

### 2018 FCPA Corporate Resolutions

<b>Date</b>	<b>Company</b>	<b>Monetary Settlement<sup>1</sup></b>	<b>Resolution Details</b>
3/9/2018	<b>Elbit Imaging Ltd.</b>	<b>\$0.5M</b> (civil penalty)	<b>SEC</b> - Administrative Order <i>BR, IC charges</i>
3/12/2018	<b>Transportation Logistics International, Inc.</b>	<b>\$2.0M</b> (criminal penalty)	<b>DOJ</b> - DPA <i>AB charges</i>
3/26/2018	<b>Kinross Gold Corp.</b>	<b>\$0.95M</b> (civil penalty)	<b>DOJ</b> - Case Closure  <b>SEC</b> - Administrative Order <i>BR, IC charges</i> <i>Self-reporting for 1 year</i>
4/23/018	<b>Dun &amp; Bradstreet Corp.</b>	<b>\$9.2M total</b> (\$2M civil penalty + \$7.2M disgorgement)	<b>DOJ</b> - Declination  <b>SEC</b> - Administrative Order <i>BR, IC charges</i>
4/30/2018	<b>Panasonic Corp.</b>	<b>\$143.2M</b> (disgorgement)	<b>SEC</b> - Administrative Order <i>AB, BR, IC charges</i>
	<b>Panasonic Avionics Corp.</b>	<b>\$137.4M</b> (criminal penalty)	<b>DOJ</b> - DPA <i>BR charges</i> <i>Independent monitor for 2 years</i>
6/4/2018	<b>Société Générale S.A</b>	<b>\$585.6M</b> (criminal penalty) (\$292.8M subject to offset for payments to French authorities)	<b>DOJ</b> - DPA <i>AB charges</i> <i>Self-reporting for 3 years</i>
	<b>SGA Société Générale Acceptance, N.V.</b>		<b>DOJ</b> - Guilty Plea (one count of conspiracy to violate the FCPA) <i>AB charges</i>

<sup>1</sup> Disgorgement amounts include prejudgment interest.

<b>Date</b>	<b>Company</b>	<b>Monetary Settlement<sup>1</sup></b>	<b>Resolution Details</b>
6/4/2018 (DOJ) 8/27/2018 (SEC)	<b>Legg Mason Inc.</b>	<b>\$71.1M total</b> (\$34.5M SEC disgorgement + \$32.6M criminal penalty + \$31.6M DOJ disgorgement – \$27.6 DOJ offset for payments to SEC)	<b>DOJ - NPA</b> <i>IC charges</i>  <b>SEC - Administrative Order</b> <i>IC charges</i>
7/2/2018	<b>Beam Suntory Inc.</b>	<b>\$8.2M total</b> (\$2M civil penalty + 6.2M disgorgement)	<b>SEC - Administrative Order</b> <i>BR, IC charges</i>
7/5/2018	<b>Credit Suisse AG</b>	<b>\$29.8M</b> (disgorgement)	<b>SEC - Administrative Order</b> <i>AB, IC charges</i>
	<b>Credit Suisse (Hong Kong) Ltd.</b>	<b>\$47M</b> (criminal penalty)	<b>DOJ - NPA</b> <i>AB charges</i>
9/4/2018	<b>Sanofi</b>	<b>\$25.2M total</b> (\$5M civil penalty + \$20.2M disgorgement)	<b>DOJ - Case Closure</b>  <b>SEC - Administrative Order</b> <i>BR, IC charges</i>
9/14/2018	<b>United Technologies Corp.</b>	<b>\$14M</b> (\$4M civil penalty + \$10M disgorgement)	<b>DOJ - Case Closure</b>  <b>SEC - Administrative Order</b> <i>AB, BR, IC charges</i>
9/27/2018	<b>Petrobras</b>	<b>\$1,786M total</b> (\$933.5M disgorgement + \$853.2M criminal penalty)  (\$933.5M of disgorgement subject to offset for payments to shareholder class action settlement)  (\$683M of criminal penalty subject to offset for payment to Brazilian	<b>DOJ -NPA</b> <i>BR charges</i>  <b>SEC - Administrative Order</b> <i>BR, IC charges</i> <i>Self-reporting for 3 years</i>

