 to 2003, Diaz and Perez conspired to make "side payments" totaling \$1 million to the Haitian government officials through a shell company belonging to Diaz, all on behalf of the Florida-based telecommunications company.

On February 1, 2010, Jean Fourcand, the president of Fourcand Enterprises, Inc., another intermediary company, was charged in a one-count criminal information with engaging in monetary transactions involving property derived from the scheme to bribe the former Haitian government officials. Specifically, between November 2001 and August 2002, Fourcand received funds originating from this and other U.S. telecommunications companies for the benefit of Robert Antoine. A portion of these funds came in the form of a check from J.D. Locator Services Inc., and a portion of these funds were used to engage in a real estate transaction that benefitted Antoine.

Criminal Disposition:

On May 15, 2009, Juan Diaz and Antonio Perez pleaded guilty in the U.S. District Court for the Southern District of Florida. Juan Diaz was sentenced on July 30, 2010, to 57 months' imprisonment and ordered to pay \$73,824 in restitution and to forfeit \$1,028,851. Antonio Perez is currently scheduled to be sentenced on December 17, 2010.

On February 19, 2010, Jean Fourcand pleaded guilty to a one count criminal information charging him money laundering and agreed to forfeit \$18,500. Fourcand was sentenced to six months' imprisonment on May 3, 2010.

On March 12, 2010, Robert Antoine pleaded guilty to conspiracy to commit money laundering. By pleading guilty, Antoine became the first foreign official ever convicted of money laundering in the United States where the specified unlawful activity to which the laundered funds related was a felony violation of the FCPA. On June 1, 2010, Antoine was sentenced to 48 months' imprisonment and ordered to pay \$1,852,209 in restitution and to forfeit \$1,580,771.

Joel Esquenazi, Carlos Rodriguez, Jean Rene Duperval, and Marguerite Grandison are scheduled to stand trial on November 29, 2010, in the U.S. District Court for the Southern District of Florida.

13. Military and Law Enforcement Products Industry

Resulting Criminal Enforcement Action(s):

- A. United States v. Richard T. Bistrong (D.D.C., January 21, 2010)**
- B. United States v. Amaro Goncalves, et al. (D.D.C., December 11, 2009)**

Entities and Individuals:

- Richard T. Bistrong, Vice President for International Sales, charged January 21, 2010.
- Daniel Alvarez, President, indicted December 11, 2009.
- Lee Allen Tolleson, Director of Acquisitions and Logistics, indicted December 11, 2009.
- Andrew Bigelow, Managing Partner and Director of Government Programs, indicted December 11, 2009.
- Pankesh Patel, Managing Director, indicted December 11, 2009.
- John Benson Wier III, President, indicted December 11, 2009.
- David R. Painter, Chairman, indicted December 11, 2009.
- Lee M. Wares, Director, indicted December 11, 2009.
- Jonathan M. Spiller, Owner and President, indicted December 11, 2009.
- Michael Sacks, Owner and co-CEO, indicted December 11, 2009.
- Israel (Wayne) Weisler, Owner and co-CEO, indicted December 11, 2009.
- R. Patrick Caldwell, CEO, indicted December 11, 2009.
- Stephen Giordanella, CEO, indicted December 11, 2009.
- John M. Mushriqui, Director of International Development, indicted December 11, 2009.
- Jeana Mushriqui, General Counsel and U.S. Manager, indicted December 11, 2009.
- John Gregory (Greg) Godsey, Owner, indicted December 11, 2009.
- Mark Frederick Morales, Agent, indicted December 11, 2009.
- Helmie Ashiblie, Vice President and Founder, indicted December 11, 2009.
- Yochanan (Yochi) Cohen, CEO, indicted December 11, 2009.
- Haim Geri, President, indicted December 11, 2009.
- Amaro Goncalves, Vice President of Sales, indicted December 11, 2009.
- Saul Mishkin, Owner and CEO, indicted December 11, 2009.
- Ofer Paz, President and CEO, indicted December 11, 2009.

Criminal Charges:

- Conspiracy:
 - to bribe foreign officials (all defendants)
 - to falsify books and records (Bistrong)
 - to commit money laundering (all defendants)
 - to export a controlled commodity without a license (Bistrong)
- Bribery of foreign officials (all defendants)

Location and Time Period of Misconduct:

- Bistrong: The Netherlands, 2001-2003; United Nations (U.N.), 2001-2006; Iraq, 2003-2004; Nigeria, 2006.
- Goncalves, *et al.*: Unidentified African Country, 2009.

Summary:

On January 18, 2010, 22 executives and employees of companies in the military and law enforcement products industry were arrested on charges of conspiracy to violate the FCPA, conspiracy to engage in money laundering, and substantive FCPA violations. The arrest of the 22 individual defendants, who were charged in 16 separate indictments, represented the single largest investigation and prosecution of individuals in the history of DOJ's enforcement of the FCPA, as well as the first large-scale use of undercover law enforcement techniques to uncover FCPA violations. The defendants are alleged to have engaged in a scheme to pay bribes to the minister of defense for a country in Africa. In fact, the scheme was part of an undercover operation, with no actual involvement from any minister of defense. As part of the undercover operation, the defendants allegedly agreed to pay a 20 percent "commission" to a sales agent, who the defendants believed represented the minister of defense for a county in Africa, in order to win a portion of a \$15 million deal to outfit the country's presidential guard. In reality, the "sales agent" was an undercover FBI agent. The defendants were told that half of that "commission" would be paid directly to the minister of defense. The defendants allegedly agreed to create two price quotations in connection with the deals, with one quote representing the true cost of the goods and the second quote representing the true cost, plus the 20 percent "commission." The defendants also allegedly agreed to engage in a small "test" deal to show the minister of defense that he would personally receive the 10 percent bribe.

On April 16, 2010, a superseding indictment was filed in the District of Columbia, consolidating the cases against these 22 defendants and charging them with participation in a single foreign-bribery related conspiracy. The superseding indictment also revealed that the 22 defendants allegedly agreed that the products that they would supply in connection with the "test" deal would be consolidated for shipment to the African country.

In another case, on January 21, 2010, Richard T. Bistrong was charged in a one-count criminal information with conspiracy to violate the anti-bribery and accounting provisions of the FCPA, as well as to export a controlled commodity without having first obtained a license from the U.S. Department of Commerce, in violation of the International Emergency Economic Powers Act (IEEPA) and the Export Administration Regulations. Bistrong, who was the vice-president of international sales for a Florida-based manufacturer of military, security, and law enforcement products ("the manufacturer"), is alleged to have taken part in a scheme to win contracts for the manufacturer with the United Nations (U.N.), the National Police Service Services Agency of the Netherlands (KLPD), and the Nigerian Independent National Election Commission (INEC) by paying bribes, via intermediaries, to U.N. procurement officials, a City of Rotterdam police office working on procurement matters for the KLPD, and an

official with INEC, respectively. From 2001 through 2006, Bistrong also allegedly caused the falsification of the manufacturer's books and records by using false "net" invoices to conceal nearly \$4.4 million in payments to third-party intermediaries. In addition, Bistrong is alleged to have caused the export, from the U.S., of controlled ballistic armor vests and helmets to the Kurdistan Regional Government in Iraq without having obtained a required license from the Commerce Department.

Criminal Disposition:

Richard T. Bistrong pleaded guilty to one count of conspiracy to violate the FCPA on September 16, 2010. The remaining 22 defendants are all awaiting trial.

14. NATCO Group Inc.

Resulting Civil Enforcement Action(s):

- A. SEC v. NATCO Group Inc. (S.D. Tx., January 11, 2010)**
- B. In the Matter of NATCO Group Inc. (January 11, 2010)**

Entities and Individuals:

- NATCO Group Inc., civil complaint filed January 11, 2010; cease-and-desist order issued January 11, 2010.
- TEST Automation & Controls, Inc., civil complaint filed against parent company.

Civil Charges:

- Falsification of books and records
- Internal controls violations

Location and Time Period of Misconduct: Kazakhstan, 2007.

Summary:

NATCO, a Delaware corporation headquartered in Houston and listed on the New York Stock Exchange, designs, manufactures, and markets oil and gas production equipment and systems that are used worldwide. On January 11, 2010, the SEC filed a civil complaint and commenced administrative proceedings against NATCO, alleging that the company violated the books and records and internal controls provisions of the FCPA in connection with a subsidiary's mischaracterization of certain illicit payments to Kazakh officials in the company's books and records. The wholly-owned subsidiary in question, TEST Automation & Controls, Inc. ("TEST"), is a Louisiana corporation that fabricates and sells control panels and packaged automation systems and provides field services associated with repair, maintenance, inspection and testing of onshore and offshore control systems.

According to the SEC's complaint, in June 2005, TEST's branch office in Kazakhstan ("TEST Kazakhstan") won a contract to provide instrumentation and electrical services in Kazakhstan. To perform the services, TEST Kazakhstan hired both expatriates and local Kazakh workers. Kazakhstan law required TEST to obtain immigration documentation before an expatriate worker entered the country. Accordingly, Kazakhstan immigration authorities periodically audited immigration documentation of TEST Kazakhstan and other companies operating in Kazakhstan for compliance with local law.

In February 2007 and September 2007, Kazakh immigration prosecutors conducted audits and claimed that TEST Kazakhstan's expatriate workers were working without proper immigration documentation. The prosecutors subsequently threatened to fine, jail or deport the workers if TEST Kazakhstan did not pay cash fines.

Believing the prosecutor's threats to be genuine, employees with TEST Kazakhstan sought guidance from TEST's senior management in Harvey, Louisiana, who authorized making the payments. TEST Kazakhstan employees used personal funds to pay the prosecutors \$25,000 in February and \$20,000 in September, and then obtained reimbursement from TEST.

For the February 2007 payment, TEST made a \$25,000 wire transfer to the affected employee. TEST inaccurately described the transfer as "an advance against his [the paying employee's] bonus payable in March." Moreover, the email noted the bonus would be "substantial," to further disguise the true reason for the transfer. In addition, TEST's letter to the bank providing the wire instructions inaccurately described the payment as a "Payroll Advance." After the wire transfer was transmitted, TEST inaccurately recorded the payment in its books and records as a salary advance.

For the September 2007 payment, TEST made a \$20,000 wire transfer to reimburse the affected employee. The wire transfer and journal entry in TEST's books inaccurately described the purpose of the transfer as "visa fines."

In addition to the misrepresentation of the February and September 2007 wire transfers, the SEC's complaint alleged that TEST knowingly reimbursed false invoices worth more than \$80,000. Specifically, TEST Kazakhstan used consultants to assist it in obtaining immigration documentation for its expatriate employees. One of these consultants did not have a license to perform visa services, but maintained close ties to an employee working at the Kazakh Ministry of Labor, the entity issuing the visas. On two instances, the consultant requested cash from TEST Kazakhstan to help him obtain the visas. Because Kazakh law requires companies seeking to withdraw cash from commercial bank accounts to submit supporting invoices, the consultant provided TEST Kazakhstan bogus invoices for "cable" from third-party entities he controlled. TEST Kazakhstan knew these invoices were false, but nonetheless presented them to Kazakh banks to withdraw the requested cash. TEST Kazakhstan later submitted the false invoices – which totaled in excess of \$80,000 – to TEST for reimbursement. TEST reimbursed these requests despite knowing the invoices mischaracterized the true purpose of the services rendered.

Civil Disposition:

In order to settle the civil charges filed by the SEC, NATCO agreed, without admitting or denying the SEC's allegations, to pay a \$65,000 civil penalty. In the related administrative proceedings, NATCO consented to the issuance of an order that requires the company to cease-and-desist from committing or causing any violations and future violations of the books and records and internal controls provisions of the FCPA.

15. UTStarcom Inc.

Resulting Criminal Enforcement Action(s):

A. **In Re UTStarcom Inc. (December 31, 2009)**

Resulting Civil/Administrative Enforcement Action(s):

B. **SEC v. UTStarcom, Inc. (N.D. Cal., December 31, 2009)**

Entities and Individuals:

- UTStarcom, Inc. (UTSI), non-prosecution agreement announced December, 31, 2009; civil complaint filed December 31, 2009.

Criminal Charges:

- Bribery of foreign officials
- Falsification of books and records

Civil Charges:

- Bribery of foreign officials
- Falsification of books and records
- Internal controls violations

Location and Time Period of Misconduct: China, 2001-2007; Thailand, 2001-2005; Mongolia, 2005.

Summary:

On December 31, 2009, UTStarcom, Inc. (UTSI), a global telecommunications company that designs, manufactures, and sells network equipment and handsets, entered into a non-prosecution agreement with the Department of Justice regarding the improper provision of travel and other things of value to employees at state-owned telecommunications firms in the People's Republic of China, in violation of the FCPA. On the same date, the SEC filed a settled civil complaint against UTSI in relation to this conduct.

As part of these agreements, UTSI acknowledged responsibility for the actions of its wholly-owned subsidiary, UTStarcom China Co. Ltd. (UTS-China), and its employees and agents, who arranged and paid for employees of Chinese state-owned telecommunications companies to travel to popular tourist destinations in the United States, including Hawaii, Las Vegas, and New York City. The trips were purportedly for individuals to participate in training at UTSI facilities. In fact, UTSI had no facilities in those locations and conducted no training. UTS-China then falsely recorded these trips as "training" expenses, while the true purpose for providing these trips was to obtain and retain lucrative telecommunications contracts.

The civil complaint filed by the SEC also stated that UTSI had arranged for expensive gifts and all-expense paid trips for officials from government customers in Thailand. In addition, the SEC stated that UTSI made sham payments to a Mongolian consulting company for the purpose of bribing a Mongolian government official to help UTSI obtain a favorable ruling in a license dispute.

Criminal Disposition:

As part of the non-prosecution agreement, UTSI agreed to pay a \$1.5 million fine, adopt rigorous internal controls, and continue cooperating fully with the Department.

Civil Disposition:

Pursuant to its settlement with the SEC, UTSI agreed to pay a \$1.5 million civil penalty and to provide FCPA compliance reports for four years.

16. Ports Engineering Consultants Corporation

Resulting Criminal Enforcement Action(s):

- A. United States v. John W. Warwick (E.D. Va., December 15, 2009)**
- B. United States v. Charles Paul Edward Jumet (E.D. Va., November 10, 2009)**

Entities and Individuals:

- Ports Engineering Consultants Corporation (PECC) (company ceased to operate prior to prosecution)
- Overman Associates (company ceased to operate prior to prosecution)
- Overman de Panama (company ceased to operate prior to prosecution)
- John W. Warwick, President of PECC, Overman Associates and Overman de Panama, indicted December 15, 2009.
- Charles Paul Edward Jumet, Vice President and President of PECC and Vice President of Overman de Panama and Overman Associates, charged November 10, 2009.

Criminal Charges:

- Conspiracy to bribe foreign officials (all defendants)
- Making a false statement (Jumet)

Location and Time Period of Misconduct: Panama, 1997-2003.

Summary:

On November 10, 2009 and December 15, 2009, respectively, Charles Paul Edward Jumet and John W. Warwick were charged in connection with a conspiracy to make corrupt payments to Panamanian government officials in exchange for certain maritime contracts. Jumet was charged in a two-count criminal information with conspiracy to bribe foreign officials in violation of the FCPA and with making a false statement to the FBI. Warwick, the former president of Ports Engineering Consultants Corporation (PECC), was indicted on one-count of conspiracy to authorize and cause corrupt payments to be made to foreign government officials for the purpose of securing business for PECC, in violation of the FCPA.

According to court documents, from 1997 through approximately July 2003, Warwick, Jumet, and others conspired to authorize and cause corrupt payments totaling more than \$200,000 to be made to the former administrator and deputy administrator of the Panama Maritime Ports Authority, as well as to a former, high-ranking elected executive official of the Republic of Panama. These corrupt payments were made so that the Panamanian officials would award contracts to maintain lighthouses and buoys along Panama's waterways to PECC, a company incorporated under the laws of Panama and affiliated with Overman Associates, an engineering firm based in Virginia. In 1997, the Panamanian government awarded PECC a no-bid 20-year concession to perform these duties. As a result of these contracts, PECC earned approximately \$18 million in revenue from 1997 to 2000. In 2000, Panama's Comptroller

General Office suspended the contract while it investigated the government's decision to award PECC a contract without soliciting a bid from any other entities. In 2003, the Panamanian government resumed making payments to PECC.

Criminal Disposition:

On November 13, 2009, Charles Jumet pleaded guilty in the Eastern District of Virginia. As part of his plea agreement, Jumet agreed to cooperate with the Department of Justice in its ongoing investigation. On April 19, 2010, Jumet was sentenced to 87 months' imprisonment, 3 years' supervised release, and a \$15,000 criminal fine.

On February 10, 2010, Warwick pleaded guilty to the one-count indictment and agreed to forfeit \$331,000. Warwick was sentenced on June 25, 2010, to 37 months' imprisonment followed by 2 years' supervised release. He was also ordered to forfeit the agreed-upon amount of \$331,000.

17. AGCO Corporation

Resulting Criminal Enforcement Action(s):

A. United States v. AGCO Limited (D.D.C., September 30, 2009)

Resulting Civil/Administrative Enforcement Action(s):

B. SEC v. AGCO Corporation (D.D.C., September 30, 2009)

Entities and Individuals:

- AGCO Corporation (AGCO Corp.), deferred prosecution agreement filed September 30, 2009; civil complaint filed September 30, 2009.
- AGCO Limited (AGCO Ltd.), charged September 30, 2009.

Criminal Charges:

- Conspiracy:
 - to falsify books and records
 - to commit wire fraud

Civil Charges:

- Falsification of books and records
- Internal controls violations

Location and Time Period of Misconduct: Iraq, 2000-2003.

Summary:

AGCO Ltd., the wholly owned U.K. subsidiary of AGCO Corp., a U.S. corporation based in Duluth, Georgia, was charged on September 30, 2009 with one count of conspiracy to commit wire fraud and to violate the books and records provisions of the FCPA. These charges stemmed from the Department's investigation into the United Nations (U.N.) Oil-for-Food Program (OFFP). According to court documents, AGCO Corp. admitted that between 2000 and 2003, AGCO Ltd., with the assistance of a Jordanian agent, paid approximately \$553,000 to the former government of Iraq to secure three contracts to sell agricultural equipment and parts by inflating the price of the contracts by 13 to 21

percent before submitting the contracts to the U.N. for approval. The company concealed from the U.N. that the price of the contracts had been inflated and then used the additional funds to pay a kickback to the former Iraqi Ministry of Agriculture.

On September 30, 2009, the SEC filed a civil complaint against AGCO Corporation in the District of Columbia, alleging violations of the internal controls and books and records provisions of the FCPA in relation to the same underlying conduct. According to the complaint, AGCO Corp. and its subsidiaries made approximately \$5.9 million in kickback payments (or “after sale service fees” (ASSFs)) in connection with their contracts to sell humanitarian goods to Iraq. AGCO Corp.’s total gains from contracts in which ASSFs were paid was \$13,907,393.

Criminal Disposition:

On September 30, 2009, AGCO Corp. entered into a deferred prosecution agreement with the Department of Justice. As part of this agreement, AGCO Corp. acknowledged responsibility for the conduct of its subsidiary, AGCO Ltd., and agreed to pay a \$1.6 million criminal fine. The deferred prosecution agreement also required that AGCO Corp. and its subsidiaries, including AGCO Ltd., cooperate fully with the Justice Department’s ongoing investigation.

AGCO Corp. also agreed to a disposition resolving an ongoing investigation by the Danish State Prosecutor for Serious Economic Crime, whereby AGCO Corp. agreed to pay approximately \$630,000 in disgorgement of profits. These charges were based on two OFFP contracts executed by AGCO Corp.’s Danish subsidiary, AGCO Denmark A/S.

Civil Disposition:

Contemporaneous with the criminal settlement, the SEC filed a settled action against AGCO Corp. enjoining it from future violations and requiring it to pay \$13.9 million in disgorgement and \$2 million in prejudgment interest, as well as a \$2.4 million civil penalty, in relation to the sixteen OFFP contracts.

18. Faro Technologies Inc.

Resulting Criminal Enforcement Action(s):

A. In Re Faro Technologies Inc. (June 5, 2008)

Resulting Civil/Administrative Enforcement Action(s):

B. SEC v. Oscar H. Meza (D.D.C., August 28, 2009)

C. In the Matter of Faro Technologies, Inc. (June 5, 2008)

Entities and Individuals:

- Faro Technologies Inc., non-prosecution agreement announced June 5, 2008; cease-and-desist order issued June 5, 2008.
- Oscar H. Meza, Director of Asia-Pacific Sales, civil complaint filed August 28, 2009.

Criminal Charges:

- Bribery of foreign officials (all defendants)
- Falsification of books and records (all defendants)

Civil Charges:

- Bribery of foreign officials (Faro and Meza)
- False accounting (Meza)
- False statements to accountants (Meza)
- Internal controls violations (Faro)
- Falsification of books and records (Faro)
- Aiding and abetting Faro's bribery of foreign officials (Meza)
- Aiding and abetting Faro's internal controls violations (Meza)
- Aiding and abetting Faro's falsification of books and records (Meza)

Location and Time Period of Misconduct: China, 2003-2006.

Summary:

On June 5, 2008, Faro Technologies Inc. (Faro), a public company headquartered in Lake Mary, Fla., which develops and markets portable computerized measurement devices and software, entered into a non-prosecution agreement with the Department of Justice in relation to a scheme to make corrupt payments to Chinese government officials in violation of the FCPA. Simultaneously, the SEC commenced administrative proceedings against Faro, seeking to enjoin it from further violations of the FCPA. In a related action, the SEC filed a civil complaint against Oscar H. Meza on August 28, 2009. Meza, a U.S. citizen, had served as the Vice-President for Asia-Pacific Sales and the Director of Asia-Pacific Sales for Faro during the period in question. The Commission charged Meza with violations of the anti-bribery, books and records and internal controls provisions of the FCPA, and with aiding and abetting Faro's violations of the anti-bribery, books and records and internal controls provisions of the FCPA.

According to the statement of facts, Faro began direct sales of its products in China in 2003 through its subsidiary, Faro China, which is based in Shanghai. On several occasions in 2004 and 2005, Meza authorized other Faro employees to make corrupt payments, termed "referral fees" within Faro, directly to employees of state-owned or controlled entities in China to secure business for Faro. Ultimately, Meza authorized a total of \$444,492 in corrupt payments disguised as referral fees, which allowed Faro to secure contracts worth approximately \$4.5 - \$4.9 million in sales and \$1.4 million in net profit. Faro also falsely recorded these improper payments in its books and records, inaccurately describing the bribe payments as referral fees. Also, between May 2003 and February 2006, Faro failed to devise and maintain a system of internal controls with respect to foreign sales activities sufficient to ensure compliance with the FCPA.

The statement of facts also reveals that certain Faro employees decided in 2005 to route the corrupt payments to Chinese government officials through a shell company to "avoid exposure," according to internal emails. As a result, in January 2005, Faro China entered into a bogus services contract with an intermediary, using it to pay the bribes on behalf of Faro. The intermediary aggregated the bribe payments it paid on behalf of Faro and sent regular invoices to Faro for payment based on its services contract.

Criminal Disposition:

In recognition of Faro's voluntary disclosure and thorough review of the improper payments, its cooperation with the Department's investigation, the company's implementation of, and commitment to implement in the future, enhanced compliance policies and procedures, and the company's agreement to engage an independent corporate monitor, the Department agreed to enter into a two-year non-

prosecution agreement with Faro. As part of this agreement, Faro agreed to pay a criminal fine of \$1.1 million.

Civil Disposition:

As part of the SEC's settled administrative enforcement action against Faro, the company agreed to the entry of a cease and desist order and agreed to pay approximately \$1.85 million in disgorgement and prejudgment interest.

In the civil suit filed against Meza by the SEC, the court entered a final judgment order whereby Meza was required to pay a \$30,000 civil penalty, as well as \$26,707 in disgorgement and prejudgment interest.

19. Nature's Sunshine Products Inc.

Resulting Civil/Administrative Enforcement Action(s):

A. SEC v. Nature's Sunshine Products, Inc., et al. (D. Utah, July 31, 2009)

Entities and Individuals:

- Nature's Sunshine Products Inc. (NSP), civil complaint filed July 31, 2009.
- Douglas Faggioli, CEO, civil complaint filed July 31, 2009.
- Craig D. Huff, CFO, civil complaint filed July 31, 2009.

Civil Charges:

- Bribery of foreign officials (NSP)
- Fraud in connection with the purchase or sale of securities (NSP)
- Disclosure violations (NSP)
- Internal controls violations (all defendants)
- Falsification of books and records (all defendants)

Location and Time Period of Misconduct: Brazil, 2000-2002.

Summary:

On July 31, 2009, the SEC filed a settled enforcement action against Nature's Sunshine Products Inc. (NSP), a manufacturer of nutritional and personal care products, as well as its Chief Executive Officer Douglas Faggioli and its former Chief Financial Officer Craig D. Huff. This complaint alleged that the defendants violated the antifraud, issuer reporting, books and records, and internal controls provisions of federal securities laws in connection with a series of cash payments to Brazilian government officials in 2000 and 2001. The complaint alleged that, faced with changes to Brazilian regulations which resulted in classifying many of NSP's products as medicines, which would have required NSP to register many of its products for importation and sale, NSP's Brazilian subsidiary made a series of cash payments to customs officials in order to induce them to allow NSP to import unregistered products into that country. NSP's Brazilian subsidiary then purchased false documentation to conceal the nature of the payments, which were later falsely recorded in the books and records of NSP.

The complaint also alleged that Faggioli and Huff, in their capacities as control persons, violated the books and records and internal controls provisions of the FCPA in connection with the Brazilian

cash payments. In addition, it is alleged that NSP failed to disclose the payments to Brazilian customs agents in its filings with the SEC.

Civil Disposition:

NSP, Faggioli and Huff, without admitting or denying the allegations in the complaint, consented to the entry of a final judgment that would enjoin each of the defendants from future violations of the above-stated provisions and would order NSP to pay a civil penalty of \$600,000, and Faggioli and Huff to each pay a civil penalty of \$25,000.

20. Helmerich & Payne, Inc.

Resulting Criminal Enforcement Action(s):

A. In Re Helmerich & Payne, Inc. (July 30, 2009)

Resulting Civil/Administrative Enforcement Action(s):

B. In the Matter of Helmerich & Payne, Inc. (July 30, 2009)

Entities and Individuals:

- Helmerich & Payne, Inc. (H&P), non-prosecution agreement announced July 30, 2009; cease-and-desist order issued July 30, 2009.

Criminal Charges:

- Bribery of foreign officials
- Falsification of books and records

Civil Charges:

- Internal controls violations
- Falsification of books and records

Location and Time Period of Misconduct: Venezuela, 2003-2008; Argentina, 2004-2008.

Summary:

On July 30, 2009 Helmerich & Payne (H&P) entered into a non-prosecution agreement with the Department of Justice and the SEC initiated a settled administrative proceeding against H&P. These enforcement actions stemmed from a series of improper payments by H&P to government officials in Argentina and Venezuela in violation of the FCPA. H&P, a Delaware corporation, is headquartered in Tulsa, Oklahoma, and is listed on the New York Stock Exchange. The company provides oil drilling rigs, equipment and personnel on a contract basis, primarily in the United States and South America, with subsidiaries in both Argentina and Venezuela.

The improper payments were made to officials of the Argentine and Venezuelan customs services, both government agencies, made in order to import and export goods that were not within regulations, to import goods that could not lawfully be imported, and to evade higher duties and taxes on the goods. From 2004 through 2008, H&P Argentina paid Argentine customs officials approximately \$166,000, which allowed it to avoid more than an estimated \$186,000 in expenses it would have otherwise incurred if it had properly imported and exported the equipment and materials. In addition,

from 2003 through 2008, H&P Venezuela made corrupt payments to Venezuelan customs officials totaling approximately \$19,673, which allowed it to avoid more than an estimated \$134,000 in expenses it would have otherwise incurred if it had properly imported and exported the equipment and materials.

H&P and its subsidiaries then falsely, or at least misleadingly, described these improper payments in H&P's books and records. For instance, the Argentine payments were described as attributable to "additional assessments," "extra costs," or "extraordinary expenses." Similarly, the Venezuelan payments were described as, for instance, "urgent processing," "urgent dispatch," or "customs processing."

Criminal Disposition:

As part of the non-prosecution agreement, H&P acknowledged responsibility for the actions of its subsidiaries, employees and agents who made the improper payments. The agreement required that H&P pay a \$1 million penalty, implement rigorous internal controls, and cooperate fully with the Department.

Civil Disposition:

In a related matter, H&P reached a settlement with the SEC, under which it agreed to pay \$320,604 in disgorgement of profits and \$55,077.22 in pre-judgment interest, and agreed to an entry of a cease-and-desist order.

21. Avery Dennison Corporation

Resulting Civil/Administrative Enforcement Action(s):

- A. SEC v. Avery Dennison Corporation (C.D. Cal., July 28, 2009)**
- B. In the Matter of Avery Dennison Corporation (July 28, 2009)**

Entities and Individuals:

- Avery Dennison Corporation, civil complaint filed July 28, 2009; cease-and-desist order issued July 28, 2009.

Civil Charges:

- Internal controls violations
- Falsification of books and records

Location and Time Period of Misconduct: China, 2002-2005.

Summary:

On July 28, 2009, the SEC filed a settled civil action and a settled administrative order against Avery Dennison Corporation (Avery), a Pasadena, California-based multinational corporation, alleging violations of the FCPA in connection with improper payments and promises of improper payments to foreign officials by Avery's Chinese subsidiary and several entities Avery acquired. The SEC's civil complaint and administrative order charged that, from 2002 through 2005, the Reflectives Division of Avery (China) Co. Ltd. (Avery China) paid or authorized the payments of kickbacks, sightseeing trips, and gifts to Chinese government officials. The amount of illegal payments actually paid amounted to approximately \$30,000.

In one transaction, Avery China secured a sale to a state-owned end user by agreeing to pay a Chinese official a kickback of nearly \$25,000 through a distributor. Avery China realized \$273,313 in profit from this transaction, which it inaccurately booked as a sale to the distributor rather than to the end user. In addition, after Avery acquired a company in June 2007, employees of the acquired company continued their pre-acquisition practice of making illegal petty cash payments to customs or other officials in several foreign countries, resulting in illegal payments of approximately \$51,000. Avery failed to accurately record these payments and gifts in the company's books and records, and failed to implement or maintain a system of internal accounting controls sufficient to detect and prevent such illegal payments or promises of illegal payments.

Civil Disposition:

In the administrative proceeding, the SEC ordered Avery to cease and desist from such violations, and to disgorge \$273,213, together with \$45,257 in prejudgment interest. In the federal civil action, Avery agreed to the entry of a final judgment requiring it to pay a civil penalty in the amount of \$200,000.

22. Control Components, Inc.

Related Criminal Enforcement Action(s):

- A. United States v. Control Components, Inc. (C.D. Cal., July 22, 2009)**
- B. United States v. Stuart Carson, et al. (C.D. Cal., April 8, 2009)**
- C. United States v. Richard Morlok (C.D. Cal., January 7, 2009)**
- D. United States v. Mario Covino (C.D. Cal., December 17, 2008)**

Entities and Individuals:

- Control Components, Inc. (CCI), charged July 22, 2009.
- Stuart Carson, CEO, indicted April 8, 2009.
- Hong (Rose) Carson, Director of Sales for China and Taiwan, indicted April 8, 2009.
- Paul Cosgrove, Director of Worldwide Sales, indicted April 8, 2009.
- David Edmonds, Vice President of Worldwide Customer Service, indicted April 8, 2009.
- Flavio Ricotti, Vice-President and Head of Sales for Europe, Africa, and the Middle East, indicted April 8, 2009.
- Han Yong Kim, President of CCI's Korean office, indicted April 8, 2009.
- Richard Morlok, Finance Director, charged January 7, 2009.
- Mario Covino, Director of Worldwide Factory Sales, charged December 17, 2008.

Criminal Charges:

- Conspiracy:
 - to bribe foreign officials (all defendants)
 - to commit commercial bribery (all defendants except Covino and Morlok)
- Bribery of foreign officials (all defendants except Morlok and Covino)
- Commercial bribery (Ricotti, Edmonds, and Cosgrove)
- Destruction of Records (Hong Carson)

Location and Time Period of Misconduct: Over 36 countries, including China, Malaysia, South Korea, India, United Arab Emirates, Romania, Brazil, 1998-2007.

Summary:

On July 22, 2009, Control Components, Inc. (CCI), a Rancho Santa Margarita, California-based company, was charged in a three count criminal information with violations of the FCPA and the Travel Act, stemming from a decade-long scheme to secure contracts in approximately 36 countries by paying bribes to officials and employees of various foreign state-owned companies as well as foreign and domestic private companies. Previously, two former executives of CCI, Mario Covino and Richard Morlok, were each charged with one count of conspiracy to bribe foreign officials in violation of the FCPA (on December 17, 2008 and January 7, 2009, respectively). On April 9, 2009, a grand jury in the Central District of California returned an indictment against six additional former CCI executives for their alleged roles in this bribery scheme.

According to court documents, from 2003 through 2007, CCI, a manufacturer of service control valves for use in the nuclear, oil and gas, and power generation industries, made approximately 236 corrupt payments to officers and employees of foreign state-owned and private companies in more than 30 countries. Sales from these corrupt payments resulted in net profits to the company of approximately \$46.5 million.

Covino, CCI's former Director of Worldwide Factory Sales, was charged in connection with his role in causing and approving approximately \$1 million in corrupt payments to foreign government officials from March 2003 through August 2007, for the purpose of obtaining business from state-owned enterprises in several countries, including, but not limited to, Brazil, China, India, Korea, Malaysia, and the United Arab Emirates (UAE). CCI ultimately earned approximately \$5 million in profits from the contracts it obtained as a result of these corrupt payments.

Morlok, CCI's former Finance Director, was charged in connection with his role in a scheme to pay approximately \$628,000 in bribes from 2003 through 2006 to foreign government officials in several countries, including China, Korea, Romania, and Saudi Arabia. CCI ultimately earned approximately \$3.5 million in profits from the contracts it obtained as a result of these corrupt payments.

According to the indictment of Stuart Carson, Hong (Rose) Carson, Paul Cosgrove, David Edmonds, Flavio Ricotti, and Han Yong Kim, these six defendants caused CCI to pay approximately \$4.9 million in bribes, in violation of the FCPA, to officials of foreign state-owned companies and approximately \$1.95 million in bribes, in violation of the Travel Act, to officers and employees of foreign and domestic privately owned companies. The alleged corrupt payments were made to foreign officials at state-owned entities including Jiangsu Nuclear Power Corp. (China), Guohua Electric Power (China), China Petroleum Materials and Equipment Corp., PetroChina, Dongfang Electric Corporation (China), China National Offshore Oil Corporation, Korea Hydro and Nuclear Power, Petronas (Malaysia), and National Petroleum Construction Company (UAE).

Criminal Disposition:

On July 31, 2009, CCI pleaded guilty in the Central District of California. As part of the plea agreement, CCI agreed to pay a criminal fine of \$18.2 million; create, implement and maintain a comprehensive anti-bribery compliance program; retain an independent compliance monitor for a three-year period to review the design and implementation of CCI's anti-bribery compliance program and to make periodic reports to CCI and the Department; serve a three-year term of organizational probation; and continue to cooperate with the Department in its ongoing investigation.

Covino pleaded guilty to the one count criminal information on January 8, 2009, and agreed to cooperate with the Department in its ongoing investigation. As part of his plea agreement, Covino also admitted to providing false and misleading responses to internal auditors during a 2004 internal audit of the company's commission payments, and to deleting emails and instructing others to delete emails that referred to corrupt payments, for the purpose of obstructing the internal audit. Covino is currently scheduled to be sentenced on February 14, 2011.

Morlok pleaded guilty to the same charge on February 3, 2009. As part of his plea agreement, Morlok also admitted that he provided false and misleading information regarding the commission payments to internal and external auditors in 2004. Morlok is currently scheduled to be sentenced on February 14, 2011.

The trial in *United States v. Carson, et al.*, has been continued until October 4, 2011. Flavio Ricotti was arrested in Frankfurt, Germany on February 14, 2010, and he was subsequently extradited to the United States on July 2, 2010. Han Yong Kim remains a fugitive.

23. United Industrial Corporation

Resulting Civil/Administrative Enforcement Action(s):

- A. In the Matter of United Industrial Corporation (May 29, 2009)**
- B. SEC v. Thomas Wurzel (D.D.C., May 29, 2009)**

Entities and Individuals:

- United Industrial Corporation, cease-and-desist order issued May 29, 2009.
- ACL Technologies, Inc. (parent was subject to enforcement action).
- Thomas Wurzel, President of ACL Technologies, Inc., civil complaint filed May 29, 2009.

Civil Charges:

- Bribery of foreign officials (all defendants)
- Internal controls violations (all defendants)
- Falsification of books and records (UIC)
- False accounting (Wurzel)
- Aiding and abetting UIC's bribery of foreign officials (Wurzel)
- Aiding and abetting UIC's falsification of books and records (Wurzel)

Location and Time Period of Misconduct: Egypt, 2001-2002.

Summary:

On May 29, 2009, the SEC filed a settled enforcement action in the U.S. District Court for the District of Columbia against Thomas Wurzel, the former President of ACL Technologies, Inc. (ACL), formerly a subsidiary of United Industrial Corporation (UIC), which provided aerospace and defense systems. In a related action, the SEC also instituted, on May 29, 2009, a settled administrative proceeding against UIC.

The Commission's complaint against Wurzel alleged that he authorized illicit payments to an Egyptian-based agent while he knew or consciously disregarded the high probability that the agent would offer, provide, or promise at least a portion of such payments to Egyptian Air Force officials for the purpose of influencing these officials to award business related to a military aircraft depot in Cairo,

Egypt to UIC. In relation to this misconduct, the Commission charged Wurzel with violations of the anti-bribery, books and records and internal controls provisions of the FCPA, and with aiding and abetting UIC's violations of the anti-bribery and books and records provisions of the FCPA.

The Commission's complaint alleges that from late 2001 through 2002, Wurzel authorized three forms of illicit payments to the agent: (1) payments to the agent ostensibly for labor subcontracting work; (2) a \$100,000 advance payment to the agent in June 2002 for "equipment and materials;" and (3) a \$50,000 payment to the agent in November 2002 for "marketing services." Furthermore, Wurzel later directed his subordinates to create false invoices to conceal the fact that the \$100,000 "advance payment" in June 2002 was never repaid. As a result, UIC, through ACL, was awarded a contract with gross revenues and net profits of approximately \$5.3 million and \$267,000, respectively.

Civil Disposition:

Without admitting or denying the allegations contained in the complaint, Wurzel consented to the entry of a final judgment permanently enjoining him from future violations of the FCPA and ordering him to pay a \$35,000 civil penalty.

On May 29, 2009, without admitting or denying the SEC's findings, UIC agreed to an SEC order requiring it to cease-and-desist from committing or causing violations or future violations of the anti-bribery, books and records, and internal controls provisions of the FCPA. In addition, UIC was ordered to pay \$267,571 in disgorgement and \$70,108.42 in prejudgment interest.

24. Novo Nordisk A/S

Resulting Criminal Enforcement Action(s):

A. United States v. Novo Nordisk A/S (D.D.C., May 11, 2009)

Resulting Civil/Administrative Enforcement Action(s):

B. SEC v. Novo Nordisk A/S (D.D.C., May 11, 2009)

Entities and Individuals:

- Novo Nordisk A/S, charged May 11, 2009; civil complaint filed May 11, 2009.

Criminal Charges:

- Conspiracy:
 - to commit wire fraud
 - to falsify books and records

Civil Charges:

- Internal controls violations
- Falsification of books and records

Location and Time Period of Misconduct: Iraq, 2001-2003.

Summary:

On May 11, 2009, Novo Nordisk A/S (Novo), a Danish corporation based in Bagsvaerd, Denmark, was charged in a one-count criminal information with conspiracy to commit wire fraud and to

violate the books and records provisions of the FCPA. On the same date, the SEC filed a settled civil complaint against Novo in the U.S. District Court for the District of Columbia.

According to court documents, between 2001 and 2003, a Jordan-based agent acting on behalf of Novo, an international manufacturer of insulin, medicines and other pharmaceutical supplies, made improper payments worth approximately \$1.4 million to the former Iraqi government in order to obtain contracts with the Iraqi Ministry of Health to provide insulin and other medicines as part of the Oil-for-Food Program (OFFP).

Novo engaged its long-time Jordan-based agent to submit bids on Novo's behalf to Kimadia, the Iraqi State Company for the Importation and Distribution of Drugs and Medical Appliances, a state-owned company which was part of the Iraqi Ministry of Health. Two branches of Novo Nordisk – RONE, based in Athens, Greece, and NEO, based in Amman, Jordan – handled the sales to the Iraq and supplied the agent with bid prices for each contract. In late 2000 or early 2001, a Kimadia import manager advised the agent that Kimadia required Novo Nordisk to pay a ten percent kickback in order to obtain a contract under the Program. The Kimadia import manager told the agent that Novo Nordisk should increase its prices by ten percent and pay that amount to Kimadia. By doing so, Novo would recover the secret kickback from the U.N. escrow account when the contract, with the inflated price, was subsequently approved for disbursement and paid by the U.N.

Beginning in 2001 and continuing through 2003, Novo paid these kickbacks, characterized as “after-sales service fees” (“ASSFs”), by inflating the price of contracts by 10 percent before submitting the contracts to the U.N. for approval. Novo also concealed from the U.N. the fact that the price contained a kickback to the former Iraqi government. In addition, on at least two occasions in 2001, Novo paid increased commissions to its agent to pay the kickbacks to Kimadia. The agent's commission was increased under the guise that the payment was used to cover the agent's increased distribution and marketing costs. All together, Novo paid over \$1.4 million in kickbacks payments on eleven contracts through the agent, and agreed to pay approximately \$1.3 million in ASSFs on two additional contracts. Novo then inaccurately recorded the kickback payments as “commissions” in its books and records.

Criminal Disposition:

On the same date that it was charged, Novo entered into a three-year deferred prosecution agreement with the Department of Justice, whereby it agreed to pay a \$9 million penalty.

Civil Disposition:

On May 11, 2009, Novo entered into a settlement with the SEC, which enjoined it from future violations of the FCPA, and required Novo to pay \$3,025,066 in civil penalties, \$4,321,523 in disgorgement of profits, and \$1,683,556 in pre-judgment interest.

25. Latin Node Inc.

Resulting Criminal Enforcement Action(s):

A. **United States v. Latin Node Inc. (S.D. Fla., March 23, 2009)**

Entities and Individuals:

- Latin Node Inc., charged March 23, 2009.

Criminal Charges:

- Bribery of foreign officials

Location and Time Period of Misconduct: Honduras, 2004-2007; Yemen, 2005-2006.

Summary:

On March 23, 2009, Latin Node Inc. (Latinode), a privately held Florida corporation, was charged with violating the anti-bribery provisions of the FCPA in connection with improper payment in Honduras and Yemen. According to court documents, Latinode provided wholesale telecommunications services using Internet protocol technology in a number of countries throughout the world, including Honduras and Yemen. From approximately March 2004 through June 2007, Latinode paid or caused to be paid approximately \$1,099,889 in payments to third parties, knowing that some or all of those funds would be passed on as bribes to officials of Hondutel, the Honduran state-owned telecommunications company. These payments were made in exchange for obtaining an interconnection agreement with Hondutel, as well as for reducing the rate per minute under the interconnection agreement. According to court documents, each of these payments was made from Latinode's Miami bank account, and each payment was approved by senior executives of Latinode. The payment recipients included, but were not limited to, a member of the evaluation committee responsible for awarding Hondutel interconnection agreements, the deputy general manager (who later became the general manager) of Hondutel, and a senior attorney for Hondutel.

In addition, from approximately July 2005 through April 2006, court documents show that Latinode made 17 payments totaling approximately \$1,150,654 to a third-party consultant with the knowledge that some or all of the money would be passed on to Yemeni officials in exchange for favorable interconnection rates in Yemen. Each of these payments was also made from Latinode's Miami bank account. Company e-mails indicated that company executives believed that potential recipients of these payments included Yemeni government officials.

This conduct was referred to the Department of Justice after Latinode's parent company, eLandia International Inc. (eLandia), discovered these improper payments during due diligence associated with eLandia's acquisition of Latinode.

Criminal Disposition:

On April 7, 2009, Latinode pleaded guilty before U.S. District Judge Paul Courtney Huck in the Southern District of Florida. As part of its plea agreement, Latinode agreed to pay a \$2 million criminal fine during a three-year period.

26. Kellogg Brown & Root, LLC

Resulting Criminal Enforcement Action(s):

- A. United States v. Jeffrey Tesler, et al. (S.D. Tx., February 17, 2009)**
- B. United States v. Kellogg Brown & Root, LLC (S.D. Tx., February 6, 2009)**
- C. United States v. Albert Jackson Stanley (S.D. Tx., August 29, 2008)**

Resulting Civil/Administrative Enforcement Action(s):

- D. SEC v. Halliburton Company, et al. (S.D. Tx., February 6, 2009)**
- E. SEC v. Albert Jackson Stanley (S.D. Tx., September 3, 2008)**

Entities and Individuals:

- Kellogg Brown & Root LLC, charged February 6, 2009.
- Halliburton Company, civil complaint filed February 6, 2009.
- KBR, Inc., civil complaint filed February 6, 2009.
- Albert “Jack” Stanley, former CEO of KBR, charged September 3, 2008; civil complaint filed September 3, 2008.
- Jeffrey Tesler, agent of KBR, indicted February 19, 2009.
- Wojciech Chodan, Vice President, MW Kellogg Ltd. (KBR subsidiary), indicted February 19, 2009.

Criminal Charges:

- Conspiracy:
 - to bribe foreign officials (all defendants)
 - to commit wire fraud (Stanley)
 - to commit mail fraud (Stanley)
- Bribery of foreign officials (all defendants)
- Falsification of books and records (KBR, Inc. and Halliburton Company)

Civil Charges:

- Bribery of foreign officials (KBR and Stanley)
- Internal controls violations (Halliburton)
- Falsification of books and records (Halliburton)
- False accounting (KBR and Stanley)
- Aiding and abetting Halliburton’s internal controls violations (KBR and Stanley)
- Aiding and abetting Halliburton’s falsification of books and records (KBR and Stanley)

Location and Time Period of Misconduct: Nigeria, 1995-2004.

Summary:

On February 6, 2009, the Department of Justice filed a five-count criminal information against Kellogg Brown & Root LLC (KBR LLC), charging it with one count of conspiring to violate the anti-bribery provisions of the FCPA and four counts of violating the FCPA in connection with its participation in a decade-long scheme to bribe Nigerian government officials. The SEC simultaneously filed a settled civil complaint against KBR, Inc. (KBR) and Halliburton Company (Halliburton), KBR’s former parent company, charging them with violations of the anti-bribery, books and records, and

internal controls provisions of the FCPA in connection with the conduct of KBR LLC. Previously, on September 3, 2008, Albert “Jack” Stanley, the former CEO of KBR LLC, was charged in the Southern District of Texas in a two-count criminal information with conspiracy to violate the FCPA and conspiracy to commit mail and wire fraud in connection with his alleged role in this bribery scheme.

According to court documents, KBR LLC, a global engineering, construction, and services company based in Houston, Texas, was part of a four-company joint venture that was awarded four engineering, procurement and construction (EPC) contracts by Nigeria LNG Ltd. (NLNG) between 1995 and 2004 to build liquefied natural gas (LNG) facilities on Bonny Island, Nigeria. The government-owned Nigerian National Petroleum Corporation (NNPC) was the largest shareholder of NLNG, owning 49 percent of the company. In exchange for being awarded these EPC contracts, which were valued at more than \$6 billion, KBR and its joint-venture partners and others paid bribes totaled in excess of \$132 million to a range of Nigerian government officials, including officials of the executive branch of the Nigerian government, NNPC officials, and NLNG officials.

The court documents show that, at crucial junctures before the award of the EPC contracts, Stanley and others met with three successive former holders of a top-level office in the executive branch of the Nigerian government to ask the office holder to designate a representative with whom the joint venture should negotiate bribes to Nigerian government officials. Stanley and others negotiated bribe amounts with the office holders’ representatives and agreed to hire two agents to pay the bribes. During the course of the bribery scheme, the joint venture paid approximately \$132 million to the first agent, a consulting company incorporated in Gibraltar, and more than \$50 million to the second agent, a global trading company headquartered in Tokyo, Japan, while intending that these agents’ fees be used, in part, for bribes to Nigerian government officials.

In connection with this scheme, on February 17, 2009, a federal grand jury in the Southern District of Texas returned an eleven count indictment charging two U.K. Citizens, Jeffrey Tesler and Wojciech Chodan, with one count of conspiracy to violate the FCPA and ten counts of violating the FCPA. As described in the indictment, Tesler was hired in 1995 as an agent of the four-company joint venture and Chodan was a former salesperson and consultant of a U.K. subsidiary of KBR LLC, who participated in the “cultural meetings” during which KBR LLC officials discussed the use of Tesler and other agents to pay these bribes. The indictment also seeks forfeiture of more than \$130 million from the defendants.

Criminal Disposition:

KBR LLC pleaded guilty in Houston, Texas before U.S. District Judge Keith P. Ellison on February 11, 2009. Under the terms of its plea agreement, KBR LLC agreed to pay a \$402 million criminal fine, to retain an independent compliance monitor for a three-year period to review the design and implementation of KBR’s compliance program, and to make periodic reports to the Department. KBR LLC also agreed to cooperate with the Department in its ongoing investigations.

On September 3, 2008, Stanley pleaded guilty to the charges contained in the two count information filed against him. Stanley is currently scheduled to be sentenced on January 19, 2011. While Stanley has not yet been sentenced, he has agreed, as part of his plea agreement, to a sentence of 84 months’ imprisonment and restitution of \$10.8 million.

The United States is presently seeking the extradition of Tesler and Chodan from the U.K.

Civil Disposition:

On February 11, 2009, KBR LLC’s parent company, KBR, and its former parent company, Halliburton, settled a related civil complaint with the SEC by jointly agreeing to the entry of an order

enjoining them from future violations of the FCPA, to each obtain an independent compliance monitor for three years, and to jointly pay \$177 million in disgorgement of profits

On September 3, 2008, without admitting or denying the allegations in the complaint, Stanley consented to the entry of a final judgment in the SEC's civil case, which permanently enjoins him from violating the provisions named above. As part of both his criminal and civil settlements, Stanley agreed to cooperate with the Government's ongoing investigation.

27. ITT Corporation

Resulting Civil/Administrative Enforcement Action(s):

A. SEC v. ITT Corporation (D.D.C., February 11, 2009)

Entities and Individuals:

- ITT Corporation, civil complaint filed February 11, 2009.
- Nanjing Gould Pumps Ltd. (complaint filed against parent company).

Civil Charges:

- Internal controls violations
- Falsification of books and records

Location and Time Period of Misconduct: China, 2001-2005.

Summary:

On February 11, 2009, the SEC filed a settled civil injunctive action in the U.S. District Court for the District of Columbia against ITT Corporation (ITT), a New York-based, global multi-industry company, alleging violations of the books and records and internal controls provisions of the FCPA. According to the SEC's complaint, ITT's violations of these provisions resulted from payments to Chinese government officials by ITT's wholly owned Chinese subsidiary, Nanjing Goulds Pumps Ltd. ("NGP"). NGP distributes a variety of water pump products that are sold to power plants, building developers, and general contractors throughout China.

From 2001 through 2005, NGP directly through certain employees, or indirectly through third-party agents, made illicit payments to numerous Chinese state-owned entities ("SOEs") to influence the purchase of NGP water pumps for large infrastructure projects in China, which were developed, constructed, and owned by the SOEs. NGP's illicit payments totaled approximately \$200,000, and the customers associated with those illicit payments generated over \$4 million in sales to NGP, from which ITT realized improper profits of more than \$1 million.

In addition, NGP disguised these payments as increased commissions in NGP's books and records. These improper NGP entries were then consolidated and included in ITT's financial statements contained in its filings with the Commission for the company's fiscal years 2001 through 2005.

Civil Disposition:

ITT, without admitting or denying the allegations in the Commission's complaint, consented to the entry of a final judgment permanently enjoining it from future violations. The judgment also ordered the company to pay \$1,041,112 in disgorgement and \$387,538.11 in prejudgment interest and a civil penalty in the amount of \$250,000.

28. Bribery of Thai Tourism Officials

Resulting Criminal Enforcement Action(s):

- A. **United States v. Juthamas Siriwan, et al. (C.D. Cal., January 28, 2009)**
- B. **United States v. Gerald Green, et al. (C.D. Cal., January 16, 2008)**

Entities and Individuals:

- Gerald Green, Owner/Film Executive, indicted January 16, 2008; first superseding indictment filed October 1, 2008; second superseding indictment filed March 11, 2009.
- Patricia Green, Owner/Film Executive, indicted January 16, 2008; first superseding indictment filed October 1, 2008; second superseding indictment filed March 11, 2009.
- Juthamas Siriwan, Governor of the Tourism Authority of Thailand, indicted January 28, 2009.
- Jittisopa Siriwan, daughter of the Governor of the Tourism Authority of Thailand, indicted January 28, 2009.

Criminal Charges:

- Conspiracy:
 - to bribe foreign officials (Green, et al.)
 - to commit international money laundering (Green, et al.)
- Bribery of foreign officials (Green, et al.)
- Money laundering (Green, et al.)
- International money laundering (all defendants)
- False subscription of a federal tax return (Patricia Green)
- Obstruction of justice (Gerald Green)
- Aiding and abetting (Siriwan, et al.)

Location and Time Period of Misconduct: Thailand, 2002-2007.

Summary:

On December 18, 2007, Gerald Green and Patricia Green, the owner-operators of Film Festival Management, a Los-Angeles based company, were arrested on a criminal complaint filed on December 7, 2007, which charged them in connection with a scheme to pay bribes to tourism authorities in Thailand. The Greens were subsequently indicted by a federal grand jury in Los Angeles on January 16, 2008, on one count of conspiracy to bribe a foreign public official in violation of the FCPA and six substantive violations of the anti-bribery provisions of the FCPA. The charges against the Greens were expanded pursuant to two superseding indictments, filed on October 1, 2008 and March 11, 2009, respectively, to include charges of conspiracy to commit money laundering, money laundering, obstruction of justice, and false subscription of a U.S. income tax return.

According to court documents, the Greens paid bribes to Juthamas Siriwan, then the governor of the Tourism Authority of Thailand (TAT) in exchange for receiving contracts to manage and operate Thailand's yearly "Bangkok International Film Festival," as well as contracts related to a promotional book on Thailand and the provision of an elite tourism "privilege card" marketed to wealthy foreigners. Ultimately, between 2002 and 2007, the Greens paid approximately \$1.8 million in bribes to Juthamas Siriwan through numerous bank accounts in Singapore, the United Kingdom, and the Isle of Jersey in the name of a friend of the former governor and the former governor's daughter, Jittisopa Siriwan. The

contracts received by the Greens resulted in more than \$13.5 million in revenue to businesses they owned.

For their alleged roles in this bribery scheme, Juthamas Siriwan and Jittisopa Siriwan were indicted by a federal grand jury in Los Angeles on January 28, 2009. This indictment charges the former governor and her daughter with one count of conspiracy to commit international money laundering seven counts of transporting funds to promote unlawful activity, namely felony bribery in violation of the FCPA, and one count of aiding and abetting.

Criminal Disposition:

On September 11, 2009, following a 2 ½ week trial, Gerald Green and Patricia Green were each found guilty of conspiracy to violate the FCPA and money laundering laws of the United States, as well as ten counts of violating the FCPA, six counts of international money laundering, one count of money laundering, and one count of forfeiture. Patricia Green was also found guilty of two counts of falsely subscribing U.S. income tax returns in connection with the scheme.

On August 12, 2010, Gerald and Patricia Green were each sentenced to 6 months' imprisonment and 3 years' supervised release – to include 6 months' home confinement – and were ordered to pay restitution of \$250,000.

Juthamas and Jittisopa Siriwan are currently fugitives.

29. Siemens Aktiengesellschaft (Siemens AG)

Resulting Criminal Enforcement Action(s):

- A. United States v. Siemens Aktiengesellschaft (D.D.C., December 12, 2008)**
- B. United States v. Siemens S.A. (Argentina) (D.D.C., December 12, 2008)**
- C. United States v. Siemens Bangladesh Limited (D.D.C., December 12, 2008)**
- D. United States v. Siemens S.A. (Venezuela) (D.D.C., December 12, 2008)**

Resulting Civil/Administrative Enforcement Action(s):

- E. United States v. All Assets Held in the Name of Zasz Trading and Consulting Pte Ltd., et al. (D.D.C., January 8, 2009)**
- F. SEC v. Siemens Aktiengesellschaft (D.D.C., December 12, 2008)**

Entities and Individuals:

- Siemens Aktiengesellschaft, charged December 12, 2008; civil complaint filed December 12, 2008.
- Siemens S.A. - Argentina, charged December 12, 2008.
- Siemens Bangladesh Limited, charged December 12, 2008.
- Siemens S.A. - Venezuela, charged December 12, 2008.