Date	Company	Monetary Settlement <sup>1</sup>	Resolution Details
		authorities; \$85.3M of criminal penalty to be paid to SEC)	
9/28/2018	<b>Stryker Corp.</b>	<b>\$7.8M</b> (civil penalty)	<b>SEC</b> - Administrative Order <i>BR, IC charges</i> <i>Independent monitor for 1 year</i>
11/19/2018	<b>Vantage Drilling International</b>	<b>\$5M</b> (disgorgement)	<b>DOJ</b> – Case Closure (2017)  <b>SEC</b> - Administrative Order <i>IC charges</i>
12/26/2018	<b>Polycom, Inc.</b>	<b>\$47.3M total</b> ( <b>\$12.5M</b> SEC disgorgement + <b>\$3.8M</b> civil penalty + <b>\$31M</b> DOJ disgorgement)  (DOJ disgorgement to be paid to SEC, Treasury, and US Postal Inspection Consumer Fraud Fund)	<b>DOJ</b> - Declination  <b>SEC</b> - Administrative Order <i>BR, IC charges</i>
12/26/2018	<b>Eletrabras</b>	<b>\$2.5M</b> (civil penalty)	<b>DOJ</b> - Case Closure  <b>SEC</b> - Administrative Order <i>BR, IC charges</i>

**2018 FCPA Individual Resolutions – Cases Initiated, Resolved, or Unsealed in 2018**

<b>Date<sup>2</sup></b>	<b>Defendant and Related Entity/Project<sup>3</sup></b>	<b>Enforcement Agency</b>	<b>Charges</b>	<b>Current Status</b>
3/16/2016 (pleaded guilty in 2018)	Julia Vivi Wang <i>South-South News</i>	DOJ	<ul style="list-style-type: none"> <li>- Conspiracy - FCPA (1 count)</li> <li>- Violation of FCPA - anti-bribery provision (1 count)</li> <li>- Tax fraud (1 count)</li> </ul>	Pleaded guilty (all counts); sentencing scheduled for March 6, 2019
7/5/2017 (pleaded guilty in 2018)	Jose Orlando Camacho <i>PDVSA</i>	DOJ	<ul style="list-style-type: none"> <li>- Conspiracy - money laundering (1 count)</li> </ul>	Pleaded guilty to conspiracy to commit money laundering (1 count); sentencing scheduled for February 21, 2019
8/23/2017 (pleaded guilty in 2018)	Luis Carlos De Leon Perez <i>PDVSA</i>	DOJ	<ul style="list-style-type: none"> <li>- Conspiracy - FCPA (1 count)</li> <li>- Conspiracy - money laundering (1 count)</li> <li>- Money laundering (2 counts)</li> </ul>	Pleaded guilty to conspiracy to violate the FCPA (1 count) and conspiracy to commit money laundering (1 count); sentencing not yet scheduled
8/23/2017 (pleaded guilty in 2018)	Cesar David Rincon Godoy <i>PDVSA</i>	DOJ	<ul style="list-style-type: none"> <li>- Conspiracy - money laundering (2 counts)</li> <li>- Money laundering (4 counts)</li> </ul>	Pleaded guilty to conspiracy to commit money laundering (1 count); sentencing scheduled for April 1, 2019
10/24/2017 (pleaded guilty in 2018)	Marcelo Reyes Lopez <i>PetroEcuador</i>	DOJ	<ul style="list-style-type: none"> <li>- Conspiracy - money laundering (1 count)</li> </ul>	Pleaded guilty to conspiracy to commit money laundering (1 count); sentenced to 53 months imprisonment
11/16/2017 (convicted at trial in 2018)	Chi Ping Patrick Ho <i>Former Hong Kong Home Affairs Secretary; CEFC China Energy</i>	DOJ	<ul style="list-style-type: none"> <li>- Conspiracy - FCPA (1 count)</li> <li>- Violation of FCPA - anti-bribery provision (4 counts)</li> <li>- Conspiracy - money laundering (1 count)</li> </ul>	Convicted on all counts except one money laundering count; sentencing scheduled for March 14, 2019

<sup>2</sup> Unless otherwise indicated, dates are those of most recent criminal indictment/charge or date of SEC executive order, as applicable. Cases filed prior to 2018 are included where significant activity (e.g., unsealing, sentencing) occurred 2018.