Criminal Charges:

- Conspiracy:
 - to bribe foreign officials (Siemens S.A. - Venezuela and Siemens Bangladesh Limited)
 - to falsify books and records (Siemens S.A. - Argentina)
- Falsification of books and records (Siemens Aktiengesellschaft)

Civil Charges:

- Bribery of foreign officials (Siemens AG)
- Internal controls violations (Siemens AG)
- Falsification of books and records (Siemens AG)
- Forfeiture (Zasz Trading and Consulting, *et al.*)

Location and Time Period of Misconduct: Argentina, 1998-2007; Nigeria, 2000-2001; Iraq, 2000-2002; Russia, 2000-2007; Bangladesh, 2001-2006; Venezuela, 2001-2007; Vietnam, 2002 and 2005-2006; Israel, 2002-2005; China, 2002-2007; Mexico, 2004.

Summary:

On December 11, 2008, Siemens Aktiengesellschaft (Siemens AG), a German corporation, and three of its subsidiaries were charged in separate criminal informations filed in the U.S. District Court for the District of Columbia for their roles in a scheme to bribe foreign officials in several countries. Siemens AG was charged with two counts of violating the internal controls and books and records provisions of the FCPA, while Siemens S.A. - Argentina was charged with conspiracy to violate the books and records provisions. In addition, Siemens Bangladesh Limited (Siemens Bangladesh) and Siemens S.A. – Venezuela (Siemens Venezuela) were each charged with one count of conspiracy to violate the anti-bribery and books and records provisions of the FCPA.

According to court documents filed in these criminal cases, beginning in the mid-1990s, Siemens AG engaged in systematic efforts to falsify its corporate books and records and knowingly failed to implement existing internal controls. As a result of Siemens AG's knowing failures in and circumvention of internal controls, from the time of its listing on the New York Stock Exchange on March 12, 2001, through approximately 2007, Siemens AG made payments totaling approximately \$1.36 billion through various mechanisms. Of this amount, approximately \$554.5 million was paid for unknown purposes, including approximately \$341 million in direct payments to business consultants for unknown purposes. The remaining \$805.5 million of this amount was intended in whole or in part as corrupt payments to foreign officials in Asia, Africa, Europe, the Middle East and the Americas, which were to be paid through various mechanisms, including cash desks and slush funds.

The criminal charges against Siemens AG and its three subsidiaries stem from bribery schemes and related accounting misconduct involving its operations in Iraq, Argentina, Venezuela, and Bangladesh. The details of this misconduct are as follows:

- a) Iraq: From 2000 to 2002, four Siemens AG subsidiaries – Siemens S.A.S. of France, Siemens Sanayi ve Ticaret A.S. of Turkey, Osram Middle East FZE, and Gas Turbine Technologies S.p.A. – each wholly owned by Siemens AG or one of its subsidiaries, were awarded 42 contracts with a combined value of more than \$80 million with the Ministries of Electricity and Oil of the government of the Republic of Iraq under the U.N. Oil-for-Food Program (OFFP). To obtain these contracts, these four Siemens subsidiaries inflated the price of the contracts by approximately 10 percent before submitting them to the U.N. for approval and improperly characterized payments to purported business consultants, part of which were paid as kickbacks to the Iraqi government as “commissions” to business consultants. The books and records of these subsidiaries were subsequently incorporated into the books and records of Siemens AG.

- b) Argentina: From 1998 through 2007, Siemens Argentina made and caused to be made significant payments to various Argentine officials, both directly and indirectly, in exchange for favorable business treatment in connection with a \$1 billion national identity card project. From March 2001 through January 2007, Siemens Argentina paid approximately \$31,263,000 in corrupt payments to various Argentine officials through purported consultants and other conduit entities, and improperly characterized those corrupt payments in its books and records as legitimate payments for “consulting fees” or “legal fees.” Siemens Argentina’s books and records were subsequently incorporated into the books and records of Siemens AG.
- c) Venezuela: From 2001 through 2007, Siemens Venezuela made and caused to be made corrupt payments of at least \$18,782,965 to various Venezuelan officials, indirectly through purported business consultants, in exchange for favorable business treatment in connection with two major metropolitan mass transit projects called Metro Valencia and Metro Maracaibo. Some of those payments were made using U.S. bank accounts controlled by the purported business consultants.
- d) Bangladesh: From 2001 through 2006, Siemens Bangladesh caused corrupt payments of at least \$5,319,839 to be made through purported business consultants to various Bangladeshi officials in exchange for favorable treatment during the bidding process on a mobile telephone project. At least one payment to each of these purported consultants was paid from a U.S. bank account.

In a related matter, the SEC filed a settled civil complaint against Siemens AG on December 11, 2008, charging that the company engaged in widespread and systematic violations of the FCPA’s anti-bribery, books and records, and internal controls provisions in connection with many of its international operations, including those discussed in the criminal charges. In addition to those bribery schemes named in the criminal charges, the SEC charged Siemens AG with paying bribes in connection to contracts involving the following: (a) metro trains and signaling devices in China; (b) power plants in Israel; (c) high voltage transmission lines in China; (d) telecommunications projects in Nigeria; (e) medical devices in Vietnam, China, and Russia; (f) traffic control systems in Russia; (g) refineries in Mexico; and, (h) mobile communications systems in Vietnam. All together, the SEC charged that Siemens AG earned more than \$1.1 billion in profits from the transactions involving these illicit payments.

Following the filing of the criminal and civil charges against Siemens AG, on January 8, 2009, the Department filed a civil forfeiture action against several bank accounts in Singapore, which held nearly \$3 million. The Department’s complaint alleged that these funds were the proceeds of bribes paid by Siemens Bangladesh to Arafat “Koko” Rahman, the son of the former prime minister of Bangladesh. These bribes were paid in connection with public works projects awarded by the government of Bangladesh to Siemens AG and China Harbor Engineering Company. According to the complaint, the majority of funds in Koko’s account were traceable to bribes received in connection with a project to build a new mooring containment terminal at the port in Chittagong, Bangladesh.

Criminal Disposition:

On December 15, 2008, Siemens AG and its three subsidiaries each pleaded guilty before U.S. District Judge Richard J. Leon in the District of Columbia. Subsequently, the Court imposed fines, as agreed to in the plea agreements, of \$448.5 million on Siemens AG and of \$500,000 each on Siemens Argentina, Siemens Bangladesh, and Siemens Venezuela, for a combined total criminal fine of \$450 million. Under the terms of the plea agreement, Siemens AG agreed to retain an independent compliance monitor for a four-year period to oversee the continued implementation and maintenance of a robust compliance program and to make reports to the company and the Department of Justice.

Civil Disposition:

Also on December 15, 2008, Siemens AG reached a settlement of the related civil complaint filed by the SEC. Without admitting or denying the Commission's allegations, Siemens consented to the entry of a court order permanently enjoining it from future violations of the FCPA. The court also ordered Siemens to pay \$350 million in disgorgement of wrongful profits.

Simultaneous with the settlement of the U.S. enforcement actions, Siemens AG agreed to a disposition resolving an ongoing investigation by the Munich Public Prosecutor's Office of Siemens AG's operating groups other than the Telecommunications group. The charges were based on corporate failure to supervise its officers and employees, and in connection with those charges, Siemens AG agreed to pay €95 million, or approximately \$569 million, including a €50,000 corporate fine and €94.75 million in disgorgement of profits.

Previously, in October 2007, in connection with charges related to corrupt payments to foreign officials by Siemens AG's Telecommunications operating group, the Munich Public Prosecutor's Office announced a settlement with Siemens AG under which Siemens AG agreed to pay €201 million, or approximately \$287 million, including a €1 million fine and €200 in disgorgement of profits.

On April 7, 2010, U.S. District Judge John D. Bates granted the Government's motion for default judgment and judgment of forfeiture in the civil forfeiture action filed against the approximately \$3 million in bribe proceeds being held in various bank accounts in Singapore.

30. Fiat S.p.A.

Resulting Criminal Enforcement Action(s):

- A. United States v. Iveco S.p.A. (D.D.C., December 22, 2008)**
- B. United States v. CNH Italia S.p.A. (D.D.C., December 22, 2008)**
- C. United States v. CNH France S.A. (D.D.C., December 22, 2008)**

Resulting Civil/Administrative Enforcement Action(s):

- D. SEC v. Fiat S.p.A., et al. (D.D.C., December 22, 2008)**

Entities and Individuals:

- Fiat S.p.A., deferred prosecution agreement filed December 22, 2008; civil complaint filed December 22, 2008.
- Iveco S.p.A., charged December 22, 2008.
- CNH Italia S.p.A., charged December 22, 2008.
- CNH France S.A., charged December 22, 2008.
- CNH Global N.V., civil complaint filed December 22, 2008.

Criminal Charges:

- Conspiracy:
 - to falsify books and records (all defendants except CNH France S.A.)
 - to commit wire fraud (all defendants)

Civil Charges:

- Internal controls violations (all defendants)
- Falsification of books and records (all defendants)

Location and Time Period of Misconduct: Iraq, 2000-2003.

Summary:

On December 22, 2008, three subsidiaries of Fiat S.p.A. (Fiat), an Italian corporation based in Turin, Italy, were charged in the U.S. District Court for the District of Columbia in connection with a scheme to pay bribes to Iraqi government officials in order to win contracts under the U.N. Oil-for-Food Program (OFFP). Two Fiat subsidiaries, 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 FCPA. A third subsidiary, CNH France S.A. (CNH France), was charged with one count of conspiracy to commit wire fraud. The SEC simultaneously filed a civil complaint against Fiat and CNH Global N.V., alleging that Fiat and its subsidiaries violated the books and records and internal controls provisions of the FCPA in relation to the same conduct.

These charges stemmed from a series of improper payments made by Fiat to Iraqi government officials in order to obtain contracts with Iraqi ministries to provide industrial pumps, gears, and other equipment. According to court documents, between 2000 and 2002, Iveco, CNH Italia, and CNH France paid a total of approximately \$4.4 million in kickbacks (referred to as “after sales service fees” (ASSFs)) to the Iraqi government by inflating the price of contracts by 10 percent before submitting the contracts to the U.N. for approval, and concealed from the U.N. 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.

Criminal Disposition:

In recognition of Fiat’s thorough review of the illicit payments and its implementation of enhanced compliance policies and procedures, and in order to resolve the criminal charges against the three Fiat subsidiaries, Fiat and the Department entered into a three-year deferred prosecution agreement that required Fiat to pay a \$7 million criminal penalty.

Civil Disposition:

Without admitting or denying the allegations in the SEC’s complaint, Fiat consented to the entry of a final judgment permanently enjoining Fiat and CNH Global from future violations of the books and records and internal controls provisions of the FCPA. In addition, as part of this judgment, Fiat was ordered to pay \$3.6 million in civil penalties and \$5,309,632 in disgorgement of profits and \$1,899,510 in prejudgment interest.

31. **Big-Rigging in the International Market for Marine Hose**

Resulting Criminal Enforcement Action(s):

A. United States v. Misao Hioki (S.D. Tx., December 8, 2008)

Entities and Individuals:

- Misao Hioki, General Manager, charged December 8, 2008.

Criminal Charges:

- Conspiracy:
 - to violate the Sherman Antitrust Act
 - to bribe foreign officials

Location and Time Period of Misconduct: Argentina, Brazil, Ecuador, Mexico and Venezuela, 2004-2007.

Summary:

On December 8, 2008, Misao Hioki, the former general manager of his company's Industrial Engineered Products Department (IEP) in Tokyo, Japan, was charged in a two-count criminal information with one count of conspiracy to violate the Sherman Antitrust Act and one count of conspiracy to violate the anti-bribery provisions of the FCPA. Hioki was charged for his role in a conspiracy to rig bids, fix prices, and allocate market shares of marine hose in the United States and elsewhere and also for his role in a conspiracy to violate the FCPA by making corrupt payments to government officials in Latin America and elsewhere in order to obtain and retain business.

According to court documents, as General Manager of the IEP department, Hioki was responsible for supervising IEP employees in both Japan and in regional subsidiaries, including a U.S. subsidiary, who were responsible for selling the company's products in Latin America. These IEP employees and subsidiaries contracted with local sales agents in many of the Latin American countries, and these sales agents sought to develop relationships with employees of the government-owned enterprises with which the company sought to do business. These sales agents would forward information regarding potential projects to the company's regional subsidiaries, including the U.S. subsidiary, who in turn forwarded the information to IEP employees in Japan. In addition, these local sales agents often negotiated with employees of the government-owned customers in Argentina, Brazil, Ecuador, Mexico, and Venezuela to establish a percentage of the total value of the proposed deal that would be corruptly paid to these foreign officials in order to secure their business. If the company secured the deal, the company, by and through its regional subsidiaries, would then pay a commission to the local sales agent, which included the illicit payment to the foreign official(s).

In furtherance of this scheme, Hioki and others knowingly approved both these deals and the making of corrupt payments and took steps to conceal the improper payments. All together, from January 2004 through 2007, Hioki and others made more than \$1 million in corrupt payments to foreign government officials in Latin America to secure or retain business for IEP.

Criminal Disposition:

On December 10, 2008, Hioki became the ninth individual to plead guilty in the marine hose bid-rigging investigation and the first individual to plead guilty in the investigation of the FCPA conspiracy.

On the same day, Hioki was sentenced to 24 months' imprisonment and a criminal fine of \$80,000, following the Antitrust Division's established practice of negotiating agreed-to-dispositions.

32. AMAC International

Resulting Criminal Enforcement Action(s):

A. United States v. Shu Quan-Sheng (E.D. Va., November 12, 2008)

Entities and Individuals:

- Shu Quan-Sheng, President of AMAC International, charged November 12, 2008.

Criminal Charges:

- Bribery of foreign officials
- Unlawful export of a defense article

Location and Time Period of Misconduct: China, 2003-2007.

Summary:

On September 24, 2008, Shu Quan-Sheng, a native of China, naturalized U.S. citizen and PhD physicist, was arrested on charges of illegally exporting space launch technical data and services to the People's Republic of China (PRC) and offering bribes to Chinese government officials. Shu, the President, Secretary and Treasurer of AMAC International, a high-tech company located in Newport News, Virginia and with an office in Beijing, China, was subsequently charged on November 12, 2008, in a three-count information with the unlawful export of a defense article to a foreign person without prior approval in violation of the Arms Export Control Act, as well as bribery of a foreign official in violation of the FCPA.

According to court documents, from 2003 to 2007, Shu provided technical assistance and foreign technology acquisition expertise to several PRC government entities involved in the design, development, engineering, and manufacture of a space launch facility in the southern island province of Hainan, PRC. This facility was designed to house liquid-propelled heavy payload launch vehicles designed to send space stations and satellites into orbit, as well as provide support for manned space flight and future lunar missions.

Prior to the ultimate decision to award a \$4 million project to develop a 600 liter per hour liquid hydrogen tank system in January 2007, Shu allegedly offered illicit payments worth \$189,300 to officials within the PRC's 101st Research Institute, a component of the China Academy of Launch Vehicle Technology, in order to induce those officials to award the contract to a French company he represented, rather than a competitor. This liquefier was to be part of the 101 Institute's comprehensive research, development, and test base for liquid-propelled engines and space vehicle components, and at the time, the liquefier represented the first in as many as five additional projects to be undertaken by AMAC and the French company, all to be used as ground-based support for the launch vehicles at the Hainan launch facility. This successful brokering of this deal earned Shu and AMAC a commission.

As part of this project, Shu also allegedly exported controlled military technical data related to the design and manufacture of a "Standard 100 M3 Liquid Hydrogen (LH) 2 Tank" and illegally provided assistance to the foreign persons in the design, development, assembly, testing or modification of the tank and related components for the foreign launch facility. At no time during this period did Shu

have the required licenses or written approvals with respect to brokering, export of defense articles, or proposals to provide defense services to the PRC.

Criminal Disposition:

On November 17, 2008, Shu pleaded guilty to the three count information before District Judge Henry C. Morgan, Jr. in the Eastern District of Virginia, Norfolk Division. On April 7, 2009, Shu was sentenced to 51 months' imprisonment and ordered to forfeit \$386,740.

33. Nexus Technologies, Inc.

Resulting Criminal Enforcement Action(s):

A. United States v. Nam Quoc Nguyen, et al. (E.D. Pa., September 4, 2008)

Entities and Individuals:

- Nexus Technologies Inc. (Nexus), indicted September 4, 2008; superseding indictment filed October 29, 2009.
- Nam Nguyen, President of Nexus Technologies Inc., indicted September 4, 2008; superseding indictment filed October 29, 2009.
- Joseph Lukas, joint venture partner of Nexus Technologies Inc., indicted September 4, 2008.
- Kim Nguyen, Vice President of Nexus Technologies Inc., indicted September 4, 2008; superseding indictment filed October 29, 2009.
- An Nguyen, employee of Nexus Technologies Inc., indicted September 4, 2008; superseding indictment filed October 29, 2009.

Criminal Charges:

- Conspiracy (all defendants)
- Bribery of foreign officials (all defendants)
- Commercial bribery (all defendants except Lukas)
- Money laundering (all defendants except Lukas)

Location and Time Period of Misconduct: Vietnam, 1999-2008.

Summary:

On September 4, 2008, Nexus and its employees, Nam Quoc Nguyen, Kim Nguyen, and An Nguyen, and joint venture partner Joseph Lukas, were indicted by a grand jury in Philadelphia, Pennsylvania on charges related to a scheme to pay bribes totaling at least \$250,000 to employees of state-owned enterprises in Vietnam in exchange for favorable treatment for Nexus in the award of procurement contracts.

Nexus, a privately owned export company, identified U.S. vendors for contracts opened for bid by the Vietnamese government and other companies operating in Vietnam. The contracts allowed for the purchase of a wide variety of equipment and technology, including underwater mapping equipment, bomb containment equipment, helicopter parts, chemical detectors, satellite communication parts, and air tracking systems. Nam Nguyen negotiated the contracts and bribes with the Vietnamese government agencies and employees. Kim Nguyen, vice president of Nexus, oversaw the U.S. operations and

handled company finances. Joseph Lukas and An Nguyen identified and negotiated with U.S. vendors to supply the goods needed to fulfill the contracts.

A superseding indictment of Nexus, Nam Nguyen, Kim Nguyen, and An Nguyen, which added charges, was returned by the same grand jury on October 29, 2009, charging one count of conspiracy and nine counts each of violating the FCPA, violating the Travel Act, and money laundering.

Criminal Disposition:

On June 29, 2009, Joseph Lukas pleaded guilty in relation to this conduct. On March 16, 2010, Nexus Technologies Inc., Nam Nguyen, Kim Nguyen, and An Nguyen each pleaded guilty. Nam Nguyen and An Nguyen each pled guilty to one count of conspiracy and one count of violating the FCPA, violating the Travel Act, and money laundering. Kim Nguyen pled guilty to one count of conspiracy, one count of violating the FCPA and money laundering. In pleading guilty, Nexus Technologies Inc. admitted to operating primarily through criminal means and agreed to cease all operations.

On September 15, 2010, Nam Nguyen was sentenced to 16 months' imprisonment followed by two years' supervised release. An Nguyen was simultaneously sentenced to 9 months' imprisonment followed by three years' supervised release. In recognition of their cooperation with the Government's investigation, Kim Nguyen and Joseph Lukas were sentenced to two years' probation, ordered to perform 200 hours of community service, and ordered to pay fines of \$20,000 and \$1,000, respectively. In accordance with its plea agreement, Nexus was given 1 year of organizational probation in which to completely cease operations, formally dissolve, and turn over all assets to the Court.

34. Con-Way Inc.

Resulting Civil/Administrative Enforcement Action(s):

- A. SEC v. Con-Way Inc. (D.D.C., August 27, 2008)**
- B. In the Matter of Con-Way Inc. (August 27, 2008)**

Entities and Individuals:

- Con-Way, Inc., civil complaint filed August 27, 2008; cease-and-desist order issued August 27, 2008.
- Emery Transnational (civil complaint filed against parent).

Civil Charges:

- Internal controls violations
- Falsification of books and records

Location and Time Period of Misconduct: Philippines, 2000-2003.

Summary:

On August 27, 2008, the SEC settled a civil action in the U.S. District Court for the District of Columbia charging Con-Way Inc. (Con-way), a San Mateo, California international freight transportation company, with violations of the books and records and internal controls provisions of the FCPA. The complaint alleges that between 2000 and 2003, Emery Transnational, Con-Way's Philippine subsidiary, made approximately \$244,000 in improper payments to foreign officials of the Philippines

Bureau of Customs and the Philippine Economic Zone Area. The complaint alleges that these payments were made to induce these foreign officials to violate customs regulations, settle customs disputes, and reduce or not enforce otherwise legitimate fines. The complaint also alleges that the company made approximately \$173,000 in improper payments to foreign officials at fourteen state-owned airlines that conducted business in the Philippines. These payments were made to induce airline officials to improperly reserve space for Emery Transnational on airplanes, to falsely under-weigh shipments, and to improperly consolidate multiple shipments into a single shipment, resulting in lower shipping charges. According to the complaint, none of the improper payments were accurately reflected in Conway's books and records, and Conway knowingly failed to implement a system of internal accounting controls concerning Emery Transnational that would both ensure that Emery Transnational complied with the FCPA and require that the payments it made to foreign officials would be accurately reflected on its books and records.

Civil Disposition:

In a settlement agreement with the SEC, Con-Way agreed to cease-and-desist from future violations of the FCPA and to pay \$300,000 in civil penalties.

35. AGA Medical Corporation

Resulting Criminal Enforcement Action(s):

A. United States v. AGA Medical Corporation (D. Minn., June 3, 2008)

Entities and Individuals:

- AGA Medical Corporation, charged June 3, 2008.

Criminal Charges:

- Conspiracy to bribe foreign officials
- Bribery of foreign officials

Location and Time Period of Misconduct: China, 1997-2005.

Summary:

On June 3, 2008, AGA Medical Corporation (AGA), a privately-held medical device manufacturer, incorporated and headquartered in Minnesota, was charged in a two-count criminal information with one count of conspiring to make bribe payments to Chinese officials and one count of violating the FCPA in connection with the authorization of specific corrupt payments to officials in the People's Republic of China (PRC).

According to the criminal information, between 1997 and 2005, AGA, a high-ranking officer of AGA and other AGA employees agreed to make corrupt payments to doctors in China who were employed by government-owned hospitals and caused those payments to be made through AGA's local Chinese distributor. In exchange for these payments, the Chinese doctors directed the government-owned hospitals to purchase AGA's products rather than those of the company's competitors.

The criminal information also alleges that from 2000 through 2002, AGA sought patents on several AGA products from the PRC State Intellectual Property Office. As a part of this effort, AGA and a high-ranking officer of AGA agreed to make payments through their local Chinese distributor to

Chinese government officials employed by the State Intellectual Property Office in order to have the patents approved.

Criminal Disposition:

On June 3, 2008, AGA entered into a three-year deferred prosecution agreement with the Department. As part of this agreement, AGA agreed to pay a \$2 million criminal fine and to engage an independent compliance monitor.

36. Willbros Group Inc.

Resulting Criminal Enforcement Action(s):

- A. United States v. Willbros Group Inc., et al. (S.D. Tx., May 14, 2008)**
- B. United States v. James K. Tillery, et al. (S.D. Tx., January 17, 2008)**
- C. United States v. Jason Edward Steph (S.D. Tx., July 19, 2007)**
- D. United States v. Jim Bob Brown (S.D. Tx., September 11, 2006)**

Resulting Civil/Administrative Enforcement Action(s):

- E. SEC v. Willbros Group Inc., et al. (S.D. Tx., May 14, 2008)**
- F. SEC v. Jim Bob Brown (S.D. Tx., September 14, 2006)**

Entities and Individuals:

- Willbros Group, Inc. (WGI), charged May 14, 2008; civil complaint filed May 14, 2008.
- Willbros International, Inc. (WII), charged May 14, 2008.
- Jim Bob Brown, WII's Managing Director (Nigeria), charged September 11, 2006; civil complaint filed September 14, 2006.
- Jason Edward Steph, WII's General Manager-Onshore in Nigeria, indicted July 19, 2007; civil complaint filed May 14, 2008.
- James K. Tillery, Executive Vice President and President of WII, indicted January 17, 2008.
- Paul G. Novak, Consultant and Intermediary, indicted January 17, 2008.
- Gerald Jansen, WII's Administrator and General Manager-Finance, civil complaint filed May 14, 2008.
- Lloyd Biggers, WII Employee, civil complaint filed May 14, 2008.
- Carlos Galvez, WII Accounting and Administrative Employee, civil complaint filed May 14, 2008.

Criminal Charges:

- Conspiracy:
 - to bribe foreign officials (all defendants)
 - to falsify books and records (WGI and WII)
 - to commit money laundering (Tillery, Novak, and Steph)
- Bribery of foreign officials (Tillery and Novak)
- International Money Laundering (Steph)

Civil Charges:

- Bribery of foreign officials (Willbros and Steph)
- Fraud in connection with the purchase and sale of securities (Willbros)
- Aiding and abetting Willbros' fraud violations (Galvez)
- Disclosure violations (Willbros)
- Aiding and Abetting Willbros' disclosure violations (Galvez)
- Internal controls violations (Willbros)
- Falsification of books and records (Willbros)
- False accounting violations (Steph, Jansen, Galvez, Biggers)
- Aiding and abetting Willbros' bribery of foreign officials (Steph, Jansen, Biggers)
- Aiding and abetting Willbros' internal controls violations (Steph, Jansen, Galvez, Biggers)
- Aiding and abetting Willbros' falsification of books and records (Steph, Jansen, Galvez, Biggers)

Location and Time Period of Misconduct: Nigeria, 2003-2005; Ecuador, 2004.

Summary:

On May 14, 2008, Willbros Group Inc. (WGI), a publicly-traded company that provides construction, engineering and other services in the oil and gas industry, and Willbros International Inc. (WII), the wholly owned subsidiary through which it conducts international operations, were charged in a six-count criminal information with one count of conspiring to make bribe payments to Nigerian and Ecuadorian officials, two counts of violating the anti-bribery provisions of the FCPA, and three counts of violating the books and records provisions of the FCPA. These charges stemmed from a bribery scheme involving senior officials of WII, which involved the corrupt payment of more than \$6.3 million to Nigerian officials in connection with a gas pipeline construction project and \$300,000 to Ecuadorian officials in connection with a gas pipeline rehabilitation project.

From late 2003 through March 2005, WII employees agreed to make corrupt payments totaling more than \$6.3 million to officials of the Nigerian National Petroleum Corporation (NNPC), the state-owned oil company in Nigeria; NNPC's subsidiary, the National Petroleum Investment Management Services (NAPIMS); a senior official in the executive branch of the Nigerian federal government; officials of a multinational oil company; and a Nigerian political party. These bribes were paid to Nigerian government officials to assist in obtaining and retaining a \$387 million contract for work on a major engineering, procurement and construction gas pipeline project known as the Eastern Gas Gathering System (EGGS). In addition, in 2004, various WII employees paid at least \$300,000 to officials of the Ecuadorian state-owned oil company in order to obtain a gas pipeline rehabilitation contract.

Three former WII employees and one WII agent have been charged criminally for their participation in this bribery scheme:

- 1) Jim Bob Brown, WII's Managing Director (Nigeria and Ecuador), was charged September 11, 2006. Brown was charged in connection with conspiring with other WII executives to pay approximately \$1.5 million in cash to Nigerian officials and \$300,000 to Ecuadorian officials. According to court documents, from 1996 through 2005, Brown also conspired with other WII executives to approve a scheme in which WII's Nigerian operations submitted fictitious invoices for payment by WGI. These funds were used, in part, to make corrupt payments to officials of the Nigerian revenue agencies and courts in order to lower taxes that would have otherwise been assessed, and to influence favorably litigation in Nigeria affecting the business of WGI.

- 2) Jason Edward Steph, WII's General Manager-Onshore in Nigeria, was indicted July 19, 2007. Steph's charges stemmed from his role in causing a series of corrupt payments totaling more than \$6 million to be made to various Nigerian officials in order to assist WII in obtaining and retaining the EGGS deal. According to court documents, in early 2005, as a senior WII executive, Steph authorized and arranged for the payment of \$1.8 million in cash to the Nigerian officials to further the conspiracy.
- 3) James K. Tillery, Executive Vice President and President of WII, was indicted January 17, 2008. Tillery was charged in connection with the payment of more than \$6 million in bribes to Nigerian and Ecuadorian government officials. Tillery was charged with one count of conspiracy to violate the anti-bribery provisions of the FCPA, two counts of violating the anti-bribery provisions of the FCPA, and one count of conspiracy to launder money.
- 4) Paul G. Novak, Consultant and Intermediary, was indicted January 17, 2008. Novak was charged for his role as an intermediary in the payment of more than \$6 million in bribes to Nigerian and Ecuadorian government officials. Novak was charged with one count of conspiracy to violate the anti-bribery provisions of the FCPA, two counts of violating the anti-bribery provisions of the FCPA, and one count of conspiracy to launder money.

In a related matter, on May 14, 2008, the SEC filed a civil complaint against WGI and Steph, as well as three other former WII employees: (1) Gerald Jansen, WII's Administrator and General Manager-Finance; (2) Lloyd Biggers, WII employee; (3) Carlos Galvez, WII accounting and administrative employee. Previously, on September 14, 2006, the SEC filed a settled civil complaint against Jim Bob Brown in the Southern District of Texas. The civil charges brought by the SEC stem from the same general conduct underlying the criminal charges.

Criminal Disposition:

On May 14, 2008, WGI (and WII) entered into a deferred prosecution agreement with the Department of Justice. As part of the agreement, WGI agreed to pay a fine of \$22 million.

Jason Edward Steph pleaded guilty on November 5, 2007 and was sentenced on January 28, 2010 to 15 months' incarceration, 2 years' supervised release, and a fine of \$2,000. Steph's sentence reflected a reduction in its severity because of his cooperation with the government.

On January 28, 2010, Jim Bob Brown was sentenced to 12 months and 1 day's incarceration, 2 years' supervised release, and a fine of \$17,500 in connection with his September 2006 guilty plea. Brown's sentence also reflected a reduction in its severity due to his cooperation with the government.

On November 12, Paul G. Novak pleaded guilty to participating in a conspiracy to violate the FCPA. Novak had been a fugitive, but he returned to the United States from Constantia, South Africa, after his U.S. passport was revoked. James K. Tillery is a fugitive and remains at large.

Civil Disposition:

To settle the civil charges filed by the SEC, WGI agreed to disgorge \$8.9 million in profits and \$1.4 million in prejudgment interest.

In order to settle the related civil complaints by the SEC, Jansen, Biggers, Galvez each consented to judgments that permanently enjoin them from future violations of the FCPA. In addition, Jansen and Galvez were subject to civil penalties in the amount of \$30,000 and \$35,000, respectively.

In order to settle the civil charges brought by the SEC, Steph and Brown also consented to the entry of judgments, which permanently enjoin them from future violations of the FCPA. Pursuant to these judgments, the Court will determine later whether Steph and/or Brown will pay a civil penalty and what the amount of such penalty will be.

37. Pacific Consolidated Industries LP

Resulting Criminal Enforcement Action(s):

- A. United States v. Martin Eric Self (C.D. Cal., May 2, 2008)**
- B. United States v. Leo Winston Smith (C.D. Cal., April 25, 2007)**

Entities and Individuals:

- Pacific Consolidated Industries LP (PCI) (company had ceased to exist).
- Martin Eric Self, President and Owner, charged May 2, 2008.
- Leo Winston Smith, Executive VP & Director of Sales and Marketing, indicted April 25, 2007.

Criminal Charges:

- Conspiracy:
 - to bribe foreign officials (Smith)
 - to commit money laundering (Smith)
- Bribery of foreign officials (both defendants)
- International money laundering (Smith)
- False statement in a tax return (Smith)

Location and Time Period of Misconduct: United Kingdom, 1993-2003.

Summary:

On May 2, 2008, Martin Eric Self, a former Pacific Consolidated Industries (PCI) executive was charged in a two-count information with violating the FCPA in connection with the illicit payment of more than \$70,000 in bribes for the benefit of a U.K. Ministry of Defense (UK-MOD) official in exchange for obtaining and retaining lucrative contracts with the U.K. Royal Air Force for PCI. Previously, on April 25, 2007, another former PCI executive, Leo Winston Smith, was indicted by a federal grand jury in Santa Ana, California, on several counts of FCPA violations and money laundering in connection with his participation in a scheme to make over \$300,000 in illicit payments to the same foreign official from 1993-2003. Smith was also charged with failing to report nearly \$500,000 in commissions from PCI on his 2003 U.S. tax return.

PCI was a private company headquartered in Santa Ana that manufactured Air Separation Units (ASUs) and other equipment for defense departments throughout the world. ASUs generate oxygen in remote, extreme, and confined locations for aircraft support and military hospitals. Self, a U.S. citizen, was a partial owner and the president of PCI at the time the crimes were committed. As president, Self was a signatory on PCI marketing agreements and bank accounts.

In or about October 1999, Self and Smith, PCI's then-executive vice president and director of sales and marketing, caused PCI to enter into a marketing agreement with a person they understood to be a relative of the UK-MOD official. The UK-MOD official was a project manager who was directly involved in the procurement of ASUs on behalf of the UK-MOD and, as a result of his position, was

able to influence the awarding of the ASU contracts to PCI. The ASU and related contracts that were awarded to PCI were valued at over \$11 million.

According to court documents, the defendants were not aware of any genuine services provided by the official's relative, and they believed that there was a high probability that the payments were being made to the official's relative in order to benefit the official in exchange for PCI obtaining and retaining the ASU contracts. Despite these beliefs, Self initiated several of the improper wire transfers to the relative and deliberately avoided learning the true facts relating to the nature and purpose of the payments.

Criminal Disposition:

On November 17, 2008, Self was sentenced to two years' probation and a fine of \$20,000 in connection with his May 2008 guilty plea. Smith pleaded guilty on September 3, 2009 and is currently scheduled to be sentenced on October 18, 2010. The UK-MOD official pleaded guilty in the U.K. to accepting more than \$300,000 in bribes from PCI and was sentenced to two years in prison.

38. AB Volvo

Resulting Criminal Enforcement Action(s):

- A. United States v. Volvo Construction Equipment, AB (D.D.C., March 20, 2008)**
- B. United States v. Renault Trucks SAS (D.D.C., March 20, 2008)**

Resulting Civil/Administrative Enforcement Action(s):

- C. SEC v. AB Volvo (D.D.C., March 20, 2008)**

Entities and Individuals:

- AB Volvo, deferred prosecution agreement announced March 20, 2008.
- Volvo Construction Equipment AB, charged March 20, 2008.
- Renault Trucks SAS, charged March 20, 2008.

Criminal Charges:

- Conspiracy:
 - to falsify books and records (all defendants)
 - to commit wire fraud (all defendants)

Civil Charges:

- Internal controls violations
- Falsification of books and records

Location and Time Period of Misconduct: Iraq, 2000-2003.

Summary:

On March 20, 2008, AB Volvo, a Swedish company, entered into a deferred prosecution agreement with the Department of Justice and a settlement agreement with the SEC in connection with payments made by two of its subsidiaries to obtain contracts administered by the United Nations Oil for Food Program (OFFP). The subsidiaries, Renault Trucks SAS (Renault Trucks) and Volvo Construction

Equipment AB (VCE), were charged in separate conspiracies to commit wire fraud and violate the books and records provision of the FCPA.

According to the court documents, between November 2000 and April 2003, employees and agents of Renault Trucks paid a total of approximately \$5 million in kickbacks to the Iraqi government for a total of approximately €1 million worth of contracts with various Iraqi ministries. To pay the kickbacks, Renault Trucks inflated the price of contracts by approximately 10 percent before submitting them to the U.N. for approval and concealed from the U.N. the fact that the contract prices contained a kickback to the Iraqi government. In some cases, Renault Trucks paid inflated prices to companies that outfitted the chassis and cabs produced by Renault Trucks. Those companies then used the excess funds to pay the kickbacks to the Iraqi government on behalf of Renault Trucks.

Between December 2000 and January 2003, Volvo Construction Equipment International AB (VCEI), the predecessor to VCE, and its distributors were awarded a total of approximately \$13.8 million worth of contracts. During the same time period, employees, agents and distributors of VCEI paid a total of approximately \$1.3 million in kickbacks to the Iraqi government by inflating the price of contracts by approximately 10 percent before submitting them to the U.N. for approval. Similar to Renault Trucks, VCE concealed from the U.N. the fact that the contract prices contained a kickback to the Iraqi government.

Criminal Disposition:

To resolve its criminal liability in connection with this bribery scheme, AB Volvo, on behalf of itself and its subsidiaries, entered into a three-year deferred prosecution agreement with the Department, whereby AB Volvo agreed to pay a criminal fine of \$7 million.

Civil Disposition:

In a settlement with the SEC, AB Volvo agreed to a permanent injunction from future violations and to pay \$7,299,208 in disgorgement of profits and \$1,303,441 in prejudgment interest, as well as civil penalties in the amount of \$4 million.

39. Flowserve Corporation

Resulting Criminal Enforcement Action(s):

A. United States v. Flowserve Pompes SAS (D.D.C., February 21, 2008)

Resulting Civil/Administrative Enforcement Action(s):

B. SEC v. Flowserve Corporation (D.D.C., February 21, 2008)

Entities and Individuals:

- Flowserve Corporation, civil complaint filed February 21, 2008.
- Flowserve Pompes SAS, charged February 21, 2008.

Criminal Charges:

- Conspiracy:
 - to falsify books and records
 - to commit wire fraud

Civil Charges:

- Internal controls violations
- Falsification of books and records

Location and Time Period of Misconduct: Iraq, 2001-2003.

Summary:

On February 21, 2008, the Department of Justice and the SEC simultaneously filed a criminal information and a civil complaint against Flowserve Pompes SAS (Flowserve Pompes), and its parent company, Flowserve Corporation (Flowserve), in the U.S. District Court for the District of Columbia. The information charges that Flowserve Pompes engaged in a conspiracy to commit wire fraud and to violate the books and records provisions of the FCPA in connection with a scheme to pay kickbacks to the Iraqi government under the United Nations Oil for Food Program (OFFP). The SEC's civil complaint charges Flowserve with violating the books and records and internal controls provisions of the FCPA in connection with the same underlying conduct.

According to documents filed in the criminal and civil cases, the French and Dutch subsidiaries of Flowserve, a Texas-based manufacturer of pumps, valves, seals, and related automation services for the oil and gas, chemical, and power industries, paid or promised to pay approximately \$820,246 from 2001 to 2003 in connection with the sale of industrial equipment to the Iraqi government. Flowserve Pompes, Flowserve's French subsidiary, concealed illegal payments to the Iraqi government totaling \$604,651 through a Jordanian entity that was its exclusive agent for Iraqi contracts. These payments were made to assist Flowserve Pompes in obtaining fifteen contracts for the sale of large-scale water pumps and spare parts for use in Iraqi oil refineries. Flowserve Pompes also agreed to, but did not ultimately make, an additional \$173,758 in improper payments pursuant to four additional contracts, as delivery under these four contracts had not been completed by the time of the U.S. invasion of Iraq in March 2003. Senior officials at Flowserve Pompes, including its President, allegedly developed different false cover stories to conceal these kickback payments in the company's internal accounting records.

According to the SEC's complaint, Flowserve's Dutch Subsidiary, Flowserve B.V., also entered into one contract involving an improper kickback under the OFFP. Specifically, Flowserve B.V. paid \$41,836 in kickbacks to Iraqi officials in order to obtain a contract to supply water pump spare parts to the Iraqi government-owned South Gas Company.

Criminal Disposition:

Flowserve entered into a three-year deferred prosecution agreement with the Department and paid a \$4 million fine. Flowserve also entered into a non-prosecution agreement with the Dutch prosecutor, which included a \$376,000 fine.

Civil Disposition:

To settle the pending civil charges brought by the SEC, Flowserve agreed to pay a \$3 million civil penalty and approximately \$2,270,861 in disgorgement and \$853,364 in prejudgment interest. Flowserve also agreed to an order enjoining it from future violations of the FCPA.

40. Westinghouse Air Brake Technologies Corporation (“Wabtec”)

Resulting Criminal Enforcement Action(s):

A. In Re Westinghouse Air Brake Technologies Corporation (February 14, 2008)

Resulting Civil/Administrative Enforcement Action(s):

B. SEC v. Westinghouse Air Brake Technologies Corporation (E.D. Pa., February 14, 2008)

C. In the Matter of Westinghouse Air Brake Technologies Corporation (February 14, 2008)

Entities and Individuals:

- Westinghouse Air Brake Technologies Corporation, non-prosecution agreement announced, civil complaint filed, and cease-and-desist order issued February 14, 2008.

Criminal Charges:

- Bribery of foreign officials
- Falsification of books and records

Civil Charges:

- Bribery of foreign officials
- Internal controls violations
- Falsification of books and records

Location and Time Period of Misconduct: India, 2001-2005.

Summary:

On February 14, 2008, Westinghouse Air Brake Technologies Corporation (Wabtec), a Pennsylvania-based and New York Stock Exchange-listed manufacturer of brake subsystems and related products for locomotives, freight cars, and passenger vehicles, entered into a non-prosecution agreement with the Department of Justice regarding improper payments made by its Indian subsidiary, Pioneer Friction Limited (Pioneer), to officials of the Indian Railway Board (IRB). On the same date, the SEC filed a settled civil enforcement proceedings charging Wabtec with violations of the anti-bribery, internal controls, and books and records provisions of the FCPA.

According to court documents, from at least 2001 through 2005, Pioneer made over \$137,400 in improper cash payments to officials of the Indian Railway Board, a government agency which is part of India’s Ministry of Railroads. These payments were made in order to: (a) assist Pioneer in obtaining and retaining business with the IRB; (b) schedule pre-shipping product inspections; (c) obtain issuance of product delivery certificates; and, (d) curb what Pioneer considered to be excessive tax audits.

Criminal Disposition:

In recognition of its voluntary disclosure, thorough internal investigation, full cooperation, and institution of remedial compliance measures, the Department agreed not to prosecute Wabtec or Pioneer for the making or false recording of these improper payments, provided that Wabtec satisfied its obligations under the agreement for a period of three years. Those obligations included continued cooperation, the adoption of rigorous internal controls, and the payment of a \$300,000 criminal penalty.

Civil Disposition:

The SEC filed two settled actions against Wabtec, which required the company to cease-and-desist from future violations, to retain an independent FCPA compliance monitor, to pay a civil penalty of \$87,000, and to disgorge \$259,000, together with \$29,351 in prejudgment interest.

41. Lucent Technologies Inc.

Resulting Criminal Enforcement Action(s):

A. In Re Lucent Technologies Inc. (December 21, 2007)

Resulting Civil/Administrative Enforcement Action(s):

B. SEC v. Lucent Technologies Inc. (D.D.C., December 21, 2007)

Entities and Individuals:

- Lucent Technologies Inc., non-prosecution agreement announced and civil complaint filed December 21, 2007.

Criminal Charges:

- Bribery of foreign officials
- Falsification of books and records

Civil Charges:

- Internal controls violations
- Falsification of books and records

Location and Time Period of Misconduct: China, 2000-2003.

Summary:

On December 21, 2007, the Department of Justice and the SEC settled a multi-year investigation into whether global communications provider Lucent Technologies Inc. (Lucent) provided travel and other things of value to Chinese government officials. As part of the settlement, Lucent acknowledged that, from at least 2000 to 2003, it spent millions of dollars on approximately 315 “pre-sale” and “post-sale” trips for Chinese government officials that included primarily sightseeing, entertainment and leisure. These trips were requested and approved with the consent and knowledge of the most senior Lucent Chinese officials and with the logistical and administrative assistance of Lucent employees in the United States, including at corporate headquarters in Murray Hill, N.J. Lucent also admitted that it improperly recorded expenses for these trips in its books and records and failed to provide adequate internal controls to monitor the provision of travel and other things of value to Chinese government officials.

Lucent acknowledged that it provided Chinese government officials with pre-sale trips to the United States to attend seminars and visit Lucent facilities, as well as to engage in sightseeing, entertainment and leisure activities. In 2002 and 2003 alone, there were 24 Lucent-sponsored pre-sale trips for Chinese government customers. Of these, at least 12 trips were mostly for the purpose of sightseeing. Lucent spent over \$1.3 million on at least 65 pre-sale visits between 2000 and

2003. The individuals participating in these trips were senior level government officials, including the heads of state-owned telecommunications companies in Beijing and the leaders of provincial telecommunications subsidiaries.

Between 2000 and 2003, Lucent also provided Chinese government officials with post-sale trips that were typically characterized as “factory inspections” or “training” in contracts with its Chinese government customers. By 2001, however, Lucent had outsourced most of its manufacturing and no longer had any Lucent factories for its customers to tour. Nevertheless, Lucent provided individuals with trips for “factory inspections” to the United States, Europe, Australia, Canada, Japan and other countries that involved little or no business content. These trips consisted primarily or entirely of sightseeing to locations such as Disneyland, Universal Studios, the Grand Canyon, and in cities such as Los Angeles, San Francisco, Las Vegas, Washington, D.C., and New York City, and typically lasted 14 days each and cost between \$25,000 and \$55,000 per trip.

Criminal Disposition:

To resolve its potential criminal liability in connection with this improper conduct, Lucent entered into a two-year non-prosecution agreement with the Department and agreed to pay a \$1 million criminal fine. Under the terms of this agreement, Lucent was required to adopt new or modify existing internal controls, policies and procedures. Those enhanced compliance controls must ensure that Lucent makes and keeps fair and accurate books, records and accounts, as well as a rigorous anti-corruption compliance code, standards and procedures designed to detect and deter violations of the FCPA and other applicable anti-corruption laws.

Civil Disposition:

In a settlement with the SEC, Lucent agreed to be enjoined from future violations and to pay \$1.5 in civil penalties.

42. Akzo Nobel, N.V.

Resulting Criminal Enforcement Action(s):

A. In Re Akzo Nobel N.V. (December 20, 2007)

Resulting Civil/Administrative Enforcement Action(s):

B. SEC v. Akzo Nobel N.V. (D.D.C., December 20, 2007)

Entities and Individuals:

- Akzo Nobel N.V., non-prosecution agreement announced and civil complaint filed December 20, 2007.

Criminal Charges:

- Bribery of foreign officials
- Falsification of books and records

Civil Charges:

- Internal controls violations
- Falsification of books and records

Location and Time Period of Misconduct: Iraq, 2000-2003.

Summary:

On December 20, 2007, the Department of Justice and the SEC settled allegations against Akzo Nobel N.V. (Akzo), for its participation in a kickback scheme surrounding the United Nations Oil for Food Program (OFFP). Akzo Nobel, a Dutch pharmaceutical company with its headquarters in Arnhem, Netherlands, acknowledged responsibility for the actions of two of its subsidiaries whose employees and agents made nearly \$280,000 in kickback payments to the Iraqi government from 2000-2003, which were characterized as “after-sales service fees” (ASSFs).

In 2000, Akzo subsidiary Intervet International B.V. (Intervet) entered into one OFFP contract involving a kickback payment of \$38,741. During the OFFP, Intervet conducted business in Iraq through two separate agents, who were paid jointly on all Iraqi contracts. In August 2000, the agents’ fees were 2.5 percent each. In September 2000, one of the agents informed Intervet that the Iraqi ministry required that Intervet make a five percent kickback under an OFFP contract under negotiation. Although Intervet initially refused to make the payment, at the contract signing, an Intervet employee who was aware of the kickback demand saw the agent deliver an envelope to one of the Iraqi representatives. Shortly thereafter, the agent sought reimbursement of the five percent kickback made on the contract. In order to reimburse the agent for the kickback while not accurately reflecting the true purpose of the payment in the company’s books and records, the Intervet employees agreed to revert to Intervet’s pre-August 2000 commission arrangement with its two agents, giving each agent a five percent commission. By doing so, the agents could keep the 2.5 percent they were each entitled to receive and the agent who paid the kickback could be reimbursed for the five percent passed on to the Iraqi ministry.

During this period, another Akzo subsidiary, N.V. Organon (Organon), entered into three contracts that involved the payment of \$240,750 in ASSF payments to Iraqi officials. The same agent that worked on the Intervet transaction was involved in each of these transactions. On the first contract, Organon and the Iraqi ministry agreed on an initial contract price. However, when Organon prepared the contract documents that were approved by the U.N., Organon inflated the contract price by ten percent to cover the ASSF payment. On the two subsequent contracts, Organon simply agreed with the Iraqi ministry on an initial contract price that was inflated by ten percent, and then submitted that inflated contract price in the U.N. documents. An Organon employee created backdated price quotes that matched the pricing reflected in the three contracts. The agent’s commission was increased from five percent to fifteen percent to account for the ten percent kickback. On the first contract, the agent requested that Organon pay the extra ten percent commission to an entity called “Sabbagh Drugstore.” On the remaining two contracts, the agent requested that Organon pay the extra ten percent commissions directly to an account in his name. The Organon employees were aware that the contract price submitted to the U.N. was inflated by ten percent and that the increase in the agent’s commission resulted in money going directly to Kimadia, a unit of the Iraqi Ministry of Health.

Criminal Disposition:

With regard to its criminal conduct, Akzo entered into a non-prosecution agreement with the Department, which required the company to cooperate fully with the ongoing investigation. In addition, the agreement stipulated that if Organon reached a resolution with the Dutch National Public Prosecutor’s Office for Financial, Economic and Environmental Offences regarding its conduct, including payment of a criminal fine of approximately €381,000 in the Netherlands, then it would pay

no fine in the U.S. If no agreement was reached with Dutch authorities in that time, Akzo would have to pay a criminal fine of \$800,000 in the United States.

Civil Disposition:

The SEC settlement enjoined Akzo from future violations and required the corporation to disgorge \$1,647,363 in profits and \$584,150 in prejudgment interest and pay a \$750,000 civil penalty.

43. Schnitzer Steel Industries, Inc.

Resulting Criminal Enforcement Action(s):

- A. United States v. Si Chan Wooh (D. Or., June 26, 2007)**
- B. United States v. SSI International Far East Ltd. (D. Or., October 10, 2006)**

Resulting Civil/Administrative Enforcement Action(s):

- C. SEC v. Robert W. Philip (D. Or., December 13, 2007)**
- D. SEC v. Si Chan Wooh (D. Or., June 29, 2007)**
- E. In the Matter of Schnitzer Steel Industries, Inc. (October 16, 2006)**

Entities and Individuals:

- Schnitzer Steel Industries, Inc. (SSI), deferred prosecution agreement announced and cease-and-desist order issued October 16, 2006.
- SSI International Far East Ltd. (SSI Korea), charged October 10, 2006.
- Si Chan Wooh, Senior Officer of SSI Korea, charged June 26, 2007; civil complaint filed June 29, 2007.
- Robert W. Philip, President, CEO and Chairman of the Board of SSI, civil complaint filed December 13, 2007.

Criminal Charges:

- Conspiracy
 - to bribe foreign officials (SSI Korea and Wooh)
 - to falsify books and records (SSI Korea)
 - to commit wire fraud (SSI Korea)
- Bribery of foreign officials(SSI Korea)
- Falsification of books and records (SSI Korea)
- Wire fraud (SSI Korea)
- Aiding and abetting SSI's falsification of books and records (SSI Korea)

Civil Charges:

- Bribery of foreign officials (SSI, Philip, Wooh)
- Internal controls violations (SSI)
- Falsification of books and records (SSI)
- Aiding and abetting SSI's bribery of foreign officials (Philip, Wooh)
- Aiding and abetting SSI's internal controls violations (Philip, Wooh)
- Aiding and abetting SSI's falsification of books and records (Philip, Wooh)

Summary:

On October 10, 2006, SSI International Far East Ltd. (SSI Korea), a wholly-owned subsidiary of Schnitzer Steel Industries Inc. (SSI), was charged with conspiracy, bribery in violation of the FCPA, wire fraud, and aiding and abetting the making of false entries in SSI's books and records. These charges stemmed from a decade-long scheme to bribe foreign officials in China and South Korea in order to obtain and retain business for SSI Korea and its Oregon-based parent company. In June 2007, Si Chan Wooh, a former senior executive officer of SSI, was charged by both the DOJ and SEC in connection with his role in the bribery scheme.

According to court documents, from at least 1995 to at least August 2004, SSI, through its officers and employees, including Wooh, authorized and made corrupt payments worth more than \$1.8 million to officers and employees of government owned customers in China and South Korea to induce them to purchase scrap metal from SSI. Between September 1999 and August 2004, corrupt payments of approximately \$204,537 were paid to managers of government-owned customers in China. As a result of these corrupt payments, during that same time period, SSI realized gross revenue of approximately \$96,396,740 and profits of approximately \$6,259,104 on scrap metal sold to instrumentalities in China.

In a related action, on December 13, 2007, the SEC filed a settled civil complaint charging former Chairman and CEO of SSI, Robert W. Philip, with violating the anti-bribery provisions of the FCPA and with aiding and abetting SSI's anti-bribery, books and records, and internal controls violations. According to the SEC's complaint, from 1999 to 2004, Philip authorized the payment of more than \$200,000 to managers of government-owned steel mills in China in order to induce them to purchase scrap metal from SSI. In addition, the complaint charged Philip with authorizing more than \$1.7 million in payments to managers of privately-owned steel mills in both China and South Korea. SSI later described these payments as "sales commissions," "commissions to the customer," "refunds," or "rebates" in its books and records, in violation of the FCPA.

Criminal Disposition:

SSI Korea pleaded guilty on October 16, 2006, and was sentenced to pay a criminal fine of \$7.5 million. In addition, SSI entered into a three-year deferred prosecution agreement with the Department and agreed to appoint an independent compliance monitor.

On June 29, 2007, Wooh pleaded guilty to one count of conspiring to violate the FCPA's anti-bribery provisions before U.S. District Judge Garr M. King in the District of Oregon. Wooh is currently scheduled to be sentenced on November 16, 2010.

Civil Disposition:

On October 16, 2006, the SEC filed a settled action against SSI, requiring it to cease-and-desist from future violations, disgorge \$7,725,201 in ill-gotten profits and \$1,446,106 in pre-judgment interest, and retain and independent FCPA compliance monitor for a period of three years.

Philip agreed to pay a total of \$250,000 to settle the SEC's charges, including \$169,863.79 in disgorgement of bonuses and pay, \$16,536.63 in prejudgment interest, and a \$75,000 civil penalty.

On June 29, 2007, the SEC filed a settled action against Wooh enjoining him from future violations and ordering that he disgorge \$14,819.38 in bonuses and \$1,312.52 in prejudgment interest and pay a \$25,000 civil penalty.

44. Vitol SA

Resulting Criminal Enforcement Action(s):

A. New York v. Vitol SA (New York County, November 20, 2007)

Entities and Individuals:

- Vitol SA, charged November 20, 2007, in New York State Court.

Criminal Charges:

- Grand Larceny

Location and Time Period of Misconduct: Iraq, 2001-2002.

Summary:

In 2007, the Manhattan (NY) District Attorney's Office charged Vitol, S.A. (Vitol), a Swiss oil trading firm, with Grand Larceny in the First Degree for its involvement in a scheme to pay kickbacks to Iraq in connection with oil purchases made under the United Nations Oil-for-Food Program (OFFP). According to court documents, while the OFFP was in effect, Vitol purchased Iraqi crude oil first as direct purchaser and later from third-parties. In June 2001, after an OPEC meeting, an agent of VITOL was told by Iraqi officials that surcharges had to be paid in order for Iraqi crude oil to be lifted. Over the next year, VITOL paid or caused surcharges to be paid on certain oil purchases in two ways. In direct purchases, VITOL had an associated entity called Vitol Bahrain send the surcharge monies to accounts controlled by the Iraqi regime. In indirect purchases, VITOL financed the purchase of oil through third-parties who then paid the surcharge to the Iraqi regime. VITOL did not inform the UN about the surcharge payments. During the period from June 2001 through September 2002, approximately \$13,000,000 in surcharge monies were paid directly to the Iraqi regime in connection with crude oil purchased directly or indirectly by VITOL.

Criminal Disposition:

On November 20, 2007, Vitol pleaded guilty and was sentenced to pay restitution of \$13 million to the Iraqi people through the Development Fund for Iraq, in addition to a payment of \$4.5 million in lieu of fines, forfeiture and to cover the costs of prosecution.

45. Chevron Corporation

Resulting Criminal Enforcement Action(s):

- A. United States v. Chevron Corporation (S.D.N.Y., November 14, 2007)**
B. New York v. Chevron Corporation (New York County, November 14, 2007)

Resulting Civil/Administrative Enforcement Action(s):

- C. SEC v. Chevron Corporation (S.D.N.Y., November 14, 2007)**

Entities and Individuals:

- Chevron Corporation, charged and civil complaint filed November 14, 2007.

Criminal Charges:

- Wire fraud

Civil Charges:

- Internal controls violations
- Falsification of books and records

Location and Time Period of Misconduct: Iraq, 2001-2003.

Summary:

On November 2007, Chevron Corporation (Chevron) was charged by the U.S. Attorney's Office for the Southern District of New York (SDNY), the New York County District Attorney's Office (DANY), and the SEC in connection with a scheme to pay secret, illegal surcharges to the Iraqi government in order to obtain Iraqi oil under the former United Nations Oil-for-Food Program (OFFP). From in or about 2000, up to and including in or about March 2003, the former Iraqi government demanded the payment of secret illegal surcharges on allocations of Iraqi oil. In 2001, oil market participants, including participants who purported to have close ties to officials of the Government of Iraq, informed representatives of Chevron that surcharges were being demanded on Iraqi oil allocations in the OFFP. Subsequently, from 2001 through 2003, in order to purchase Iraqi oil, Chevron paid approximately \$20 million in illegal surcharges to the former Government of Iraq, in violation of United States wire fraud statutes and administrative regulations that prohibited transactions with the former Government of Iraq.