<sup>3</sup> Entities listed are either allegedly connected to individuals or involved in the corrupt conduct with which individuals are charged. Where individuals are not connected to an entity, the project or deal allegedly involved in the corrupt conduct is listed.

Date <sup>2</sup>	Defendant and Related Entity/Project <sup>3</sup>	Enforcement Agency	Charges	Current Status
			– Money laundering (2 count)	
12/20/2017 (unsealed in 2018)	Lawrence W. Parker, Jr. <i>Setar</i>	DOJ	– Conspiracy - FCPA (1 count) – Wire fraud (1 count)	Pleaded guilty (all counts); sentenced to 35 months' imprisonment and ordered forfeit \$1 billion and all assets from scheme
12/22/2017 (unsealed in 2018)	Alejandro Andrade Cedeno <i>PDVSA</i>	DOJ	– Conspiracy - money laundering (1 count)	Pleaded guilty; sentenced to ten years' imprisonment
1/10/2018	Mark Lambert <i>Transport Logistics International Inc.</i>	DOJ	– Conspiracy - FCPA (1 count) – Wire fraud (1 count) – Violation of FCPA - anti-bribery provision (7 counts) – Wire fraud (2 counts) – Money laundering (1 count)	Pleaded not guilty; trial date not yet set
1/31/2018	Egbert Yvan Ferdinand Koolman <i>Setar</i>	DOJ	– Conspiracy - money laundering (1 count)	Pleaded guilty; sentenced to three years' imprisonment and ordered to pay \$1.3 million in restitution
2/20/2018	Arturo Escobar Dominguez <i>PetroEcuador</i>	DOJ	– Conspiracy - money laundering (1 count)	Pleaded guilty; sentenced to four years' imprisonment
3/15/2018	Donville Inniss <i>Insurance Corporation of Barbados Limited</i>	DOJ	– Conspiracy - money laundering (1 count) – Money laundering (2 counts)	Pleaded not guilty; trial scheduled for June 2019
3/20/2018	Gabriel Arturo Jimenez Aray <i>PDVSA</i>	DOJ	– Conspiracy - money laundering (1 count)	Pleaded guilty; sentenced to three years' imprisonment
4/11/2018	Juan Carlos Castillo Rincon <i>PDVSA</i>	DOJ	– Conspiracy - FCPA (1 count)	Pleaded guilty; sentencing scheduled for February 21, 2019

<b>Date<sup>2</sup></b>	<b>Defendant and Related Entity/Project<sup>3</sup></b>	<b>Enforcement Agency</b>	<b>Charges</b>	<b>Current Status</b>
4/19/2018	Jose Larrea <i>PetroEcuador</i>	DOJ	<ul style="list-style-type: none"> <li>- Conspiracy - money laundering (2 counts)</li> <li>- Money laundering (3 counts)</li> </ul>	Pleaded guilty to conspiracy to commit money laundering (1 count); sentenced to 27 months' imprisonment
4/27/2018	Carlos Alberto Zelaya Rojas <i>Honduran Institute of Social Security</i>	DOJ	<ul style="list-style-type: none"> <li>- Money laundering (12 counts)</li> <li>- Impairing the court's jurisdiction over property subject to forfeiture (1 count)</li> <li>- Impeding an official proceeding (1 count)</li> <li>- Perjury (1 count)</li> </ul>	Pleaded guilty to conspiracy to commit money laundering (1 count); sentenced to 46 months' imprisonment and ordered to forfeit wrongfully-acquired real estate holdings
5/24/2018	Azat Martirosian <i>Rolls-Royce plc</i>	DOJ	<ul style="list-style-type: none"> <li>- Conspiracy - money laundering (1 count)</li> <li>- Money laundering (10 counts)</li> </ul>	Filed motion to dismiss indictment, which the District Court held in abeyance pending defendant's arrest; Martirosian appealed the decision to hold his motion in abeyance and the appeal is pending before the Sixth Circuit
5/24/2018	Vitaly Leshkov <i>Rolls-Royce plc</i>	DOJ	<ul style="list-style-type: none"> <li>- Conspiracy - money laundering (1 count)</li> <li>- Money laundering (10 counts)</li> </ul>	Charged but not yet arrested
6/7/2018	Tim Leissner <i>Goldman Sachs; 1MDB</i>	DOJ	<ul style="list-style-type: none"> <li>- Conspiracy - money laundering (1 count)</li> <li>- Conspiracy – FCPA (1 count)</li> </ul>	Pleaded guilty (both counts); awaiting sentencing
7/11/2018	Juan Andres Baquerizo Escobar <i>PDVSA</i>	DOJ	<ul style="list-style-type: none"> <li>- Conspiracy - money laundering (1 count)</li> </ul>	Pleaded guilty; sentencing scheduled on January 18, 2019
7/27/2018	Jose Manuel Gonzalez Testino <i>PDVSA</i>	DOJ	<ul style="list-style-type: none"> <li>- Conspiracy - FCPA (1 count)</li> <li>- Violation of FCPA - anti-bribery provision (1 count)</li> </ul>	Pleaded not guilty; trial not yet scheduled