Criminal Disposition:

In a joint settlement with the SEC, SDNY, DANY and the Office of Foreign Asset Control of the Department of Treasury (OFAC), Chevron agreed to pay combined monetary penalties in the amount of \$27 million. Pursuant to the agreement, Chevron's payments were to be split along the following lines: (1) forfeiture of \$20,000,000 to SDNY, which would seek to transfer that money to the Development Fund of Iraq; and, (2) \$5,000,000 to the DANY to be distributed as DANY shall deem appropriate.

In addition to the monetary payments, the joint Agreement obligated Chevron to continue cooperating fully with SDNY, DANY, the FBI, the SEC, OFAC, and any other law enforcement agency designated by SDNY or DANY. In exchange, DOJ agreed not to prosecute Chevron for any crimes related to its purchase of Iraqi oil during the OFFP.

Civil Disposition:

On November 14, 2007, the SEC filed a settled action against Chevron enjoining it from future violations and ordering it to pay \$25 million in disgorgement and \$3 million in civil penalties. Pursuant to the joint settlement agreement, the disgorgement required was to be satisfied by the payments to SDNY and DANY detailed above. The remaining \$2 million from the \$27 million joint penalty were paid by Chevron to OFAC.

46. Ingersoll-Rand Company Limited

Resulting Criminal Enforcement Action(s):

- A. United States v. Ingersoll-Rand Italiana SpA (D.D.C., October 31, 2007)**
- B. United States v. Thermo-King Ireland Limited (D.D.C., October 31, 2007)**

Resulting Civil/Administrative Enforcement Action(s):

- C. SEC v. Ingersoll-Rand Company Limited (D.D.C., October 31, 2007)**

Entities and Individuals:

- Ingersoll-Rand Company Limited (Ingersoll-Rand), deferred prosecution agreement announced and civil complaint filed October 31, 2007.
- Ingersoll-Rand Italiana (I-R Italiana) charged October 31, 2007.
- Thermo King Ireland Limited (Thermo King), charged October 31, 2007.

Criminal Charges:

- Conspiracy:
 - to falsify books and records (I-R Italiana)
 - to commit wire fraud (I-R Italiana and Thermo King)

Civil Charges:

- Internal controls violations
- Falsification of books and records

Location and Time Period of Misconduct: Iraq, 2000-2003.

Summary:

On October 31, 2007, the Department of Justice filed criminal charges against two subsidiaries of Ingersoll-Rand Company Limited (Ingersoll-Rand), in connection with payments made by these and other subsidiaries to obtain contracts administered by the United Nations Oil for Food Program (OFFP). On the same day, the SEC filed a settled civil complaint against Ingersoll-Rand, charging it with violations of the internal controls and books and records provisions of the FCPA arising out of the same underlying conduct.

According to court documents, between October 2000 and August 2003, employees of three subsidiaries, one unnamed, Ingersoll-Rand Italiana, and Thermo King Ireland Limited, made \$963,148 in kickback payments to the Iraqi government, and promised an additional \$544,697, in exchange for contracts to provide road construction equipment, air compressors and parts, and refrigerated trucks under the OFFP. In order to both pay for and conceal these kickbacks, the subsidiaries inflated the price of contracts by approximately 10 percent before submitting them to the U.N. for approval. The subsidiaries never revealed to the U.N. the fact that the contract prices contained a kickback to the Iraqi government.

Criminal Disposition:

To resolve its criminal liability arising out of this kickback scheme, Ingersoll-Rand, on behalf of itself and its subsidiaries, entered into a three-year deferred prosecution agreement with the Department and agreed to pay a criminal fine of \$2.5 million.

Civil Disposition:

In a simultaneous agreement with the SEC, Ingersoll-Rand was enjoined from future violations of the FCPA, ordered to disgorge \$1,710,034 in profits and \$560,953 in prejudgment interest, and required to pay a civil penalty of \$1.95 million.

47. York International Corporation

Resulting Criminal Enforcement Action(s):

A. United States v. York International Corporation (D.D.C., October 1, 2007)

Resulting Civil/Administrative Enforcement Action(s):

B. SEC v. York International Corporation (D.D.C., October 1, 2007)

Entities and Individuals:

- York International Corporation, charged October 1, 2007; civil complaint filed October 1, 2007.

Criminal Charges:

- Conspiracy:
 - to falsify books and records
 - to commit wire fraud
- Falsification of books and records
- Wire Fraud

Civil Charges:

- Bribery of foreign officials
- Internal controls violations
- Falsification of books and records

Location and Time Period of Misconduct: Iraq, Bahrain, Egypt, India, Turkey, UAE, Nigeria, China and various other European and Middle Eastern countries 1999-2006.

Summary:

On October 1, 2007, York International Corporation (York) was charged in a three-count criminal information with conspiracy, falsification of its books and records, in violation of the FCPA, and wire fraud. These charges stemmed in part from the actions of York Air Conditioning and Refrigeration FZE (FZE), a subsidiary, whose employees and agents paid approximately \$647,110 in kickbacks to Iraqi government officials from 2000 to 2003 in order to obtain contracts to provide air-conditioning, ventilation and refrigeration equipment and services to Iraq under the United Nations Oil-for-Food Program (OFFP).

In a related action, the SEC filed a settled civil complaint against York, alleging that York violated the anti-bribery provisions of the FCPA by paying bribes to UAE officials to secure business. Specifically, the SEC charged that in 2003 and 2004, York's Delaware-based subsidiary, York Air Conditioning and Refrigeration, Inc. (YACR), paid approximately \$522,500 to an intermediary while knowing that most of the money was intended to bribe UAE officials to secure contracts in connection

with the construction of a government-owned luxury hotel. Altogether, thirteen illicit payments were made on this project, totaling \$550,000. In connection with these corrupt payments, the SEC charged that York had failed to devise and maintain effective system of internal controls to prevent and detect numerous violations and that York failed to accurately record in its books and records the bribes in the UAE, as well as the kickbacks in Iraq and illicit consultancy payments made in various other countries.

In addition to the corrupt payments in the UAE and Iraq, from 2001 through 2006, York, through certain subsidiaries, including YACR, made over \$7.5 million in illicit payments to secure orders on certain commercial and government projects in the Bahrain, Egypt, India, Turkey, China, Nigeria, and various other European and Middle Eastern countries. York's subsidiaries devised elaborate schemes to conceal these kickback payments to certain individuals who had enough influence to secure contracts for York's subsidiaries. These payments were referred to internally as "consultancy payments"; however, no bona fide services were performed in exchange for these payments. A total of 854 improper consultancy payments were made on approximately 774 contracts – with 302 of these projects involving government end-users, such as government owned companies, public hospitals, or schools.

Criminal Disposition:

York entered into a deferred prosecution agreement with the Department of Justice, whereby it agreed to pay a criminal fine of \$10 million and engage an independent FCPA compliance monitor for a period of three-years.

Civil Disposition:

In a settlement with the SEC, York was enjoined from future violations and ordered to disgorge \$8,949,132 in profits and \$1,083,748 in prejudgment interest, and to pay a civil penalty of \$2 million. The SEC's settlement also required that the company retain a compliance monitor for three years.

48. Immucor, Inc.

Resulting Civil/Administrative Enforcement Action(s):

- A. SEC v. Gioacchino De Chirico (N.D. Ga., September 28, 2007)**
- B. In the Matter of Immucor, Inc., et al. (September 27, 2007)**

Entities and Individuals:

- Immucor, Inc., cease-and-desist order issued September 27, 2007.
- Gioacchino De Chirico, President and CEO, cease-and-desist order issued September 27, 2007; civil complaint filed September 28, 2007.

Civil Charges:

- Bribery of foreign officials (Immucor)
- Internal controls violations (Immucor)
- Falsification of books and records (Immucor)
- False accounting violations (De Chirico)
- Aiding and abetting internal controls violations (De Chirico)
- Aiding and abetting falsification of books and records (De Chirico)

Location and Time Period of Misconduct: Italy, 2004.

Summary:

On September 28, 2007, the SEC commenced administrative proceedings against Immucor, Inc. and its President and CEO, Gioacchino De Chirico, alleging that they engaged in violations of the anti-bribery, books and records, and internal controls provisions of the FCPA, as well as false accounting violations and aiding and abetting related violations. The SEC simultaneously filed a settled civil complaint against De Chirico in the U.S. District Court for the Northern District of Georgia, which charged him with much of the same conduct.

These charges stemmed from an incident in April 2004 when Immucor paid €13,500 to the director of a public hospital in Milan, Italy, as a quid pro quo for the hospital director favoring Immucor in selecting contracts for medical supplies and equipment. The complaint further alleged that De Chirico knowingly approved a false invoice that described the €13,500 payment as a consulting fee for services in connection with opportunities in Switzerland, which De Chirico knew the director had not performed.

Civil Disposition:

To settle the SEC's charges, both Immucor and De Chirico consented to the issuance of a cease-and-desist order enjoining them from any future violations of the FCPA. On October 2, 2007, U.S. District Judge Horace T. Ward also ordered De Chirico to pay a \$30,000 civil penalty.

49. Syncor International Corporation

Resulting Criminal Enforcement Action(s):

- A. United States v. Syncor Taiwan, Inc. (C.D. Cal., December 4, 2002)**

Resulting Civil/Administrative Enforcement Action(s):

- B. SEC v. Monty Fu (D.D.C., September 27, 2007)**
- C. SEC v. Syncor International Corporation (D.D.C., December 10, 2002)**
- D. In the Matter of Syncor International Corporation (December 10, 2002)**

Entities and Individuals:

- Syncor International Corporation (Syncor), civil complaint filed December 10, 2002.
- Syncor Taiwan, Inc., charged December 4, 2002.
- Monty Fu, Founder and Chairman, civil complaint filed September 27, 2007.

Criminal Charges:

- Bribery of foreign officials (Syncor Taiwan)

Civil Charges:

- Bribery of foreign officials (Syncor)
- Internal controls violations (Syncor)
- Falsification of books and records (Syncor)
- False accounting violations (Fu)
- Aiding and abetting internal controls violations (Fu)
- Aiding and abetting falsification of books and records (Fu)

Location and Time Period of Misconduct: Taiwan, 1997-2002.

Summary:

In December 2002, the Department of Justice and the SEC filed criminal and civil charges against Syncor Taiwan, Inc., and its parent company, Syncor International Corporation (Syncor), a radiopharmaceutical company based in Woodland Hills, California. The Department charged Syncor Taiwan in a one-count criminal information in the Central District of California with violating the anti-bribery provisions of the FCPA, while the civil suit filed by the SEC in the District of Columbia charged Syncor with violations of the anti-bribery, internal controls, and books and records provisions of the FCPA.

These charges stemmed from a series of improper payments made by Syncor and its employees to physicians employed by hospitals owned by the legal authorities in Taiwan. At least \$344,110 in “commissions” were paid to state-employed Taiwanese physicians between January 1, 1997 and November 6, 2002, for the purpose of obtaining and retaining business from those hospitals and in connection with the purchase and sale of unit dosages of certain radiopharmaceuticals. These payments were authorized by Monty Fu, Syncor Taiwan’s founder and board chairman, while in the Central District of California, and were paid in cash in Taiwan via hand-delivered, sealed envelopes. For his role in authorizing these illicit payments, the SEC filed a civil complaint against Fu on September 27, 2007 in the District of Columbia.

In addition, Syncor Taiwan made payments to physicians employed by hospitals owned by the legal authorities in Taiwan in exchange for their referrals of patients to medical imaging centers owned and operated by the defendant. These improper payments, also made pursuant to the authorization of Fu, totaled at least \$113,007 during the period from January 1, 1998 through November 6, 2002.

Criminal Disposition:

Syncor Taiwan pleaded guilty on December 10, 2002, to a one-count information charging the company with violating the anti-bribery provisions of the FCPA. Pursuant to its plea agreement, Syncor was sentenced to a criminal fine of \$2 million.

Civil Disposition:

Pursuant to the SEC's settled civil action, filed on December 10, 2002, Syncor agreed to pay a \$500,000 civil penalty and to accept a cease-and-desist order enjoining it from future violations of the FCPA. As part of the administrative cease-and-desist order issued by the SEC, Syncor was required to retain an independent compliance consultant for a period 130 days. During this period, the consultant was to review and make recommendations regarding Syncor's compliance programs. Except in certain circumstances, Syncor was then required to implement the consultant's recommendations within 90 days of having received the consultant's report.

On September 27, 2007, without admitting or denying the more recent SEC allegations, Monty Fu agreed to a civil penalty of \$75,000 and a permanent injunction against future violations of the FCPA.

50. Bristow Group Inc.

Resulting Civil/Administrative Enforcement Action(s):

A. In the Matter of Bristow Group Inc. (September 26, 2007)

Entities and Individuals:

- Bristow Group Inc., cease-and-desist order issued September 26, 2007.
- AirLog International, Ltd., (cease-and-desist order issued against parent).
- Pan African Airlines Nigeria Ltd., (cease-and-desist order issued against parent).

Civil Charges:

- Bribery of foreign officials
- Internal controls violations
- Falsification of books and records

Location and Time Period of Misconduct: Nigeria, 2003 – 2004.

Summary:

On September 26, 2007, the SEC instituted administrative proceedings against Bristow Group Inc., a Houston-based and New York Stock Exchange-listed helicopter transportation services and oil and gas production facilities operation company, for violations of the FCPA. The SEC's administrative order alleged that Bristow violated the anti-bribery, internal controls, and books and records provisions of the FCPA as a consequence of the actions of two of its subsidiaries in Nigeria.

According to the SEC's administrative filing, since at least 2003 and through approximately the end of 2004, Bristow Group's Nigerian affiliate, Pan African Airlines Nigeria Ltd. (PAAN), made improper payments totaling \$423,000 to employees of the governments of two Nigerian states to influence them to improperly reduce the amount of expatriate employment taxes payable by PAAN to the respective Nigerian state governments. At the end of each year, PAAN was subject to an expatriate "Pay As You Earn" (PAYE) tax, which was assessed on the salaries of PAAN employees by the government of each Nigerian state where PAAN operated. PAAN then negotiated with government tax officials to lower the amount assessed. In each instance, the PAYE tax demand amount was lowered and a separate cash payment for the tax officials was negotiated. Once PAAN paid the state government and the tax officials, each state government provided PAAN with a receipt reflecting only the amount payable to the state government. All together, PAAN secured an \$854,000 reduction in its PAYE tax liability in exchange for these improper payments.

During that same time period, Bristow Group underreported PAAN and another Bristow Group Nigerian affiliate's payroll expenses to certain Nigerian state governments. As a result, Bristow Group's periodic reports filed with the SEC did not accurately reflect certain of the company's payroll-related expenses. Accordingly, the SEC's administrative order found that during this time period, Bristow Group had both lacked sufficient internal accounting controls and mischaracterized the payments as legitimate payroll expenses on its books and records.

Civil Disposition:

Without admitting or denying the SEC's allegations, Bristow Group consented to entry of an Administrative Order that required the company to cease-and-desist from committing violations of the anti-bribery, internal controls, and/or books and records provisions of the FCPA.

51. Electronic Data Systems Corporation

Resulting Civil/Administrative Enforcement Action(s):

- A. In the Matter of Electronic Data Systems Corporation (September 25, 2007)**
- B. SEC v. Chandramowli Srinivasan (D.D.C., September 25, 2007)**

Entities and Individuals:

- Electronic Data Systems Corporation (EDS), cease-and-desist order issued September 25, 2007.
- A.T. Kearney Ltd. – India (ATKI), (cease-and-desist order issued against parent).
- Chandramowli Srinivasan, President of ATKI, civil complaint filed September 25, 2007.

Civil Charges:

- Bribery of foreign officials (Srinivasan)
- Falsification of books and records (EDS)
- Disclosure violations (EDS)
- Regulation violations (EDS)
- False accounting violations (Srinivasan)

Location and Time Period of Misconduct: India, 2001-2003.

Summary:

On September 25, 2007, the SEC filed settled civil and administrative actions against Chandramowli Srinivasan and the Electronic Data Systems Corporation (EDS), alleging that the defendants had violated the anti-bribery and books and records provisions of the FCPA, as well as numerous other federal securities laws. According to the SEC's filings, from early 2001 through September 2003, EDS's former Indian subsidiary, A.T. Kearney Ltd. – India (ATKI), made at least \$720,000 in illicit payments to high-level employees of two Indian state-owned enterprises in order to retain its business with those enterprises. ATKI made these payments at the direction of Srinivasan, ATKI's president, after the officials of the state-owned enterprises threatened to cancel the contracts with ATKI. These bribes allowed EDS to recognize over \$7.5 million in revenues from the Indian companies' contracts after ATKI began paying the bribes.

Civil Disposition:

Pursuant to the administrative proceedings, the SEC issued a cease-and-desist order against EDS, enjoining it from future violations of the FCPA and requiring it to pay \$358,800 in disgorgement and \$132,102 in prejudgment interest.

To resolve the civil suit filed by the SEC, Srinivasan agreed to a permanent injunction enjoining him from future violations of the FCPA and agreed to pay a \$70,000 civil penalty.

52. Paradigm, B.V.

Resulting Criminal Enforcement Action(s):

A. In Re Paradigm, B.V. (September 24, 2007)

Entities and Individuals:

- Paradigm B.V., non-prosecution agreement announced September 24, 2007.

Criminal Charges:

- Bribery of foreign officials

Location and Time Period of Misconduct: Indonesia, 2003; Nigeria, 2003 – 2005; Mexico, 2004 – 2005; Kazakhstan, 2005 – 2006; China, 2006.

Summary:

On September 24, 2007, the Department of Justice resolved allegations against Paradigm, B.V., a Dutch LLC with its principal place of business in Houston, Texas. Paradigm B.V. uncovered improper payments to foreign officials as it undertook the due diligence required for its anticipated initial public offering, including corrupt payments to employees of state-owned oil and gas companies in China, Indonesia, Kazakhstan, Latvia, Mexico, and Nigeria.

In one instance, Paradigm paid \$22,250 into the Latvian bank account of a British West Indies company recommended as a consultant by an official of KazMunaiGas, Kazakhstan's national oil company, to secure a tender for geological software. In this case, Paradigm performed no due diligence on the British West Indies company, did not enter into any written agreement with the company, and did not appear to have received any services from the company.

According to the statement of facts, Paradigm also used an agent in China to make commission payments to representatives of a subsidiary of the China National Offshore Oil Company (CNOOC) in connection with the sale of software to the CNOOC subsidiary. In addition, Paradigm directly retained and paid employees of Chinese national oil companies or state-owned entities as so-called “internal consultants” to evaluate Paradigm’s software and to influence their employers’ procurement divisions to purchase Paradigm’s products.

As part of its due diligence, Paradigm also admitted to similar conduct in dealings in Mexico, Indonesia, and Nigeria. In Nigeria, Paradigm representatives agreed to make corrupt payments of between \$100,000 and \$200,000 through an agent to Nigerian politicians to obtain a contract to perform services and processing work for a subsidiary of the Nigerian National Petroleum Corporation.

Criminal Disposition:

In recognition of the fact that Paradigm self-reported and undertook full cooperation with enforcement authorities, the Department agreed not to prosecute Paradigm on the condition that the company upheld certain obligations for a period of 18 months. The non-prosecution agreement obliged Paradigm to continue its full cooperation with the investigation, institute rigorous internal controls and other remedial steps, pay a \$1 million criminal fine, and retain an outside compliance counsel.

53. Textron Inc.

Resulting Criminal Enforcement Action(s):

A. In Re Textron Inc. (August 23, 2007)

Resulting Civil/Administrative Enforcement Action(s):

B. SEC v. Textron Inc. (D.D.C., August 23, 2007)

Entities and Individuals:

- Textron, Inc., charged August 23, 2007; civil complaint filed August 23, 2007.

Criminal Charges:

- Bribery of foreign officials
- Falsification of books and records

Civil Charges:

- Internal controls violations
- Falsification of books and records

Location and Time Period of Misconduct: Iraq, Bangladesh, Egypt, India, Indonesia, UAE, 2000-2003.

Summary:

On August 23, 2007, Textron, Inc., a Rhode Island-based industrial equipment company, settled allegations with the Department of Justice and the SEC relating to kickbacks paid to the former Government of Iraq under the United Nations Oil for Food Program (OFFP). As part of a consent agreement with the SEC and a non-prosecution agreement with the Department, Textron acknowledged responsibility for kickbacks paid to the Iraqi government by its David Brown French subsidiaries in

exchange for contracts worth \$1,936,936 to provide industrial pumps, gears, and other equipment to Iraqi ministries under the OFFP. According to settlement documents, the subsidiaries in Textron's Fluid and Power Business Unit paid a total of more than \$650,000 in kickbacks by inflating the price of contracts by 10 percent before submitting the contracts to the U.N. for approval. These kickback payments, which bypassed the U.N. escrow account, were paid by third parties to Iraqi government-controlled accounts. During the course of its own internal investigation, Textron also uncovered an additional 36 illicit payments totaling almost \$115,000 that were made to officials of state-owned companies in countries other than Iraq, including the United Arab Emirates, Bangladesh, Indonesia, Egypt, and India, in order to obtain similar contracts.

Criminal Disposition:

In recognition of Textron's early discovery and reporting of the improper payments, its thorough review of those payments as well as its discovery and review of improper payments made in other countries, and the company's implementation of enhanced compliance policies and procedures, the Department agreed to enter into a non-prosecution agreement with the company. Under this agreement, Textron agreed to pay a criminal fine of \$1,150,000 and continue cooperating with the Department's investigation.

Civil Disposition:

In a settlement agreement with the SEC, Textron agreed to disgorge \$2,284,579 in profits and \$450,461.68 in prejudgment interest, to pay an \$800,000 civil penalty, and to be permanently enjoined from future violations of the FCPA.

54. Delta Pine & Land Company

Resulting Civil/Administrative Enforcement Action(s):

- A. In the Matter of Delta & Pine Land Company, et al. (July 26, 2007)**
- B. SEC v. Delta & Pine Land Company, et al. (D.D.C., July 25, 2007)**

Entities and Individuals:

- Delta & Pine Land Company, civil complaint filed July 25, 2007; cease-and-desist order issued July 26, 2007.
- Turk Deltapine, Inc., civil complaint filed July 25, 2007; cease-and-desist order issued July 26, 2007.

Civil Charges:

- Bribery of foreign officials (Turk Deltapine)
- Internal controls violations (Delta & Pine)
- Falsification of books and records (Delta & Pine)

Location and Time Period of Misconduct: Turkey, 2001-2006.

Summary:

In July 2007, the SEC filed settled civil and administrative actions against Delta & Pine Land Company (Delta & Pine), a Scott, Mississippi-based company engaged in the production and marketing

of cottonseed, and its subsidiary, Turk Deltapine, Inc. (Turk Deltapine), charging them with violations of the anti-bribery, internal controls, and books and records provisions of the FCPA. According to the SEC's complaint, from 2001 through 2006, Turk Deltapine paid bribes of \$43,000 to officials of the Turkish Ministry of Agricultural and Rural Affairs in order to obtain governmental reports and certifications necessary to operate in Turkey. Delta & Pine failed to accurately record these payments in its books and records and failed to establish effective internal controls that could have prevented such payments.

Civil Disposition:

In the administrative proceeding, a cease-and-desist order was issued enjoining both defendants from future violations of the FCPA. In addition, Delta & Pine was ordered to retain an independent compliance consultant to review and make recommendations concerning the company's FCPA compliance policies and procedures. In the federal lawsuit, Delta & Pine and Turk Deltapine agreed to the entry of a final judgment requiring them to pay, jointly and severally, a \$300,000 civil penalty.

55. ITXC Corporation

Resulting Criminal Enforcement Action(s):

- A. **United States v. Steven J. Ott (D.N.J., July 25, 2007)**
- B. **United States v. Roger M. Young (D.N.J., July 25, 2007)**
- C. **United States v. Yaw Osei Amoako (D.N.J., September 6, 2006)**

Resulting Civil/Administrative Enforcement Action(s):

- D. **SEC v. Steven J. Ott, et al. (D.N.J., September 6, 2006)**
- E. **SEC v. Yaw Osei Amoako (D.N.J., September 1, 2005)**

Entities and Individuals:

- ITXC Corporation (ITXC) (never charged – company ceased to exist during investigation).
- Steven Ott, ITXC's Executive Vice President of Global Sales, charged July 25, 2007.
- Roger Young, ITXC's Managing Director for Africa, charged July 25, 2007.
- Yaw Osei Amoako, regional manager for Africa at ITXC, charged September 6, 2006.

Criminal Charges:

- Conspiracy (all defendants)
- Bribery of foreign officials (all defendants)
- Commercial bribery (all defendants)

Civil Charges:

- Bribery of foreign officials (all defendants)
- False accounting violations (all defendants)
- Aiding and abetting falsification of books and records (all defendants)
- Aiding and abetting internal controls violations (Ott and Young)

Location and Time Period of Misconduct: Nigeria, 2002-2004; Rwanda, 2002; Senegal, 2001-2003; Ghana, 2001-2002; Mali, 2002.

Summary:

Three former executives of ITXC Corporation, a global telecommunications company based in Princeton, NJ, have pleaded guilty to conspiring to violate the FCPA and the Travel Act in connection with a scheme to bribe government telecommunications officials in four African countries. ITXC was a publicly traded company that provided telecommunication services, primarily Voice Over Internet Protocol (VOIP) services, to carriers across the globe. In pleading, the defendants admitted that between September 1999 and October 2004, they conspired with each other and other former ITXC employees and officers to make corrupt payments totaling approximately \$450,000 to employees of foreign state-owned and foreign-owned telecommunications carriers in Nigeria, Rwanda, Senegal, and Mali to obtain and retain contracts for ITXC. For example, in Nigeria, ITXC entered into a service agreement with and agreed to pay a consulting company headed by an official of NITEL, the state-owned Nigerian telecommunications authority, in exchange for assistance in obtaining agreements with other service providers in the country. Between November 2002 and May 2004, ITXC wire transferred approximately \$166,541.31 to the Nigerian bank account of the foreign official's company.

Criminal Disposition:

Steven J. Ott, ITXC's Executive Vice-President of Global Sales, was sentenced on July 21, 2008 to five years' probation, including 6 months' home confinement and 6 months' community confinement, and a \$10,000 fine. Roger Michael Young, ITXC's Managing Director for Africa and the Middle East, was sentenced on September 2, 2008 to five years' probation, including 3 months' home confinement and 3 months' community confinement, and a \$7,000 fine. The third executive, Yaw Osei Amoako, was sentenced in August 2007 to 18 months' imprisonment and a \$7,500 fine.

Civil Disposition:

On May 6, 2008, the SEC announced that it had obtained final judgments in civil suits filed against Ott, Young, and Amoako. Pursuant to these judgments, the defendants were permanently enjoined from future violations of the FCPA. In addition, Amoako agreed to disgorge \$150,411 in wrongfully-received profits and \$38,042 in pre-judgment interest.

56. Oily Rock

Resulting Criminal Enforcement Action(s):

- A. **In Re Omega Advisors, Inc. (July 6, 2007)**
- B. **United States v. Viktor Kozeny, et al. (S.D.N.Y., May 12, 2005)**
- C. **United States v. Hans Bodmer (S.D.N.Y., August 5, 2003)**
- D. **United States v. Clayton Lewis (S.D.N.Y., July 31, 2003)**
- E. **United States v. Thomas Farrell (S.D.N.Y., March 10, 2003)**

Entities and Individuals:

- Omega Advisors, Inc., non-prosecution agreement announced July 6, 2007.
- Viktor Kozeny, Head of Investment Consortium, indicted May 12, 2005.
- Frederic Bourke, Investor, indicted May 12, 2005.
- David Pinkerton, Investment Manager, indicted May 12, 2005.
- Hans Bodmer, Lawyer, indicted August 5, 2003.
- Clayton Lewis, Investment Manager, indicted July 31, 2003.
- Thomas Farrell, Employee of Kozeny's investment companies, charged March 10, 2003.

Criminal Charges:

- Conspiracy:
 - to bribe foreign officials (all defendants)
 - to violate the Travel Act (Kozeny, Bourke, Pinkerton)
 - to commit money laundering (all defendants except Farrell)
- Bribery of foreign officials (all defendants except Bodmer)
- Money laundering (Kozeny, Bourke, Pinkerton)
- Making false statements (Bourke, Pinkerton)

Location and Time Period of Misconduct: Azerbaijan, 1997-1998.

Summary:

On May 12, 2005, Viktor Kozeny, Frederic A. Bourke Jr., and David Pinkerton were indicted in the Southern District of New York on charges of conspiracy to violate the FCPA and Travel Act, substantive FCPA violations, substantive Travel Act Violations, conspiracy to commit money laundering, substantive money laundering charges, and, in the case of Bourke and Pinkerton, making false statements. These charges stemmed from their role in a scheme to pay millions of dollars worth of bribes to Azeri government officials to ensure that the defendants' investment consortium would gain, in secret partnership with the Azeri officials, a controlling interest in the State Oil Company of the Azerbaijan Republic (SOCAR) and its substantial oil reserves.

According to evidence presented in the trial of Bourke, in August 1997, Kozeny allegedly agreed to transfer to corrupt Azeri officials two-thirds of the vouchers and options purchased by his investment consortium, Oily Rock, and to give them two-thirds of all of the profits arising from his investment consortium's participation in SOCAR's privatization. In addition, evidence presented at trial showed that in June 1998, Bourke knew that Kozeny arranged for Oily Rock to increase its authorized share capital from \$150 million to \$450 million so that the additional \$300 million worth of Oily Rock shares could be transferred to one or more of the Azeri officials as a further bribe payment. Bourke also arranged for two of the corrupt officials to travel to New York City on different occasions in 1998 to

receive medical treatment, for which Oily Rock paid. Thereafter, in interviews with the FBI in April and May of 2002, Bourke falsely stated that he was not aware that Kozeny had made the alleged payments to the Azeri Officials.

Three others have been charged in connection with their roles in this bribery scheme. Thomas Farrell, a former employee of Oily Rock, was charged in an information with one count of conspiracy to violate the FCPA and one count of violating the FCPA's anti-bribery provisions. On July 31, 2003, Clayton Lewis, a former principal of Omega Advisors and a co-investor in the scheme, was indicted on one count of conspiracy to violate the FCPA and one count of conspiracy to commit money laundering. On August 5, 2003, a grand jury in New York returned an indictment charging the third individual, Hans Bodmer, a Swiss lawyer who represented Kozeny and his investment consortium, with conspiring to violate the FCPA's anti-bribery provisions and conspiracy to commit money laundering. At the United States' request, Korea extradited Mr. Bodmer to the United States in 2004.

In June 2007, the Department entered into a non-prosecution agreement with Omega Advisors, regarding its role as a major investor in the consortium.

Criminal Disposition:

Following a six-week jury trial, Bourke was found guilty by a federal jury in Manhattan on July 10, 2009, of conspiracy to violate the FCPA and the Travel Act, and making false statements to the FBI. Evidence presented at trial established that Bourke was a knowing participant in a scheme to bribe senior government officials in Azerbaijan with several hundred million dollars in shares of stock, cash, and other gifts. Bourke subsequently appealed his conviction to the U.S. Court of Appeals for the 2nd Circuit, whereupon the Government filed a cross-appeal.

On January 26, 2010, the Court of Appeals for the Commonwealth of the Bahamas issued a decision overturning a September 28, 2006 ruling by a Bahamian magistrate, and thereby blocking Viktor Kozeny's extradition to the U.S. This decision is being appealed to the U.K. Privy Council.

Hans Bodmer pleaded guilty in October 2004 to money laundering. The FCPA count against Bodmer had been previously dismissed by the Court because the court deemed that prior to the 1998 amendments to the FCPA, foreign nationals could not be criminally prosecuted under the FCPA because they were outside U.S. jurisdiction. Bodmer's sentencing is pending.

On February 10, 2004, Clayton Lewis pleaded guilty before District Judge Naomi Buchwald to a superseding information charging him with one count of conspiracy to violate the FCPA and one count of violating the FCPA's anti-bribery provisions. Lewis's sentencing is pending.

Thomas Farrell pleaded guilty on October 3, 2003 before Judge Richard M. Berman in the U.S. District Court for the Southern District of New York. Farrell's sentencing is pending.

In order to resolve potential criminal charges related to the FCPA, Omega Advisors entered into a non-prosecution agreement with the Department in June 2007 and agreed to forfeit \$500,000.

In July 2008, the Government dismissed the case against Mr. Pinkerton.

57. Former United States Congressman, William J. Jefferson

Resulting Criminal Enforcement Action(s):

A. United States v. William J. Jefferson (E.D. Va., June 4, 2007)

Entities and Individuals:

- William J. Jefferson, former U.S. Congressman, indicted June 4, 2007.

Criminal Charges:

- Conspiracy:
 - to solicit bribes by a public official
 - to deprive citizens of honest services by wire fraud
 - to bribe foreign officials
- Solicitation of bribes by a public official
- Deprivation of honest services by wire fraud
- Bribery of foreign officials
- Money laundering
- Obstruction of justice
- Racketeering

Location and Time Period of Misconduct: Nigeria, 2000-2005.

Summary:

On June 4, 2007, William J. Jefferson of New Orleans, Louisiana became the first U.S. public official ever charged with violating the FCPA, when he was charged with, among other things, one count of bribery in violation of the FCPA and one count of conspiring to solicit bribes, deprive honest services, and violate the anti-bribery provisions of the FCPA. According to evidence presented at his trial, from August 2000 through August 2005, Congressman Jefferson, while serving as an elected member of the U.S. House of Representatives, used his position and his office to corruptly seek, solicit, and direct that things of value be paid to him and his family members in exchange for his performance of official acts to advance the interests of the people and businesses who paid him the bribes. In addition, according to court documents and evidence presented at trial, Jefferson conspired to violate the FCPA by offering, promising, and making payments to foreign officials to advance various business endeavors in which he and his family had a financial interest. More specifically, Jefferson was responsible for negotiating, offering and delivering payments of bribes to a high-ranking official in the executive branch of the Government of Nigeria in order to induce the official to use his position to assist a telecommunications joint venture in securing the governmental approvals necessary for its success. In return for taking these official acts in furtherance of this bribery conspiracy, this joint venture agreed to pay Jefferson and his family things of value.

Criminal Disposition:

On August 5, 2009, following a nine-week trial, a federal jury convicted former Congressman Jefferson of conspiracy, bribery, deprivation of honest services, money laundering, and racketeering. While he was acquitted on the substantive FCPA charge, Jefferson was convicted of one count of conspiracy, one object of which was the bribery of foreign officials in violation of the FCPA. On November 13, 2009, Jefferson was sentenced to 13 years' imprisonment, followed by three years'

supervised release, and ordered to forfeit more than \$470,000. Jefferson has appealed his conviction to the U.S. Court of Appeals for the 4th Circuit.

58. The Mercator Corporation

Resulting Criminal Enforcement Action(s):

- A. United States v. James H. Giffen, et al. (S.D.N.Y., April 2, 2003)**
- B. United States v. J. Bryan Williams (S.D.N.Y., April 2, 2003)**

Resulting Civil/Administrative Enforcement Action(s):

- C. United States v. Approx. \$84 Million (S.D.N.Y., May 3, 2007)**

Entities and Individuals:

- James H. Giffen, Chairman of The Mercator Corporation, indicted April 2, 2003.
- J. Bryan Williams, Senior Executive of Mobil Oil, indicted April 2, 2003.
- The Mercator Corporation, charged August 6, 2010.

Criminal Charges:

- Conspiracy:
 - to commit wire fraud (Giffen)
 - to commit mail fraud (Giffen)
 - to bribe foreign officials (Giffen)
 - to commit money laundering (Giffen)
 - to defraud the United States by impairing and impeding its lawful functions (Giffen, Williams)
- Bribery of foreign officials (Giffen, Mercator)
- Wire fraud (Giffen)
- Mail fraud (Giffen)
- International money laundering (Giffen)
- Money laundering (Giffen)
- Obstructing the enforcement of the Internal Revenue laws (Giffen)
- Subscribing to false tax returns (Giffen, Williams)
- Tax Evasion (Williams)
- Failure to supply information regarding foreign bank accounts on an income tax return (Giffen)

Civil Charges:

- Forfeiture

Location and Time Period of Misconduct: Kazakhstan, 1995-1999.

Summary:

On April 2, 2003, James H. Giffen, the Chairman of The Mercator Corporation (Mercator), a merchant bank with offices in New York and the Republic of Kazakhstan, was indicted in the Southern District of New York on charges that he made a series of illegal payments to senior Kazakh officials in

connection with numerous oil deals in that country. According to court documents, Giffen allegedly made corrupt payments to senior Kazakh officials in connection with the following transactions in which Giffen represented the Republic of Kazakhstan: 1) Mobil Oil's 1996 purchase of a 25% share in the Tengiz oil field; (2) Mobil Oil's 1995 agreement to finance the processing and sale of gas condensate from the Karachaganak oil and gas field; (3) Amoco's 1997 purchase of a share in the Caspian Pipeline Consortium; (4) Texaco and other oil companies' purchase of a share in the Karachaganak oil and gas field in 1998; (5) Mobil and other oil companies' 1998 purchase of exploration rights in the Kazakh portion of the Caspian Sea, and; (6) Phillips Petroleum's 1998 purchase of Caspian Sea exploration rights.

Subsequently, on August 6, 2010, Mercator was charged with one count of violating the anti-bribery provisions of the FCPA in connection with the purchase of two snowmobiles in November 1999. These snowmobiles were later shipped to Kazakhstan for delivery to a senior Kazakh official.

According to the original indictment, Giffen and Mercator were advisors to the Kazakh government on strategic planning, development of foreign investment and the negotiation of priority investment projects relating to the exploration, development, production, transportation, and processing of oil and gas. During this period, Giffen had held the title of counselor to the President of Kazakhstan. According to the charges, Mobil oil agreed to pay the success fees owed by Kazakhstan to Giffen and Mercator, and out of those fees, Giffen made unlawful payments of \$22 million dollars to secret Swiss accounts beneficially owned by two high level Kazakh officials.

In addition, according to the Indictment, between 1995 and 2000, Giffen caused approximately \$70 million paid by various oil companies into escrow accounts in Switzerland in connection with the purchase of oil and gas rights in Kazakhstan to be diverted into secret Swiss bank accounts under his control. Giffen then used this money to make additional unlawful payments of approximately \$55 million to the two senior officials of the Kazakh Government.

Also on April 2, 2003, J. Bryan Williams a senior executive at Mobil Oil, was charged in connection with a kickback and tax evasion scheme involving a related oil deal in Kazakhstan. According to court documents, Williams was sent by Mobil's Chairman to finalize the negotiations with Kazakhstan regarding Mobil's purchase for approximately \$1 billion of a 25% interest in the Tengiz oil field in 1996. After the Tengiz deal closed, Mobil paid \$41 million to a New York merchant bank that represented the Republic of Kazakhstan in the transaction. The merchant bank's Chairman kicked back \$2 million of that payment to Williams, by transferring money through a secret Swiss bank account.

In 2007, the Department filed a civil forfeiture action against approximately \$84 million, plus interest, which was being held in a bank account in Switzerland. According to the Department's filings, this money included at least \$51.7 million in proceeds from Giffen's alleged scheme to bribe senior Kazakh officials.

Criminal Disposition:

On August 6, 2010, Giffen pleaded guilty to a one-count superseding information charging him with failure to disclose control of a Swiss bank account on his 1996 income tax return. Mercator also pleaded guilty on this date to one count of violating the FCPA's anti-bribery provisions. Both defendants are currently scheduled to be sentenced on November 19, 2010.

Previously, on September 18, 2003, Williams pleaded guilty to conspiracy and tax evasion charges and was sentenced to 46 months in prison. Williams was also ordered to pay a \$25,000 fine and was required to pay taxes on the \$2 million kickback that he received in connection with the Tengiz oil field deal.

Civil Disposition:

Pursuant to a 2007 agreement between the United States, Switzerland and Kazakhstan, the \$84 million on deposit in Switzerland is being used by a non-governmental organization in Kazakhstan, independent of the Kazakh government, to benefit underprivileged Kazakh children.

59. Baker Hughes Incorporated

Resulting Criminal Enforcement Action(s):

- A. United States v. Baker Hughes Services International, Inc. (S.D. Tx., April 11, 2007)**
- B. United States v. Baker Hughes Incorporated (S.D. Tx., April 11, 2007)**

Resulting Civil/Administrative Enforcement Action(s):

- C. SEC v. Baker Hughes Incorporated, et al. (S.D. Tx., April 26, 2007)**
- D. In the Matter of Baker Hughes Inc. (September 12, 2001)**
- E. SEC v. Eric L. Mattson, et al. (S.D. Tx., September 11, 2001)**
- F. United States, et al. v. KPMG Siddharta Siddharta & Harsono, et al. (S.D. Tx., September 11, 2001)**

Entities and Individuals:

- Baker Hughes Incorporated (Baker Hughes), cease-and-desist order issued September 12, 2001; charged April 11, 2007; civil complaint filed April 26, 2007.
- Baker Hughes Services International, Inc. (BHSI), charged April 11, 2007.
- Roy Fearnley, BSHI's Business Development Manager, civil complaint filed April 26, 2007.
- Eric L. Mattson, CFO of Baker Hughes, civil complaint filed September 12, 2001.
- James W. Harris, Controller of Baker Hughes, civil complaint filed September 11, 2001.
- KPMG Siddharta Siddharta & Harsono, civil complaint filed September 11, 2001.
- Sonny Harsono, Partner at KPMG Siddharta Siddharta & Harsono, civil complaint filed September 11, 2001.

Criminal Charges:

- Conspiracy:
 - to bribe foreign officials (Baker Hughes, BHSI)
 - to falsify books and records (Baker Hughes, BHSI)
- Bribery of foreign officials (BHSI)
- Falsification of books and records (BHSI)

Civil Charges:

- Bribery of foreign officials (all civil defendants)
- False accounting (Baker Hughes)
- Internal controls violations (Baker Hughes, Mattson, Harris)
- Falsification of books and records (Baker Hughes, Mattson, Harris)
- Aiding and abetting Baker Hughes' internal controls violations (Fearnley, KPMG, Harsono)
- Aiding and abetting Baker Hughes' falsification of books and records (Fearnley, KPMG, Harsono)

Location and Time Period of Misconduct: Indonesia, 1999; Kazakhstan, 2001-2003.

Summary:

In April 2007, Baker Hughes Services International (BHSI), and its parent company Baker Hughes Incorporated (Baker Hughes), were charged in separate criminal informations filed in the Southern District of Texas, in connection with a scheme to pay bribes to Kazakh government officials from 2001 through 2003. According to subsequent plea agreements, Baker Hughes and BHSI violated the FCPA by paying approximately \$4.1 million in bribes to an intermediary, knowing that the intermediary would transfer all or part of the corrupt payments to an official of Kazakhoil, the state-owned oil company. These corrupt payments were paid through a consulting firm retained as an agent for Baker Hughes in connection with a major oil field services contract. On April 26, 2007, the SEC filed civil complaints against Baker Hughes and BHSI's Business Development Manager, Roy Fearnley, charging them with FCPA violations in connection with this same bribery scheme.

According to court documents, the government of Kazakhstan and Kazakhoil, entered into an agreement with a consortium of four international oil companies for the purpose of developing and operating a giant oil field known as Karachaganak in northwestern Kazakhstan. In February 2000, BHSI submitted a bid, on behalf of Baker Hughes, to perform comprehensive services such as project management, oil drilling, and support services in connection with the Karachaganak project.

Kazakhoil wielded considerable influence as Kazakhstan's national oil company, and the ultimate award of any contract by the consortium of international oil companies depended upon the favorable recommendation of Kazakhoil officials. After BHSI submitted its bid for the Karachaganak project and before the award was announced, Kazakhoil officials demanded that Baker Hughes pay a commission to a "consulting firm" located on the Isle of Man, to act as its agent. Although the consulting firm had performed no services to assist Baker Hughes, in September 2000, BHSI agreed to pay a commission equal to 2 percent of the revenue earned on the Karachaganak project, and 3 percent on future projects in Kazakhstan. Baker Hughes was awarded the contract for Karachaganak in October 2000. From May 2001 through November 2003, Baker Hughes paid a total of \$4.1 million in "commissions" from a BHSI bank account in Houston to an account of the consulting firm in London.

In a previous matter, two former employees of Baker Hughes, a partner in an Indonesian accounting firm, and a partner of the accounting firm were charged by the SEC in connection with a scheme to pay bribes to Indonesian government officials. According to the SEC's filings, on March 9, 1999, James Harris, a former Baker Hughes Controller, allegedly learned that Sonny Harsono, a partner in KPMG Siddharta Siddharta & Harsono (KPMG), had authorized payment of \$75,000 to an Indonesian tax official to reduce a tax assessment for PT Eastman Christensen (PTEC), an Indonesian company owned by Baker Hughes, from \$3.2 million to \$270,000. In March 1999, Harris and Eric L. Mattson, the former CFO of Baker Hughes, allegedly authorized payment of the bribe despite the General Counsel's warning that such conduct would violate the FCPA. After receiving the invoice, PTEC allegedly paid KPMG's invoice and improperly recorded the transaction as payment for professional services. On March 23, 1999, PTEC received a tax assessment of approximately \$270,000. After Baker Hughes's General Counsel and FCPA Advisor discovered the subject payment, Baker Hughes attempted to stop the payment and voluntarily disclosed the payment to enforcement authorities.

Criminal Disposition:

As part of the plea agreement, BHSI agreed to pay a criminal fine of \$11 million, serve a three-year term of organizational probation, and adopt a comprehensive anti-bribery compliance program.

Baker Hughes, pursuant to a deferred prosecution agreement, agreed to hire an independent monitor for three years to oversee the creation and maintenance of a robust compliance program and to continue to cooperate completely with the Department in ongoing investigations into corrupt payments by company employees and managers.

Civil Disposition:

In April 2007, Baker Hughes reached a settlement with the SEC whereby it acknowledged that it had violated a 2001 cease-and-desist order issued by the SEC in connection with the Indonesian bribery conduct. As part of the settlement, Baker Huges was enjoined from future violations and required to obtain an independent FCPA compliance monitor and pay \$10 million in civil penalties and \$19,944,778 in disgorgement of all profits it earned in connection with the bribes, as well as \$3,133,237.41 in prejudgment interest. In the same civil matter, a judgment was entered against Fearnley enjoining him from future violations and ordering \$5,000 in disgorgement and \$7,635.51 in prejudgment interest.

The civil complaint against Mattson and Harris was dismissed by the court in 2003.

In 2001, Harsono and KPMG consented to the entry of an injunction from violating and aiding and abetting the violation of the anti-bribery provisions of the FCPA and the internal controls and books and records provisions of the Exchange Act.

60. Monsanto Company

Resulting Criminal Enforcement Action(s):

- A. United States v. Monsanto Company (D.D.C., January 6, 2005)**

Resulting Civil/Administrative Enforcement Action(s):

- B. SEC v. Charles Michael Martin (D.D.C., March 6, 2007)**
C. SEC v. Monsanto Company (D.D.C., January 6, 2005)
D. In the Matter of Monsanto Company (January 6, 2005)

Entities and Individuals:

- Monsanto Company (Monsanto), charged, civil complaint filed, and cease-and-desist order issued January 6, 2005.
- Charles Michael Martin, Monsanto's Government Affairs Director for Asia, civil complaint filed March 6, 2007.

Criminal Charges:

- Bribery of foreign officials (Monsanto)
- Falsification of books and records (Monsanto)

Civil Charges:

- Bribery of foreign officials (Monsanto, Martin)
- Internal controls violations (Monsanto)
- Falsification of books and records (Monsanto)
- False accounting (Monsanto, Martin)
- Aiding and abetting Monsanto's internal controls violations (Martin)
- Aiding and abetting Monsanto's falsification of books and records (Martin)

Location and Time Period of Misconduct: Indonesia, 1997-2002.

Summary:

Monsanto, a producer of various agricultural products, hired an Indonesian consulting company to assist it in obtaining various Indonesian governmental approvals and licenses necessary to sell its genetically modified products in Indonesia. At the time, the Indonesian government required an environmental impact study before authorizing the cultivation of genetically modified crops. After a change in governments in Indonesia, Monsanto sought, unsuccessfully, to have the new government, in which the senior environment official had a post, amend or repeal the requirement for the environmental impact statement.

Having failed to obtain the senior environment official's agreement to amend or repeal this requirement, in 2002, Charles Martin, the Government Affairs Director for Asia for Monsanto, authorized and directed an Indonesian consulting firm to make an illegal payment totaling \$50,000 to the senior environment official to "incentivize" him to agree to do so. Martin also directed representatives of the Indonesian consulting company to submit false invoices to Monsanto for "consultant fees" to obtain reimbursement for the bribe, and agreed to pay the consulting company for taxes that company would owe by reporting income from the "consultant fees."

In February 2002, an employee of the Indonesian consulting company delivered \$50,000 in cash to the senior environment official, explaining that Monsanto wanted to do something for him in exchange for repealing the environmental impact study requirement. The senior environment official promised that he would do so at an appropriate time. In March 2002, Monsanto, through its Indonesian subsidiary, paid the false invoices thus reimbursing the consulting company for the \$50,000 bribe, as well as the tax it owed on that income. A false entry for these "consulting services" was included in Monsanto's books and records. The senior environment official never authorized the repeal of the environmental impact study requirement.

Criminal Disposition:

On January 6, 2005, Monsanto Company entered into a deferred prosecution agreement with the Department of Justice in which it agreed to pay a \$1 million penalty and admit to violations of the FCPA

Civil Disposition:

Monsanto consented to pay a \$500,000 civil penalty to the Commission. On March 6, 2007, the SEC filed a settled enforcement action charging Charles Michael Martin. Without admitting or denying the charges, Martin consented to the entry of a final judgment permanently enjoining him from violating and/or aiding and abetting violations of the anti-bribery, books and records, and internal controls provisions of the FCPA. Martin also agreed to pay a \$30,000 civil penalty.

61. Dow Chemical Company

Resulting Civil/Administrative Enforcement Action(s):

- A. SEC v. Dow Chemical Company (D.D.C., February 13, 2007)**
- B. In the Matter of Dow Chemical Company (February 13, 2007)**

Entities and Individuals:

- Dow Chemical Company (Dow), civil complaint filed and cease-and-desist order issued February 13, 2007.

Civil Charges:

- Internal controls violations
- Falsification of books and records

Location and Time Period of Misconduct: India, 1996-2001.

Summary:

DE-Nocil, a subsidiary of Dow, made approximately \$200,000 in improper payments to Indian government officials, including \$39,700 to an official in India's Central Insecticides Board to expedite the registration of three DE-Nocil products. Most of the payments were made through contractors who added fictitious charges to their bills or issued false invoices to DE-Nocil and then directed the money to "consultants" or officials. DE-Nocil made \$435,000 in profits because of the accelerated registration, \$329,295 of which went to Dow, based on Dow's ownership interest at the time. DE-Nocil also paid approximately \$87,400 in small (\$100 or less) payments to state-level agricultural inspectors to keep them from interfering in the sale of DE-Nocil products. DE-Nocil also made payments to sales tax officials and customs officials, as well as gave improper gifts, travel, and entertainment to other government officials (\$19,000), totaling more than \$70,000.

Civil Disposition:

In an agreement resolving the administrative and civil enforcement actions taken by the SEC, the SEC ordered Dow Chemical to cease-and-desist from future violations and pay a \$325,000 civil penalty.

62. Vetco International, Ltd.²

Resulting Criminal Enforcement Action(s):

- A. United States v. Vetco Gray Controls, Inc., et al. (S.D. Tx., January 5, 2007)**
- B. United States v. Aibel Group Limited (S.D. Tx., January 5, 2007)**

Entities and Individuals:

- Vetco Gray Controls, Inc., charged January 5, 2007.
- Vetco Gray Controls, Ltd., charged January 5, 2007.
- Vetco Gray UK Ltd., charged January 5, 2007.
- Aibel Group Ltd., charged January 5, 2007; superseding information filed November 12, 2008.

Criminal Charges:

- Conspiracy to bribe foreign officials (all defendants except Aibel Group)
- Bribery of foreign officials (Aibel Group)

Location and Time Period of Misconduct: Nigeria, 2002-2005.

Summary:

On January 5, 2007, three wholly-owned subsidiaries of Vetco International, Ltd., a global supplier of products and services for oil drilling production, were charged in the Southern District of Texas with conspiring to violate the FCPA and violating the anti-bribery provisions of the FCPA in connection with the corrupt payment of approximately \$2.1 million to Nigerian government officials. According to court documents, beginning in February 2001, Vetco International, and its predecessor and several related companies, began providing engineering and procurement services, as well as subsea construction equipment, for Nigeria's first deepwater oil drilling operation, known as the Bonga Project. From at least September 2002 to at least April 2005, in connection with their business in Nigeria, these subsidiaries made at least 378 corrupt payments through a major international freight forwarding and customs clearance company to employees of the Nigerian Customs Service, and these payments were intended to assist Vetco in avoiding paying customs duties.

On the same date, Aibel Group, Ltd. (Aibel Group), another wholly owned subsidiary of Vetco International, entered into a deferred prosecution agreement regarding the same bribery scheme. Subsequently, on November 12, 2008, Aibel Group, a United Kingdom corporation, was charged in a two-count superseding information charging the company with a conspiracy to violate the FCPA and a substantive violation of the FCPA.

Criminal Disposition:

On February 6, 2007, Vetco Gray Controls Inc., Vetco Gray Controls Ltd., and Vetco Gray UK Ltd. each pleaded guilty and agreed to pay criminal fines of \$6 million, \$8 million, and \$12 million, respectively, for a total of \$26 million. In addition to the criminal fines, the plea agreements required the defendants to hire an independent monitor to oversee the creation and maintenance of a robust compliance program. Aibel Group, another wholly owned subsidiary of Vetco International, simultaneously entered into a deferred prosecution agreement regarding the same underlying conduct.

² Also see Cases 1 and 66.

Subsequently, on November 21, 2008, Aibel Group pleaded guilty to the two-count superseding information, thereby admitting that it was not in compliance with the deferred prosecution agreement it had signed with the Department of Justice in February 2007. As part of the plea agreement, Aibel Group was ordered to pay a \$4.2 million criminal fine and to serve a two-year term of organizational probation that requires, among other things, that it submit periodic reports regarding its progress in implementing anti-bribery compliance measures.

63. Alcatel CIT

Resulting Criminal Enforcement Action(s):

A. United States v. Christian Sapsizian, et al. (S.D. Fla., December 19, 2006)

Entities and Individuals:

- Alcatel CIT
- Christian Sapsizian, Alcatel's Vice President for Latin America, indicted December 19, 2006.
- Edgar Valverde Acosta, CEO of Alcatel de Costa Rica S.A., superseding indictment filed March 20, 2007.

Criminal Charges:

- Conspiracy to launder money (Valverde Acosta)
- Bribery of foreign officials (Sapsizian and Valverde Acosta)

Location and Time Period of Misconduct: Costa Rica, 2000-2004.

Summary:

From February 2000 through September 2004, French national Christian Sapsizian, Vice President for Latin America for Alcatel Inc., conspired with co-defendant Edgar Valverde Acosta, a Costa Rican citizen who was Alcatel's senior country Officer in Costa Rica, and others to pay more than \$2.5 million in bribes to senior Costa Rican officials in order to obtain a mobile telephone contract on behalf of Alcatel. The payments, funneled through one of Alcatel's Costa Rican consulting firms, were made to a director of Instituto Costarricense de Electricidad (ICE), the state-owned telecommunications authority in Costa Rica, which was responsible for awarding all telecommunications contract. According to court documents, the ICE director was an advisor to a senior government official and the payments were shared with the senior government official. The payments were intended to cause the ICE director and the senior government official to exercise their influence to initiate a bid process which favored Alcatel's technology and to vote to award Alcatel a mobile telephone contract. Alcatel was in fact awarded a \$149 million mobile telephone contract in August 2001.

Criminal Disposition:

Sapsizian pleaded guilty on June 7, 2007, and on September 23, 2008, was sentenced to 30 months in prison and ordered to forfeit \$261,500. Valverde Acosta is currently a fugitive.

64. Statoil, ASA

Resulting Criminal Enforcement Actions:

A. United States v. Statoil, ASA (S.D.N.Y., October 13, 2006)

Resulting Civil/Administrative Enforcement Action(s):

B. In the Matter of Statoil, ASA (October 13, 2006)

Entities and Individuals:

- Statoil, ASA, charged October 13, 2006; cease-and-desist order issued October 13, 2006.

Criminal Charges:

- Bribery of foreign officials

Civil Charges:

- Bribery of foreign officials
- False Accounting violations
- Internal controls violations
- Falsification of books and records

Location and Time Period of Misconduct: Iran, 2001-2002.

Summary:

In 2001 and 2002, Statoil sought to expand its business internationally, and focused specifically on Iran as a country in which to secure oil and gas development rights. At the time, Iran was awarding contracts for the development of the South Pars field, one of the largest natural gas fields in the world. In 2001, Statoil developed contacts with an Iranian government official who was believed to have influence over the award of oil and gas contracts in Iran. Following a series of negotiations with the Iranian official in 2001 and 2002, Statoil entered into a “consulting contract” with an offshore intermediary company. The purpose of that consulting contract—which called for the payment of more than \$15 million over 11 years—was to induce the Iranian official to use his influence to assist Statoil in obtaining a contract to develop portions of the South Pars field and to open doors to additional Iranian oil and gas projects in the future. Two bribe payments totaling more than \$5 million were actually made by wire transfer through a New York bank account, and Statoil was awarded a South Pars development contract that was expected to yield millions of dollars in profit.

On October 13, 2006, Statoil was charged in a two-count information filed in the Southern District of New York with violating the FCPA by making corrupt payments to Iranian officials and by falsifying its books and records in characterizing the bribe payments as consulting fees.