Date <sup>2</sup>	Defendant and Related Entity/Project <sup>3</sup>	Enforcement Agency	Charges	Current Status
8/16/2018	Raul Gorrin Belisario <i>PDVSA</i>	DOJ	<ul style="list-style-type: none"> <li>- Conspiracy - FCPA (1 count)</li> <li>- Conspiracy - money laundering (1 count)</li> <li>- Money laundering (9 counts)</li> </ul>	Charged; awaiting arraignment
8/17/2018	Gustavo Adolfo Hernandez Frieri <i>PDVSA</i>	DOJ	<ul style="list-style-type: none"> <li>- Conspiracy - money laundering (1 count)</li> <li>- Money laundering (2 counts)</li> <li>- International promotion of money laundering (1 count),</li> <li>- Interstate and foreign travel in aid of racketeering (1 count)</li> </ul>	Arrested in Italy and currently facing extradition proceedings
8/17/2018	Francisco Convit Guruceaga <i>PDVSA</i>	DOJ	<ul style="list-style-type: none"> <li>- Conspiracy - money laundering (1 count)</li> <li>- Interstate and foreign travel in aid of racketeering (2 counts)</li> </ul>	Charged but not yet arrested
8/17/2018	Jose Vincente Amparan Croquer <i>PDVSA</i>	DOJ	<ul style="list-style-type: none"> <li>- Conspiracy - money laundering (1 count)</li> <li>- Interstate and foreign travel in aid of racketeering (2 counts)</li> </ul>	Charged but not yet arrested
8/17/2018	Carmelo Urdaneta Aqui <i>PDVSA</i>	DOJ	<ul style="list-style-type: none"> <li>- Conspiracy - money laundering (1 count)</li> <li>- Interstate and foreign travel in aid of racketeering (2 counts)</li> </ul>	Charged but not yet arrested
8/17/2018	Hugo Andre Ramalho Gois <i>PDVSA</i>	DOJ	<ul style="list-style-type: none"> <li>- Conspiracy - money laundering (1 count)</li> </ul>	Charged but not yet arrested
8/17/2018	Abraham Eduardo Ortega <i>PDVSA</i>	DOJ	<ul style="list-style-type: none"> <li>- Conspiracy - money laundering (1 count)</li> </ul>	Pleaded guilty to one count; remaining charges dismissed in connection with his plea; sentencing to be scheduled on or after April 10, 2019