Criminal Disposition:

Pursuant to a deferred prosecution agreement, Statoil paid a \$10.5 million fine, which had been reduced by \$3 million to take into account a fine paid in Norway. Statoil also agreed to the appointment of a three-year corporate compliance monitor.

Civil Disposition:

Statoil agreed to disgorge \$10.5 million in ill-gotten profits and prejudgment interest to the SEC. Statoil further agreed to an order to cease-and-desist from future violations and to obtain an independent FCPA compliance monitor for three years.

65. InVision Technologies, Inc.

Resulting Criminal Enforcement Action(s):

A. In Re InVision Technologies, Inc. (December 6, 2004)

Resulting Civil/Administrative Enforcement Action(s):

B. SEC v. David M. Pillor (N.D. Cal., August 15, 2006)

C. SEC v. GE InVision, Inc. (N.D. Cal., February 14, 2005)

D. In the Matter of GE InVision, Inc. (February 14, 2005)

Entities and Individuals:

- InVision Technologies, Inc. (InVision) (later became GE InVision, Inc.), non-prosecution agreement announced December 6, 2004.
- GE InVision, Inc. (successor to InVision), civil complaint filed and cease-and-desist order issued February 14, 2005.
- General Electric Company, agreement announced December 6, 2004.
- David M. Pillor, InVision's Senior Vice President for Sales and Marketing, civil complaint filed August 15, 2006.

Criminal Charges:

- Bribery of foreign officials (InVision)
- Failure to implement internal controls (InVision)

Civil Charges:

- Bribery of foreign officials (InVision)
- Internal controls violations (InVision)
- Falsification of books and records (InVision, Pillor)
- Aiding and abetting InVision's internal controls violations (Pillor)

Location and Time Period of Misconduct: Thailand, 2002-2004; China, 2002-2004; Philippines, 2001-2002.

Summary:

In December 2004, InVision Technologies, Inc. (InVision) entered into a non-prosecution agreement with the Department of Justice in connection with a series of improper payments to foreign officials in the Kingdom of Thailand, the People's Republic of China (PRC), and the Republic of the Philippines. These improper payments had been discovered in the course of due diligence conducted by General Electric Company (GE) in connection with its proposed acquisition of InVision. GE and InVision then conducted their own internal investigation and voluntarily disclosed their findings to the

Department of Justice and the SEC. The investigations by the Department and the SEC revealed that InVision, through the conduct of certain employees, was aware of a high probability that its agents or distributors in Thailand, the PRC, and the Philippines had paid or offered to pay money to foreign officials or political parties in connection with transactions or proposed transactions for the sale by InVision of its airport security screening machines. In February 2005, the SEC filed a settled civil complaint against GE InVision, InVision's corporate successor, charging the company with violations of the anti-bribery, books and records, and internal controls provisions of the FCPA.

On August 15, 2006, the SEC filed a civil complaint against David M. Pillor in the Northern District of California, alleging that, as InVision's Senior Vice President for Sales and Marketing, Pillor had indirectly falsified InVision's books and records and had aided and abetted InVision's internal controls violations in relation to these improper payments.

Criminal Disposition:

On December 6, 2004, InVision Technologies entered into a two-year non-prosecution agreement with the Department of Justice in which it admitted to violations of the FCPA, agreed to pay \$800,000 in penalties, agreed to implement a rigorous compliance program with an independent monitor, and agreed to cooperate fully in the ongoing parallel investigations by the Department of Justice and the SEC.

In a related agreement, GE, which had recently completed its acquisition of InVision, agreed to ensure compliance by InVision with its obligations under the non-prosecution agreement and to effect FCPA compliance programs within its new InVision business.

Civil Disposition:

On February 14, 2005, the SEC entered a cease-and-desist order from future violations against GE InVision and ordered the company to pay \$589,000 in disgorgement and \$28,703.57 in prejudgment interest. The company was also ordered to pay a civil penalty of \$500,000 and to obtain an independent compliance monitor.

On August 15, 2006, the SEC filed a settled action against Pillor enjoining him from future violations and ordering him to pay \$65,000 in civil penalties.

66. ABB Ltd.³

Resulting Criminal Enforcement Action(s):

A. United States v. ABB Vetco Gray, Inc., et al. (S.D. Tx., June 22, 2004)

Resulting Civil/Administrative Enforcement Action(s):

B. SEC v. John Samson, et al. (D.D.C., July 14, 2006)

C. SEC v. ABB Ltd. (D.D.C., November 30, 2004)

Entities and Individuals:

- ABB Ltd., civil complaint filed November 30, 2004.
- ABB Vetco Gray, Inc., charged June 22, 2004.
- ABB Vetco Gray UK Ltd., charged June 22, 2004.
- ABB Vetco Gray Nigeria Ltd., not charged.
- John Samson, Regional Sales Manager for West Africa for Vetco Gray Nigeria Ltd., civil complaint filed July 14, 2006.
- John G. A. Munro, Senior Vice President of Operations for ABB Vetco Gray UK Ltd., civil complaint filed July 14, 2006.
- Ian N. Campbell, Vice President of Finance for ABB Vetco Gray UK Ltd., civil complaint filed July 14, 2006.
- John H. Whelan, Vice President of Sales for ABB Vetco Gray, Inc., civil complaint filed July 14, 2006.

Criminal Charges:

- Bribery of foreign officials

Civil Charges:

- Bribery of foreign officials (all defendants)
- Internal controls violations (ABB Ltd.)
- Books and records violations (ABB Ltd.)
- False accounting violations (Samson, Munro, Campbell, Whelan)
- Aiding and abetting ABB's internal controls violations (Samson, Munro, Campbell, Whelan)
- Aiding and abetting ABB's falsification of books and records (Samson, Munro, Campbell, Whelan)

Location and Time Period of Misconduct: Nigeria, 1998-2002.

Summary:

On June 22, 2004, one U.S. and one U.K. subsidiary of ABB Ltd., a Swiss company, were charged with two counts of bribery in violation of the FCPA in connection with oil construction projects in Nigeria. According to court documents, the two subsidiaries, ABB Vetco Gray, Inc. and ABB Vetco Gray UK Ltd., paid bribes to officials of NAPIMS, a Nigerian government agency that evaluates and approves potential bidders for contract work on oil exploration projects in Nigeria, including bidders seeking subcontracts with foreign oil and gas companies. According to the stipulated statement of facts,

³ Also see Cases 1 and 62.

the companies paid more than \$1 million in exchange for obtaining confidential bid information and favorable recommendations from Nigerian government agencies in connection with seven oil and gas construction contracts related to the offshore Bonga Oil Field in Nigeria, from which the companies expected to realize profits of almost \$12 million.

In a related matter, the SEC charged ABB Ltd., whose stock is traded in the U.S. through American Depository Receipts, with violations of the books and records and internal controls provisions of the FCPA, arising from the Nigerian conduct involved in the criminal proceedings, as well as suspected illicit payments in Kazakhstan and Angola. In addition to the bribes paid to officials of NAPIMS, the SEC's complaint alleged that from 2000 to 2002, ABB's subsidiaries made corrupt payments to engineers employed by Sonangol, the Angolan state-owned oil company, who had responsibility for the technical evaluation of bids submitted to Sonangol. These improper payments were issued in the context of three separate training trips sponsored by ABB, twice to the United States and Brazil, and once to Norway and the United Kingdom. In each instance, ABB's Vetco Gray U.S. and UK subsidiaries paid all the travel, meals, lodging and entertainment of the Sonangol engineers, and also provided them with cash spending money of \$120 to \$200 per day, at a time when Angola's gross annual per capital income was just \$710. These cash payments—made for the purpose of obtaining or retaining business with Sonangol—were passed out to the Sonangol engineers prior to their departures for each trip, and were improperly recorded in ABB's books and records. In addition, the SEC alleged that from December 2001 through at least February 2003, ABB's Kazakh subsidiaries made more than \$125,000 in improper payments to Kazakh companies owned by a government official employed in Kazakhstan's state oil and gas companies.

In a related case, on July 5, 2006, the Commission filed a settled civil complaint charging four former employees of ABB Ltd. subsidiaries with violating the anti-bribery provisions of the FCPA. The Commission's complaint alleged that the four former employees -- John Samson, a former regional sales manager for West Africa, John G. A. Munro, a former senior vice president of operations, Ian N. Campbell, a former vice president of finance, and John H. Whelan, a former vice president of sales -- participated in a scheme to offer, approve, and/or pay bribes to Nigerian government officials in furtherance of ABB's bid to obtain a \$180 million contract to provide equipment for an oil drilling project in Nigeria's offshore Bonga Oil Field.

Criminal Disposition:

In July 2004, ABB Vetco Gray, Inc. and ABB Vetco Gray UK Ltd. each pleaded guilty to violations of the FCPA and agreed to pay a combined fine of \$10.5 million.

Civil Disposition:

To settle the civil charges brought by the SEC, ABB Ltd. agreed to disgorge \$5.9 million in illicit profits and prejudgment interest.

On July 5, 2006, Without admitting or denying the allegations in the complaint, Samson, Munro, Campbell, and Whelan consented to the entry of final judgments that: (1) permanently enjoined each of them from future violations of the FCPA; (2) ordered each to pay a civil monetary penalty (\$50,000 as to Samson, and \$40,000 each as to Munro, Campbell and Whelan); and (3) ordered Samson to pay \$64,675 in disgorgement and prejudgment interest.

67. Titan Corporation

Resulting Criminal Enforcement Action(s):

- A. **United States v. Titan Corporation (S.D. Cal., March 1, 2005)**
- B. **United States v. Steven Lynwood Head (S.D. Cal., June 23, 2006)**

Resulting Civil/Administrative Action(s):

- C. **SEC v. Titan Corporation (D.D.C., March 1, 2005)**

Entities and Individuals:

- Titan Corporation, charged March 1, 2005; civil complaint filed March 1, 2005.
- Titan Africa, Inc. (criminal and civil charges filed against parent).
- Steven Lynwood Head, CEO, Titan Africa, Inc., charged June 23, 2006.

Criminal Charges:

- Bribery of foreign officials (Titan)
- Falsification of books and records (Titan and Head)
- Filing a false tax return (Titan)

Civil Charges:

- Bribery of foreign officials
- Internal controls violations
- Falsification of books and records

Location and Time Period of Misconduct: Benin, 1999-2000.

Summary:

Titan Corporation (Titan), a Delaware Corporation headquartered in San Diego, CA, is a global provider of military intelligence and communications solutions. In October 1998, Titan established a joint venture with Afronet, a Benin telecommunications company, to build a satellite-based telephone system in Benin. In a November meeting between Titan and Afronet, Titan was introduced to a “business advisor” to the president of Benin. Titan subsequently hired the “advisor” to assist with the contract in exchange for 5% of the value of all equipment installed in Benin. Revenues from the contract were close to \$100 million, and Titan subsequently made over \$2.3 million in payments to the agent, including via offshore accounts in Monaco. Titan recorded the payments as “consulting services” in its corporate books and records and broke the payments into smaller increments to make them appear more reasonable.

Criminal Disposition:

On March 1, 2005, Titan pleaded guilty to a three-count information charging it with violating the anti-bribery and books and records provisions of the FCPA and with assisting in the filing of a false tax return. As part of its plea agreement, Titan agreed to pay a \$13 million criminal fine.

Head also pleaded guilty on June 23, 2006, and was sentenced in September 2007 to six months’ imprisonment, 3 years’ supervised release, and a fine of \$5,000.

Civil Disposition:

To settle the SEC's civil charges, Titan agreed to pay \$12.62 million in disgorgement along with \$2.86 million in prejudgment interest. In addition, Titan was ordered to pay a civil penalty of \$13 million, which was deemed satisfied by payment of the same amount in criminal fines.

68. Bribery of a Senior Iraqi Police Official

Resulting Criminal Enforcement Action(s):

A. United States v. Faheem Mousa Salam (D.D.C., June 7, 2006)

Entities and Individuals:

- Faheem Mousa Salam, Defense Contractor, charged June 7, 2006.

Criminal Charges:

- Bribery of foreign officials

Location and Time Period of Misconduct: Iraq, 2006.

Summary:

Faheem Mousa Salam admitted that in January 2006, while working in Baghdad as a civilian translator for a U.S. army subcontractor, he offered a senior Iraqi police official \$60,000 in exchange for the official's assistance in facilitating the purchase of 1,000 armored vests and a sophisticated map printer for a sales price of approximately \$1 million. Salam requested the official use his position with the Iraqi police force to coordinate the sale of the material to the multinational Civilian Police Assistance Training Team (CPATT), an organization designed to train the Iraqi police and border guard in Iraq. Salam admitted that he later made final arrangements with an undercover agent of the Office of the Special Inspector General for Iraq Reconstruction who was posing as a procurement officer for CPATT. Salam admitted that during the subsequent discussions with the undercover agent he offered a separate \$28,000 to \$35,000 "gift" to the agent to process the contracts.

Criminal Disposition:

Salam pleaded guilty on August 4, 2006, and was sentenced on February 2, 2007, to 36 months' imprisonment, 24 months' supervised release, and 250 hours' community service.

69. Oil States International, Inc.

Resulting Civil/Administrative Enforcement Action(s):

A. In the Matter of Oil States International, Inc. (April 27, 2006)

Entities and Individuals:

- Oil States International, Inc., civil complaint filed April 27, 2006.
- Hydraulic Well Control, LLC (civil complaint filed against parent).

Civil Charges:

- Internal controls violations
- Falsification of books and records

Location and Time Period of Misconduct: Venezuela, 2003-2004.

Summary:

From 2003 through 2004, Oil States International, Inc. (Oil States), through certain employees of one of its subsidiaries, Hydraulic Well Control LLC (HWC), provided approximately \$348,350 in improper payments to employees of Petróleos de Venezuela, S.A. (PdVSA), an energy company owned by the government of Venezuela. Previously, HWC had hired a consultant to help it secure business from PdVSA. In December 2003, three PdVSA employees approached HWC's consultant and asked the consultant to submit inflated bills to HWC for his services and pay these excess funds to the PdVSA employees in the form of kickbacks. These employees also threatened to undermine or undo HWC's contracts with PdVSA if the company refused to pay the requested kickbacks. In turn, the consultant told three HWC employees about the scheme, and the employees agreed to accept inflated invoices. Ultimately, from December 2003 through November 2004, HWC approximately \$348,350 in illicit payments to the consultant, knowing that some or all of this money would be transferred to foreign government officials for the purpose of obtaining or retaining business for HWC and Oil States. HWC then improperly recorded the payments in its accounting books and records as ordinary business expenses, which were subsequently incorporated into the books and records of its parent company.

Civil Disposition:

On April 27, 2006, the SEC instituted settled administrative proceedings against Oil States, whereby the company was ordered to cease-and-desist from future violations of the FCPA. No disgorgement or civil penalties were ordered.

70. Tyco International Ltd.

Resulting Civil/Administrative Enforcement Action(s):

A. SEC v. Tyco International Ltd. (S.D.N.Y., April 17, 2006)

Entities and Individuals:

- Tyco International Ltd., civil complaint filed April 17, 2006.

Civil Charges:

- Bribery of foreign officials
- Internal controls violations
- Falsification of books and records

Location and Time Period of Misconduct: Brazil, 1998; Korea, 1996-2000.

Summary:

In 1998, Tyco International Ltd. (Tyco) acquired Earth Tech Brazil notwithstanding the fact that it knew Earth Tech had made various illegal payments to Brazilian officials to obtain business. Another one of Tyco's acquisitions, Dong Bang, a South Korean firm, spent \$32,000 entertaining various South Korean officials and paid \$7,500 to an employee of a nuclear power plant to obtain contracts. Despite the fact that Tyco knew such payments were common in Brazilian and South Korean business practices, it did not have an FCPA compliance program and its system of internal controls failed to prevent subsequent bribes.

Civil Disposition:

On April 17, 2006, the Commission filed a settled complaint against Tyco and imposed a \$50 million penalty for a range of violations of the federal securities laws, including violations of the FCPA by Tyco's operations in Brazil and South Korea. Tyco also paid \$1 million in disgorgement.

71. Bribery of Liberian Officials for False Accreditation of Academic Institutions

Resulting Criminal Enforcement Action(s):

A. United States v. Richard John Novak (E.D. Wash., October 5, 2005)

Entities and Individuals:

- Richard John Novak, indicted October 5, 2005; superseding information filed March 20, 2006.

Criminal Charges:

- Conspiracy:
 - to bribe foreign officials
 - to commit wire and mail fraud
- Bribery of foreign officials

Location and Time Period of Misconduct: Liberia, 2002-2004.

Summary:

In a superseding information filed on March 20, 2006, Richard John Novak was charged with one count of bribery in violation of the FCPA and an additional count of conspiracy to bribe foreign officials, to commit mail fraud, and to commit wire fraud. These charges stemmed from a series of bribe payments, in excess of \$43,000, which were made to several Liberian officials in order to obtain accreditation from Liberia for Saint Regis University, Robertstown University, and James Monroe University, and to induce Liberian officials to issue letters and other documents to third parties falsely representing that Saint Regis University was properly accredited by Liberia. These “online universities” were in fact part of an online “diploma mill” scheme, and they provided no legitimate educational services and had no legitimate academic accreditation. According to court documents, between October 2002 and September 2004, approximately \$19,200 was wired from an account in the State of Washington controlled by Novak’s co-defendants, Dixie Ellen Randock and Steven Karl Randock, Sr., to a bank account in Maryland in the name of the Liberian Consul. These corrupt payments benefited officials of the Liberian Embassy in Washington, D.C., the Director of National Commission of Higher Education of Liberia, and the Director General of Higher Education of Liberia.

Criminal Disposition:

Novak pleaded guilty to the superseding information on March 20, 2006 and was subsequently sentenced on October 2, 2008, to 3 years’ probation and 300 hours of community service.

72. Diagnostic Products Corporation

Resulting Criminal Enforcement Action(s):

A. United States v. DPC (Tianjin) Co. Ltd. (C.D. Cal., May 20, 2005)

Resulting Civil/Administrative Enforcement Action(s):

B. In the Matter of Diagnostic Products Corporation (May 20, 2005)

Entities and Individuals:

- Diagnostic Products Corporation, cease-and-desist order issued May 20, 2005.
- DPC (Tianjin) Co. Ltd., charged May 20, 2005.

Criminal Charges:

- Bribery of foreign officials

Civil Charges:

- Bribery of foreign officials
- Falsification of books and records
- Internal controls violations

Location and Time Period of Misconduct: China, 1991-2002.

Summary:

From late 1991 through December 2002, DPC (Tianjin) Co. Ltd., a subsidiary of Diagnostic Products Corporation (DPC), paid approximately \$1.6 million in bribes in the form of illegal “commissions” to physicians and laboratory personnel employed by government-owned hospitals in the People’s Republic of China (PRC) in exchange for agreements that the hospitals would obtain DPC Tianjin’s products and services. These bribes constituted violations of the anti-bribery provisions of the FCPA because the physicians and laboratory personnel were employed by hospitals owned by the legal authorities in the PRC, and thus, were “foreign officials” as defined by the FCPA. In most cases, the bribes were paid in cash and hand-delivered by DPC Tianjin salespeople to the person who controlled purchasing decisions for the particular hospital department. DPC Tianjin recorded the payments on its books and records as “selling expenses.” DPC Tianjin’s general manager regularly prepared and submitted to DPC its financial statements, which contained its sales expenses. The general manager also caused approval of the budgets for sales expenses of DPC Tianjin, including the amounts DPC Tianjin intended to pay to the officials of the hospitals in the following quarter or year. The “commissions,” typically between 3 percent and 10 percent of sales, allowed DPC Tianjin to earn approximately \$2 million in profits from the sales.

Criminal Disposition:

On May 20, 2005, DPC (Tianjin) Co. pleaded guilty to violating the FCPA, agreed to adopt internal compliance measures, cooperate with ongoing criminal and SEC civil investigations, and appoint an independent compliance expert to audit the company’s compliance program and monitor its implementation of new internal policies and procedures. DPC Tianjin also paid a criminal penalty of \$2 million.

Civil Disposition:

To resolve civil charges brought by the SEC, DPC agreed to the issuance of an order to cease-and-desist from future violations and to disgorge \$2,038,727 in profits and \$749,895 in prejudgment interest to the SEC.

73. Micrus Corporation

Resulting Criminal Enforcement Action(s):

A. In Re Micrus Corporation (March 2, 2005)

Entities and Individuals:

- Micrus Corporation, non-prosecution agreement announced March 2, 2005.

Criminal Charges:

- Bribery of foreign officials
- Internal controls violations

Location and Time Period of Misconduct: France, 2002-2004; Turkey, 2004; Spain, 2002; Germany, 2003.

Summary:

From January 2002, Micrus Corporation, a privately held company based in Sunnyvale, California, and its Swiss subsidiary Micrus S.A. (collectively Micrus), engaged in, among other businesses, the sale and distribution of embolic coils in foreign jurisdictions. Between January 2002 and August 2004, in connection with sales to public and private medical facilities in some of those countries, Micrus entered into several types of arrangements with doctors, pursuant to which the doctors used or promoted Micrus products in exchange for payments, commissions or honoraria (the “foreign payments”). During that time, Micrus also granted to some of those foreign doctors options to purchase shares of Micrus securities (after those securities were issued to the public in an Initial Public Offering). These payments ultimately totaled approximately \$1,400,000. Of that amount, approximately \$105,000 was paid as part of an arrangement that clearly violated the FCPA and the law in the foreign jurisdiction where the payment was made, and an additional approximately \$250,000 was comprised of payments for which Micrus did not obtain the necessary prior administrative or legal approval as required under the laws of the relevant foreign jurisdiction.

Criminal Disposition:

On February 28, 2005, Micrus agreed to a two-year non-prosecution agreement and paid \$450,000 in penalties; agreed to implement a rigorous compliance program with a monitor for a period of three years; and agreed to cooperate fully in the investigation by the Department of Justice.

74. HealthSouth Corporation

Resulting Criminal Enforcement Action(s):

- A. United States v. Robert E. Thomson, et al. (N.D. Ala., July 1, 2004)**
- B. United States v. Thomas Carman (N.D. Ala., March 2, 2004)**
- C. United States v. Vincent Nico (N.D. Ala., March 2, 2004)**

Entities and Individuals:

- Robert E. Thomson, President and COO, HealthSouth in-patient division, indicted July 1, 2004.
- James C. Reilly, Group Vice President of Legal Services, HealthSouth, indicted July 1, 2004.
- Thomas Carman, Executive Vice President, HealthSouth, charged March 2, 2004.
- Vincent Nico, Vice President, HealthSouth, charged March 2, 2004.

Criminal Charges:

- Conspiracy:
 - to violate the Travel Act (Thomson and Reilly)
 - to falsify books and records (Thomson and Reilly)
- Falsification of books and records (Thomson and Reilly)
- Commercial bribery (Thomson and Reilly)
- Wire fraud (Nico)
- False statements to the FBI (Carman)

Location and Time Period of Misconduct: Saudi Arabia, 2000-2003.

Summary:

HealthSouth was a corporation organized under the laws of the state of Delaware with headquarters in Birmingham, Alabama. In March and July 2004, the Department of Justice filed charges against four HealthSouth executives in connection with an alleged scheme to bribe the director general of a Saudi Arabian foundation in furtherance of HealthSouth's effort to secure an agreement to provide staffing and management services for a 450-bed hospital in Saudi Arabia. Under the contract that HealthSouth eventually executed with the Saudi Arabian foundation, HealthSouth was to receive \$10 million annually over a five-year term.

On July 1, 2004, the Department indicted Robert E. Thomson, President and COO of HealthSouth's in-patient division, and James C. Reilly, the Group Vice President of Legal Services for Health South, in the Northern District of Alabama. According to the indictment, the Saudi Arabian foundation's director general solicited a \$1 million payment from HealthSouth, ostensibly as a "finder's fee." Against the advice of counsel, HealthSouth allegedly agreed to pay the Saudi Arabian foundation's director general the sum of \$500,000 per year for a five-year period in return for his agreement to execute the contract on behalf of the Saudi Arabian foundation. In order to conceal the true nature of the scheme, HealthSouth officers, including Thomson and Reilly, allegedly arranged for the Saudi Arabian foundation's director general to execute a bogus consulting contract with a HealthSouth-affiliated entity in Australia. Until the scheme was detected in 2003, HealthSouth paid the amounts due under this phony consulting contract by wiring them to Australia, where they were subsequently wired to the foundation's director general in Saudi Arabia, according to the indictment. The HealthSouth officers allegedly undertook this conduct despite the fact that they had been specifically advised

beforehand by an attorney retained by HealthSouth that such conduct would amount to a violation of federal criminal law.

The indictment charged that Thomson and Reilly violated the Travel Act by using the facilities of interstate commerce to promote unlawful activity, namely bribery in violation of Alabama law. In addition, the indictment charges that Thomson and Reilly violated the Foreign Corrupt Practices Act by causing HealthSouth's books, records and accounts to falsely and fraudulently reflect that the payments made to fund the bogus consulting contract were made for legitimate purposes.

Previously, on March 2, 2004, the Department had filed charges against HealthSouth's former Vice President, Vincent Nico, and former Executive Vice President, Thomas Carman. Nico was charged with wire fraud while Carman was charged with having made false statements to the FBI.

Criminal Disposition:

Nico pleaded guilty on April 22, 2004, and was sentenced to 36 months' probation, including 6 months' home detention, and a \$250,000 fine. Nico also forfeited more than \$1 million. Carman pleaded guilty on April 27, 2004, and was later sentenced to 36 months' probation and a \$500 fine. Thomson and Reilly were acquitted at trial.

75. Schering-Plough Corporation

Resulting Civil/Administrative Enforcement Action(s):

- A. SEC v. Schering-Plough Corporation (D.D.C., June 9, 2004)**
- B. In the Matter of Schering-Plough Corporation (June 9, 2004)**

Entities and Individuals:

- Schering-Plough Corporation, civil complaint filed and cease-and-desist order issued June 9, 2004.

Civil Charges:

- Falsification of books and records
- Internal controls violations

Location and Time Period of Misconduct: Poland, 1999-2002.

Summary:

On June 9, 2004, the SEC commenced civil and administrative enforcement actions against Schering-Plough Corporation (Schering-Plough), a pharmaceutical company, for violations of the books and records and internal controls provisions of the FCPA. The Commission's complaint against Schering-Plough alleged that, between February 1999 and March 2002, one of Schering-Plough's foreign subsidiaries, Schering-Plough Poland, made improper payments to a charitable organization called the Chudow Castle Foundation. At the time of these payments, the foundation was headed by an individual who was the Director of the Silesian Health Fund, a Polish governmental body that, among other things, provided money for the purchase of pharmaceutical products and influenced the purchase of those products by other entities, such as hospitals, through the allocation of health fund resources. According to the complaint, Schering-Plough Poland paid approximately \$76,000 to the Chudow Castle

Foundation to induce the Director to influence the health fund's purchase of Schering-Plough's pharmaceutical products.

Civil Disposition:

On June 16, 2004, without admitting or denying the Commission's allegations, Schering-Plough entered into a settlement with the SEC, whereby the company was ordered to cease-and-desist from future violations and pay a civil penalty in the amount of \$500,000.

76. BJ Services Company

Resulting Civil/Administrative Enforcement Action(s):

A. In the Matter of BJ Services Company (March 10, 2004)

Entities and Individuals:

- BJ Services Company, cease-and-desist order issued March 10, 2004.

Civil Charges:

- Bribery of foreign officials
- Internal controls violations
- Falsification of books and records

Location and Time Period of Misconduct: Argentina, 1998-2002.

Summary:

On March 10, 2004, the SEC instituted settled administrative proceedings against BJ Services Company (BJ Services), for violations of the anti-bribery, internal controls, and books and records provisions of the FCPA. According to the SEC's filing, during 2001, BJ Services, through its wholly owned Argentinean subsidiary B.J. Services, S.A. ("BJSA"), made illegal or questionable payments, totaling approximately 72,000 pesos to Argentinean customs officials. Further, from 1998 through April 2002 certain undocumented or improperly characterized payments were made totaling approximately 151,000 pesos. In certain instances, entries were made in BJSA's books and records to conceal the payments. During the same period, BJ Services experienced certain breaches in the existing accounting policies, controls and procedures in certain areas of its Latin American Region.

Civil Disposition:

BJ Services was ordered to cease-and-desist from future violations. No disgorgement or civil penalty was ordered by the SEC.

77. American Bank Note Holographics, Inc.

Resulting Criminal Enforcement Action(s):

- A. United States v. Joshua C. Cantor (S.D.N.Y., July 17, 2001)**

Resulting Civil/Administrative Enforcement Action(s):

- B. SEC v. Joshua C. Cantor (S.D.N.Y., April 10, 2003)**
C. SEC v. American Bank Note Holographics, Inc. (S.D.N.Y., July 18, 2001)
D. In the Matter of American Bank Note Holographics, Inc. (S.D.N.Y., July 18, 2001)

Entities and Individuals:

- American Bank Note Holographics, Inc. (ABNH), civil complaint filed and cease-and-desist order issued July 18, 2001.
- Joshua C. Cantor, President of ABNH, charged July 17, 2001; civil complaint filed April 10, 2003.

Criminal Charges:

- Conspiracy:
 - to commit securities fraud
 - to falsify books and records
 - to lie to auditors

Civil Charges:

- Falsification of books and records

Location and Time Period of Misconduct: Saudi Arabia, 1998-1999.

Summary:

In July 2001, the Department of Justice and the SEC simultaneously filed criminal and civil charges against Joshua C. Cantor, the President of American Bank Note Holographics, Inc. (ABNH), in connection with certain violations of the FCPA and other federal securities laws. In addition, the SEC filed two settled actions against ABNH, a manufacturer of holographic products that are used in a variety of commercial applications, such as credit cards. According to court documents, the Saudi Arabian Monetary Agency (SAMA) approached ABNH with the opportunity to be the supplier of a hologram for a commemorative Saudi Arabian banknote. In May 1998, one of ABNH's overseas sales agents informed ABNH that its bid would need to include "an additional sum to cover consultancy fees." Cantor, as President of ABNH, knew that at least a portion of these consultancy fees was to go to Saudi Arabian officials in exchange for the contract. ABNH eventually won the bid and consultancy fees in the amount of \$239,000 were transferred to a Swiss bank account in Geneva held in the name of "Satapco." ABNH, along with numerous other former executives, were also charged by the SEC in connection with a broad range of violations of federal securities.

Criminal Disposition:

Cantor pleaded guilty on July 17, 2001. He has not yet been sentenced.

Civil Disposition:

To settle the civil and administrative enforcement actions undertaken by the SEC, without admitting or denying the Commission's allegations, ABNH and Cantor each agreed to the entry of a cease-and-desist order. ABNH also agreed to pay a civil penalty of \$75,000.

78. Bribery of and by World Bank Officials

Resulting Criminal Enforcement Action(s):

- A. United States v. Ramendra Basu (November 26, 2002)**
- B. United States v. Gautam Sengupta (D.D.C., January 30, 2002)**

Entities and Individuals:

- Ramendra Basu, World Bank Trust Funds manager, charged November 26, 2002.
- Gautam Sengupta, World Bank Task Manager for Africa, charged January 30, 2002.

Criminal Charges:

- Conspiracy to bribe foreign officials (all defendants)
- Bribery of foreign officials (all defendants)

Location and Time Period of Misconduct: World Bank, Ethiopia, Kenya, 1997-2000.

Summary:

In 2002, the Department of Justice charged two World Bank officials, Ramendra Basu, a national of India, and Gautam Sengupta, with conspiring to steer World Bank contracts to certain consultants in exchange for kickbacks. According to court documents, the two defendants conspired with a Swedish consultant and others to use their official positions with the World Bank to steer World Bank contracts in Ethiopia and Kenya to certain Swedish companies in exchange for approximately \$127,000 in kickbacks. In addition, the defendants admitted that in January 1999, they received a request for a \$50,000 bribe from a Kenyan government official working on a Project Implementation Unit involved in a World Bank-financed project, which was to be paid by the Swedish consultant. Collectively, Basu and Sengupta forwarded this request to the Swedish consultant and passed along related bank account information, despite knowing that the payment was meant to corruptly influence an act or decision of the foreign official in his official capacity, in violation of the anti-bribery provisions of the FCPA.

Criminal Disposition:

Sengupta pleaded guilty on February 13, 2002, and was sentenced in 2006, Sengupta to two months' imprisonment and one year of supervised release, which was to include four months of home confinement. Sengupta was also sentenced to pay a criminal fine of \$3,000.

Basu pleaded guilty on December 17, 2002, and was sentenced on April 22, 2008, to 15 months in prison, 2 years of supervised release, and 50 hours of community service. On December 2, 2009, the U.S. Court of Appeals for the District of Columbia affirmed the District Court's decision to deny Basu's May 7, 2006 motion to withdraw his guilty plea on the grounds that Basu failed to show that the plea was tainted by any constitutional or procedural error. On March 29, 2010, the Supreme Court denied Basu's petition for a writ of certiorari.

79. American Rice, Inc.

Resulting Criminal Enforcement Action(s):

A. United States v. David Kay, et al. (S.D. Tx., December 12, 2001)

Resulting Civil/Administrative Enforcement Action(s):

B. SEC v. David Kay, et al. (S.D. Tx., July 30, 2002)

Entities and Individuals:

- American Rice, Inc. (ARI) (not charged).
- Douglas Murphy, President of ARI, indicted December 12, 2001; civil complaint filed July 30, 2002.
- David Kay, Vice President of ARI, indicted March 25, 2002; civil complaint filed July 30, 2002.
- Lawrence Theriot, Caribbean Operations consultant for ARI, civil complaint filed July 30, 2002.

Criminal Charges:

- Conspiracy to bribe foreign officials (all defendants)
- Bribery of foreign officials (all defendants)
- Obstruction of justice (Murphy)

Civil Charges:

- Bribery of foreign officials (Kay and Murphy)
- Internal controls violations (Kay)
- Falsification of books and records (Kay)
- Aiding and abetting ARI's falsification of books and records (Kay)
- Aiding and abetting ARI's internal controls violations (Kay)
- Aiding and abetting Kay and Murphy's bribery of foreign officials (Theriot)

Location and Time Period of Misconduct: Haiti, 1998-1999.

Summary:

On December 12, 2001, David Kay, the Vice President of Marketing for American Rice, Inc. (ARI), a Texas corporation, was indicted in the Southern District of Texas on twelve counts of violating the FCPA in connection with a scheme to pay bribes to Haitian customs officials. A superseding indictment against Kay and Douglas Murphy, the President of American Rice, was returned by a grand jury in the Southern District of Texas on March 25, 2002. In addition to adding Murphy to the twelve counts of bribery in violation of the FCPA, the indictment charged Murphy with obstruction of justice and both defendants with conspiring to violate the anti-bribery provisions of the FCPA.

According to evidence presented at trial, between January 1998 and October 1999, Kay, who as Vice President of Marketing was responsible for overseeing ARI's sales in Haiti, authorized corrupt cash payments to Haitian customs officials. These bribery payments, which numbered at least 12 and totaled over \$500,000, were made to customs officials in exchange for reductions in taxes imposed upon ARI's rice imports. Ultimately, these payments allowed ARI to avoid approximately \$1.5 million in Haitian import taxes. Evidence presented at trial also established that Murphy, as President of ARI was aware of the bribery scheme, but took no action to stop the payments.

The reduced import tax liability assisted ARI in obtaining or retaining business because it allowed ARI to retain its competitive price advantage over competitors, including illegal importers of rice, who paid no import dues.

Criminal Disposition:

In April 2002, the district court dismissed the indictment, finding that the conduct alleged did not fall within the FCPA's requirement that the bribes be paid to "assist in obtaining or retaining business." The United States appealed this decision, and, in February 2004, the Court of Appeals for the Fifth Circuit reinstated the indictment.

On October 6, 2004, Kay and Murphy were convicted on all counts contained in the superseding indictment following a two-week jury trial. On June 29, 2005, Murphy was sentenced to 63 months in prison followed by three years of supervised release. Kay was sentenced to 37 months in prison followed by two years of supervised release. Both defendants filed appeals to the U.S. Court of Appeals for the 5th Circuit, but the convictions and sentences were upheld.

Civil Disposition:

The civil matter against Kay and Murphy was suspended until sentencing, and the SEC has not yet moved to reopen the case. Theriot agreed to the issuance of a cease-and-desist order and paid an \$11,000 civil penalty.

80. BellSouth Corporation

Resulting Civil/Administrative Enforcement Action(s):

- A. SEC v. BellSouth Corporation (N.D. Ga., January 15, 2002)**
- B. In the Matter of BellSouth Corporation (January 15, 2002)**

Entities and Individuals:

- BellSouth Corporation, civil complaint filed and cease-and-desist order issued January 15, 2002.

Civil Charges:

- Internal controls violations
- Falsification of books and records

Location and Time Period of Misconduct: Venezuela, 1997-2000; Nicaragua, 1998-1999.

Summary:

On January 15, 2002, the SEC filed two settled enforcement actions against BellSouth Corporation, charging that two of the company's subsidiaries had engaged in violations of the internal controls and books and records provisions of the FCPA. According to the SEC's Complaint, between September 1997 and August 2000, former senior management of BellSouth's Venezuelan subsidiary, Telcel, C.A. (Telcel), authorized payments totaling approximately \$10.8 million to six offshore companies and improperly recorded the disbursements in Telcel's books and records, based on fictitious invoices, as bona fide services. Telcel's internal controls failed to detect the unsubstantiated payments for a period of at least two years. As an additional consequence of this control deficiency, the Complaint alleged that BellSouth was unable to reconstruct the circumstances or purpose of the Telcel payments, or

determine the identity of their ultimate recipients. Telcel was Venezuela's leading wireless provider, contributing more revenue to BellSouth's Latin American Group segment than any other Latin American BellSouth operation.

In addition, the SEC charged that between October 1998 and June 1999, BellSouth's Nicaraguan subsidiary, Telefonía Celular de Nicaragua, S.A.'s (Telefonía), improperly recorded payments to the wife of the Nicaraguan legislator who was the chairman of the Nicaraguan legislative committee with oversight of Nicaraguan telecommunications.

Civil Disposition:

BellSouth was enjoined from future violations and was ordered to pay a \$150,000 civil penalty.

81. Chiquita Brands International, Inc.

Resulting Civil/Administrative Enforcement Action(s):

- A. SEC v. Chiquita Brands International, Inc. (D.D.C., October 3, 2001)**
- B. In the Matter of Chiquita Brands International, Inc. (October 3, 2001)**

Entities and Individuals:

- Chiquita Brands International, Inc., civil complaint filed and cease-and-desist order issued October 3, 2001.
- C.I. Bananos de Exportación, S.A. (civil complaint filed against parent company).
- Comercio Exterior Asesores Limitada (civil complaint filed against parent company).

Civil Charges:

- Internal controls violations
- Falsification of books and records

Location and Time Period of Misconduct: Columbia, 1996-1997.

Summary:

On October 3, 2001, the SEC commenced two settled enforcement actions against Chiquita Brands International, Inc. (Chiquita), alleging that the company had violated the books and records and internal controls provisions of the FCPA as a result of the conduct of its Colombian subsidiary, C.I. Bananos de Exportación, S.A. (Banadex). According to the SEC's filings, in September 1995, a Banadex employee in charge of material and supplies advised Banadex management that renewal of the company's Turbo, Colombia port facility's customs license was in jeopardy because of two previous citations for failure to comply with Colombian customs regulations. The employee further advised Banadex management that replacing the Turbo facility would cost approximately \$1 million.

Without the knowledge or consent of any Chiquita employees outside Colombia and in contravention of Chiquita's policies, Banadex's chief administrative officer authorized the company's customs broker, as well as Banadex's security officer and controller, to make a corrupt payment of the equivalent of \$30,000 to local customs officials to secure the renewal of the port facility's license. The subsidiary's books and records incorrectly identified the two installment payments, which were made in 1996 and 1997. In 1997, Chiquita's internal audit staff discovered the payment during an audit review

and, after an internal investigation, Chiquita took corrective action which included terminating the responsible Banadex employees and reinforcing internal controls at Banadex.

Civil Disposition:

Pursuant to a settlement agreement with the SEC, Chiquita was ordered to cease-and-desist from future violations of these provisions of the FCPA and to pay a \$100,000 civil penalty.

82. Owl Securities and Investment Ltd.

Resulting Criminal Enforcement Action(s):

- A. United States v. Richard K. Halford (W.D. Mo., August 3, 2001)**
- B. United States v. Albert Reitz (W.D. Mo., August 3, 2001)**
- C. United States v. Robert Richard King, et al. (W.D. Mo., June 27, 2001)**

Entities and Individuals:

- Owl Securities and Investment Ltd. (OSI Ltd.) (not charged).
- OSI Proyectos (not charged).
- Richard K. Halford, Part-Owner and CFO of OSI Ltd., charged August 3, 2001.
- Albert Reitz, Vice President and Secretary of OSI Ltd., charged August 3, 2001.
- Robert Richard King, Part-Owner of OSI Ltd., indicted June 27, 2001.
- Pablo Barquero Hernandez, Costa Rican representative of OSI Ltd., indicted June 27, 2001.

Criminal Charges:

- Conspiracy to bribe foreign officials (all defendants)
- Bribery of foreign officials (King and Hernandez)
- Commercial bribery (King and Hernandez)

Location and Time Period of Misconduct: Costa Rica, 1997-2000.

Summary:

In 2001, the Department of Justice filed charges against two executives and a part-owner of Owl Securities and Investment Ltd., a Missouri company, as well as an agent that represented the company and its wholly-owned Costa Rican subsidiary, OSI Proyectos. According to court documents, OSI Proyectos was engaged in the development of port facilities in Costa Rica, including an international airport and various luxury properties. In 1998, the ruling Costa Rican political party signed a letter agreeing to allow OSI and its subsidiary to move forward with developing the port facilities. However, before it granted formal permission, Pablo Barquero Hernandez, OSI's Costa Rican Representative indicated that OSI would be required to pay a final "closing cost" or "toll" of \$1 million. This amount was later increased to \$1.5 million. Together, Robert Richard King, a large shareholder in OSI, and Hernandez allegedly agreed to pay the Costa Rican ruling party a \$1 million "closing cost" to secure the contract. For their roles in this bribery scheme, King and Hernandez were indicted by a federal grand jury in the Western District of Missouri on June 27, 2001.

Two additional OSI executives were charged on August 3, 2001, for their roles in the illicit payments to Costa Rican officials. According to court documents, Richard K. Halford, then the CFO of OSI, had communicated with Hernandez and was aware of the payments to Costa Rican officials. He

proposed opening a new account in Panama or the U.S. to route the payments. Albert Reitz, OSI's Vice President and Secretary, assisted in raising funds from investors to pay for the bribe.

Criminal Disposition:

Halford and Reitz each pleaded guilty on August 3, 2001. On July 9, 2002, District Judge Scott O. Wright sentenced Halford to five years' probation and Reitz to five years' probation, including 6 months of home confinement, and 100 hours of community service.

King was convicted at trial in June 2002 and sentenced in November of that year to 30 months' imprisonment, 2 years' supervised release, and a \$60,000 fine. On December 15, 2003, the U.S. Court of Appeals for the 8th Circuit upheld King's conviction.

Hernandez is currently a fugitive.

83. Allied Products Corporation

Resulting Criminal Enforcement Action(s):

A. United States v. Daniel Ray Rothrock (W.D. Tx., June 13, 2001)

Entities and Individuals:

- Daniel Ray Rothrock, Vice President of Allied Products Corporation's Cooper Division, charged June 13, 2001.

Criminal Charges:

- Falsification of books and records

Location and Time Period of Misconduct: Russia, 1991-1993.

Summary:

On June 13, 2001, the Department of Justice charged Daniel Ray Rothrock, the Vice President of the Cooper Division of Allied Products Corporation (Allied), with one count of falsifying his employer's corporate books and records, in violation of the FCPA. The Cooper Division of Allied, a Chicago, Illinois based company and U.S. issuer, was engaged in the business of manufacturing and selling workover rigs and other oilfield well servicing equipment to purchasers throughout the world. According to the one-count information filed against him, in August 1991, the Cooper Division of Allied agreed to pay a sales commission of \$282,076 to a third-party company for the ultimate benefit of the Director General of RVO Zarubezhneftstroy ("Nestro"), a Soviet government purchasing agency, in order to obtain a contract for the sale of 20 workover rigs to Nestro.

In September 1992, this third-party company, of which the Russian official was a director, requested \$300,000 from Allied's Cooper Division, purportedly for services provided by the company in connection with the award of the workover rig contract. Subsequently, in late 1992, Rothrock created a falsified invoice for the consulting company, in the amount of \$300,000, which purported to be for a "consultation fee and market study". Rothrock later admitted that he knew that no consultation fee or market study had been or would be provided by the third-party company and that, in fact, the invoice he provided was for the purpose of disbursing these illicit funds to the company. In October 1992, Rothrock received an invoice for \$300,000, similar to the one he had drafted for the third-party company, which purported to come from a company called "Educa" in Vienna, Austria. Following the signing of a

second contract with Nestro for the provision of additional workover rigs in 1993, Rothrock caused the Cooper Division to issue a check to Educa in the amount of \$300,000, despite knowing that Allied had no business relationship with a company called “Educa” and that the invoice was in fact from the third-party company. Rothrock thereby caused false entries regarding this illicit payment to be incorporated into the books and records of Allied.

Criminal Disposition:

Rothrock pleaded guilty before a U.S. Magistrate Judge on June 22, 2001. Rothrock’s guilty plea was accepted by U.S. District Judge Orlando L. Garcia on August 24, 2001, and he was sentenced to one year’s probation on September 20, 2001.

84. International Business Machines Corporation

Resulting Civil/Administrative Enforcement Action(s):

- A. SEC v. International Business Machines Corporation (D.D.C., December 21, 2000)**
- B. In the Matter of International Business Machines Corporation (December 21, 2000)**

Entities and Individuals:

- International Business Machines Corporation, civil complaint filed December 21, 2000.

Civil Charges:

- Falsification of books and records

Location and Time Period of Misconduct: Argentina, 1994-1995.

Summary:

On December 21, 2000, the SEC filed two settled enforcement actions against International Business Machines Corporation (IBM), alleging that the company had violated the books and records provision of the FCPA in connection with a \$250 million contract to integrate and modernize the computer system of a commercial bank owned by the Argentine government. According to the SEC’s filings, certain former senior management of IBM-Argentina, S.A. (“IBM-Argentina”), a wholly-owned subsidiary of IBM, caused IBM-Argentina to enter into a subcontract with Capacitacion Y Computacion Rural, S.A. (“CCR”). Between 1994 and 1995, IBM-Argentina paid CCR approximately \$22 million under the subcontract. Of this amount, at least \$4.5 million was transferred to several directors of the state-owned Argentine bank by CCR.

In connection with the subcontract, IBM-Argentina’s former senior management overrode IBM procurement and contracting procedures, and hid the details of the subcontract from the technical and financial review personnel assigned to the contract with the Argentine state-owned bank. In order to override IBM’s procurement review procedures, the IBM-Argentina’s former senior management provided the company’s Procurement department with fabricated documentation, including a backdated authorization letter and a document that stated incomplete and inaccurate reasons for hiring CCR. IBM-Argentina subsequently recorded the payments to CCR in its books and records as third-party subcontractor expenses. While IBM did not falsify or destroy any records, in consolidating its subsidiaries’ financial results, this false information was incorporated into IBM’s 1994 Form 10-K, which was filed with the SEC on March 23, 1995.

After IBM officials learned about the misconduct by IBM-Argentina, the company took immediate corrective action, including terminating the employees involved and stopping all future payments to CCR.

Civil Disposition:

IBM was ordered to cease and desist from future violations and paid a \$300,000 civil penalty.

85. UNC/Lear Services Inc.

Resulting Criminal Enforcement Action(s):

A. United States v. UNC/Lear Services Inc. (W.D.K.Y., February 17, 2000)

Entities and Individuals:

- UNC/Lear Services Inc., charged February 17, 2000.

Criminal Charges:

- Falsification of books and records
- Mail fraud
- Making a false statement

Location and Time Period of Misconduct: Saudi Arabia, 1993-1995.

Summary:

On February 17, 2000, the Department of Justice charged UNC/Lear Services Inc. (UNC/Lear), a provider of military parts and services to foreign governments, with mail fraud, making false statements, and falsifying its books and records. The charges against UNC/Lear arose from the company's efforts to conceal \$140,000 in illicit payments, which were made to a Kentucky corporation for the benefit of a Saudi Arabian consultant. The payments were described in the company's books and records as "fees for engineering services," and the consultant provided UNC/Lear with false invoices to support the payments. UNC/Lear was also charged with making false statements to the U.S. Department of Defense by claiming that it had paid no foreign agents and no contingent fees on a sole source Financial Management Information System contract.

Criminal Disposition:

UNC/Lear pleaded guilty to all charges on March 6, 2000, and was sentenced to pay a \$75,000 criminal fine, a \$132,000 civil penalty, and \$768,000 in restitution.

86. Metcalf & Eddy International, Inc.

Resulting Civil/Administrative Enforcement Action(s):

A. United States v. Metcalf & Eddy International, Inc. (D. Mass., December 14, 1999)

Entities and Individuals:

- Metcalf & Eddy International, Inc., charged December 14, 1999.

Civil Charges:

- Bribery of foreign officials

Location and Time Period of Misconduct: Egypt, 1994-1997.

Summary:

On December 14, 1999, the Department of Justice initiated a settled civil enforcement action against Metcalf & Eddy International, Inc. (M&E), in connection with the company's improper provision of things of value to Egyptian government officials, in violation of the FCPA. According to the Department's filings, during 1994, Metcalf & Eddy International, Inc. (M&E) was awarded a contract to provide services in support of the maintenance of wastewater treatment facilities managed by the Alexandria General Organization for Sanitary Drainage (AGOSD), an Egyptian government agency that was responsible for wastewater and sewage treatment in Alexandria, Egypt. In 1995, M&E was awarded a second contract to provide architectural and engineering support to AGOSD's operations.

In 1994, M&E paid for the Chairman of the AGOSD to travel to Boston, Paris, and San Diego with his family, including cash "per diem" payments given to him in advance in Alexandria, Egypt. In exchange, the Chairman exerted influence over the board in charge of awarding these contracts and recommended that M&E be given \$36 million contracts, which were funded by the U.S. Agency for International Development.

Civil Disposition:

On December 14, 1999, without admitting or denying the Department's allegations, M&E consented to an injunction to pay a fine of \$400,000 and costs of investigation of \$50,000, and to be permanently enjoined from FCPA violations.

87. International Materials Solutions Corporation

Resulting Criminal Enforcement Action(s):

- A. United States v. International Materials Solutions Corporation, et al. (S.D. Ohio, February 8, 1999)**

Entities and Individuals:

- International Materials Solutions Corporation (IMSC), charged February 8, 1999.
- Thomas K. Qualey, President of IMSC, charged February 8, 1999.

Criminal Charges:

- Conspiracy to bribe foreign officials (all defendants)
- Bribery of foreign officials (all defendants)

Location and Time Period of Misconduct: Brazil, 1995-1996.

Summary:

On February 8, 1999, the Department of Justice filed a two-count information in the Southern District of Ohio, charging International Materials Solutions Corporation (IMSC) and Thomas K. Qualey, IMSC's President, with one count of conspiring to violate the anti-bribery provisions of the FCPA and one count of bribing a foreign official. According to court documents, in 1995 and 1996, Qualey prepared and submitted bids on behalf of International Materials Solutions Corporation (IMSC) to sell forklifts to the Brazilian Air Force (BAF) and to service them. In order to secure these contracts, which were worth approximately \$400,000, IMSC agreed to pay \$67,000 in bribes to a Lieutenant Colonel in the BAF, who was stationed as a Foreign Liaison Officer in the United States.

Criminal Disposition:

On February 10, 1999, Qualey pleaded guilty and was sentenced to four months home confinement and a \$5,000 fine. IMSC also pleaded guilty on this date and was later sentenced to pay a \$1,000 criminal fine.

88. Control Systems Specialist, Inc.

Resulting Criminal Enforcement Action(s):

A. United States v. Control Systems Specialist, Inc., et al. (S.D. Ohio, August 19, 1998)

Entities and Individuals:

- Control Systems Specialist, Inc.
- Darrold Richard Crites, President of Control Systems Specialist, Inc.

Criminal Charges:

- Conspiracy to bribe foreign officials (all defendants)
- Bribery of foreign officials (all defendants)
- Bribery of U.S. officials (all defendants)

Location and Time Period of Misconduct: Brazil, 1994-1996.

Summary:

On August 19, 1998, the Department of Justice filed a three-count information against Control Systems Specialist, Inc. (CSS) and its President, Darrold Richard Crites, charging both with conspiring to bribe foreign officials, as well as bribing both foreign and U.S. public officials. CSS, an Ohio corporation, was engaged in the business of buying and repairing surplus military equipment for resale. According to court documents, in 1994, CSS and Crites bid on a contract to supply refurbished military equipment to the Brazilian Aeronautical Commission. In order to win this contract, between November 1994 and December 1995, CSS and Crites made more than 21 bribe payments to a Brazilian Air Force Lt. Colonel, who was authorized to purchase military equipment on behalf of the Brazilian government. These bribe payments ultimately totaled more than \$250,000. In addition, CSS and Crites paid approximately \$66,000 to a U.S. Air Force officer to provide CSS with confidential information that helped the contracts with the Brazilian government. As a result of these bribe payments, CSS was awarded the contract with the Brazilian Air Force, which was ultimately worth more than \$670,000.

Criminal Disposition:

CSS and Crites each pleaded guilty before Judge Walter H. Rice on October 15, 1998, and were subsequently sentenced on March 8, 1999. Defendant Crites was sentenced to 3 years' probation, including 6 months' home confinement. CSS was fined \$1,500.

89. Saybolt Inc.

Resulting Criminal Enforcement Action(s):

- A. United States v. Saybolt North America Inc., et al. (D. Mass., August 18, 1998)**
- B. United States v. David H. Mead, et al. (D.N.J., April 17, 1998)**

Entities and Individuals:

- Saybolt Inc., charged August 18, 1998.
- Saybolt North America Inc., charged August 18, 1998.
- Frerik Pluimers, Chairman of the Board of Directors of Saybolt Inc., indicted April 17, 1998.
- David H. Mead, President of Saybolt Inc., indicted April 17, 1998.

Criminal Charges:

- Conspiracy:
 - to bribe foreign officials (all defendants)
 - to commit commercial bribery (Pluimers and Mead)
- Bribery of foreign officials (all defendants)
- Commercial bribery (Pluimers and Mead)

Location and Time Period of Misconduct: Panama, 1994-1995.

Summary:

In April 1998, a grand jury sitting in Trenton, New Jersey, returned an indictment charging Frerik Pluimers, a Dutch national, and David Mead, a British national, both of whom were officers of an American company, Saybolt Inc., with conspiracy and violations of the FCPA and the Travel Act in connection with a \$50,000 bribe paid to Panamanian officials. The bribe was paid to secure a lease for Saybolt Panama to move into the Panama canal free zone, which would reduce the company's tax liability. The bribe was discussed and approved at a board meeting of Saybolt Inc. in New Jersey, but the bribe itself was paid from the company's Dutch parent, Saybolt N.A., with the authorization of Pluimers.

Criminal Disposition:

On December 3, 1998, Saybolt Inc. and its subsidiary, Saybolt North America, pled guilty to violating the FCPA and paid a \$1.5 million fine. In a related case, Saybolt Inc. was sentenced to pay a \$3.4 million fine and required to retain a compliance monitor in relation to charges that it had falsified environmental tests of certain of its products.

Subsequent to the resolution, Saybolt sued its attorney, who had advised the company that the bribes could be paid through the Netherlands, for malpractice. The case was settled, but the settlement was never made public.

Mr. Mead was convicted at trial in October 1998 and sentenced to four months in prison and a \$20,000 fine. The United States requested that the Netherlands extradite Mr. Pluimers in March 2000. Despite extended litigation, including a decision of the Dutch Supreme Court authorizing the extradition, the Dutch authorities have refused and rejected the U.S. request for Mr. Pluimers' extradition. The United States is still seeking Mr. Pluimers return to the United States to stand trial.

90. Tanner Management Corporation

Resulting Criminal Enforcement Action(s):

A. United States v. Herbert K. Tannenbaum (S.D.N.Y., July 23, 1998)

Entities and Individuals:

- Herbert K. Tannenbaum, President of Tanner Management Corporation, charged July 23, 1998.

Criminal Charges:

- Conspiracy to bribe foreign officials

Location and Time Period of Misconduct: Argentina, 1996-1998.

Summary:

On March 24, 1998, Herbert Tannenbaum was arrested pursuant to a criminal complaint filed in the Southern District of New York, which charged him with conspiracy to violate the anti-bribery provisions of the FCPA. A one-count information, charging Tannenbaum with conspiracy to violate the FCPA, was subsequently filed on July 23, 1998. According to court documents, Tannenbaum, as President of Tanner Management Corporation, offered to make secret payments totaling 15% of the contract value to an undercover agent posing as a procurement officer of the Government of Argentina in order to induce the agent to purchase garbage incinerators. According to the plea agreement, the offered bribe totaled between \$120,000 and \$200,000. As part of the conspiracy and in an attempt to disguise the secret payment, Tannenbaum incorporated a fictitious entity named Cybernet USA and opened a bank account in the same name.

Criminal Disposition:

Tannenbaum pleaded guilty on August 5, 1998, and, pursuant to a plea agreement with the United States, was sentenced to a prison term of 1 year and 1 day, to be followed by 3 years of supervised release.