Date <sup>2</sup>	Defendant and Related Entity/Project <sup>3</sup>	Enforcement Agency	Charges	Current Status
8/17/2018	Marcelo Federico Gutierrez Acosta y Lara <i>PDVSA</i>	DOJ	– Conspiracy - money laundering (1 count)	Charged but not yet arrested
8/17/2018	Matthias Krull <i>PDVSA</i>	DOJ	– Conspiracy - money laundering (1 count)	Pleaded guilty; sentenced to ten years' imprisonment with \$50,000 fine and \$600,000 restitution; cooperating with prosecutors and may receive reduced sentence based on cooperation
8/17/2018	Mario Enrique Bonilla Vallera <i>PDVSA</i>	DOJ	– Conspiracy - money laundering (1 count)	Charged but not yet arrested
9/25/2018	Patricio Contesse González <i>SQM</i>	SEC	– Violation of FCPA - books and records and internal controls provisions	Settled via administrative order; fine of \$125,000
10/3/2018	Low Taek Jho (also known as "Jho Low") <i>1MDB</i>	DOJ	– Conspiracy - FCPA (2 counts) – Conspiracy - money laundering (1 count)	Charged but not yet arrested
10/3/2018	Ng Chong Hwa (also known as "Roger Ng") <i>Goldman Sachs; 1MDB</i>	DOJ	– Conspiracy - FCPA (2 counts) – Conspiracy - money laundering (1 count)	Arrested; awaiting arraignment
10/12/2018	Ivan Alexis Guedez <i>PDVSA</i>	DOJ	– Conspiracy - money laundering (1 count)	Pleaded guilty; sentencing scheduled for February 20, 2019
10/30/2018	Roger Richard Boncy <i>Haitian port development project</i>	DOJ	– Conspiracy - FCPA (1 count) – Conspiracy - money laundering (1 count) – Conspiracy - Travel Act (1 count) – Travel Act violation (1 count)	Pleaded not guilty; trial date not yet set



Date <sup>2</sup>	Defendant and Related Entity/Project <sup>3</sup>	Enforcement Agency	Charges	Current Status
12/13/2018	Frank Robert Chatburn Ripalda <i>PetroEcuador</i>	DOJ	<ul style="list-style-type: none"> <li>- Conspiracy - FCPA (1 count)</li> <li>- Conspiracy - money laundering (2 counts)</li> <li>- Violation of FCPA - anti-bribery provision (2 counts),</li> <li>- Money laundering (4 counts)</li> </ul>	Pleaded not guilty; trial to begin in February 2019
12/18/2018	Paul Margis <i>Panasonic</i>	SEC	<ul style="list-style-type: none"> <li>- Violation of FCPA - books and records and internal controls provisions</li> </ul>	Settled via administrative order; fine of \$75,000
12/18/2018	Takeshi "Tyrone" Uonaga <i>Panasonic</i>	SEC	<ul style="list-style-type: none"> <li>- Violation of FCPA - books and records and internal controls provisions</li> </ul>	Settled via administrative order; fine of \$50,000

## CORPORATE RESOLUTIONS

### Beam Suntory Inc.

On July 2, 2018, the Beam Suntory Inc. (formerly Beam Inc.) (“Beam”) settled by administrative order SEC charges alleging violations of the FCPA’s books and records and internal controls provisions.<sup>4</sup> Beam paid a total of \$8,181,838, comprised of approximately \$6.1 million in disgorgement and \$2 million in civil penalties.<sup>5</sup> Beam voluntarily disclosed the conduct and fully cooperated in the SEC’s investigation.<sup>6</sup>

The conduct at issue occurred at an Indian subsidiary (“Beam India”) that was acquired by Beam, Inc. in 2006.<sup>7</sup> At the time, Beam was listed on the NYSE.<sup>8</sup> Beam de-listed in 2014 when it was acquired by Japanese corporation Suntory Holdings Limited.<sup>9</sup> Now known as Beam Suntory, the company produces Jim Beam bourbon and distributes Suntory Yamazaki whiskey, among other distilled beverages.<sup>10</sup>

According to the administrative order, prior to its acquisition by Beam, Beam India had a practice of making improper payments to government officials through various third parties, including sales promoters and distributors.<sup>11</sup> Managers at Beam India allegedly maintained a separate set of financial records that recorded the illicit payments, while the formal books and records disguised the payments as legitimate expenses.<sup>12</sup> After Beam acquired Beam India, this conduct continued.<sup>13</sup> The SEC alleged that, between 2006 and 2012, Beam India made improper payments to various government employees through third parties in order to make government sales, utilize government marketing channels, and obtain government registrations, among other benefits.<sup>14</sup> Payments were allegedly disguised through false or inflated invoices and were recorded in Beam’s books and records as legitimate commissions, discounts, and other expenses.<sup>15</sup>

Between 2006 and 2012, various red flags at Beam India led Beam to conduct limited investigation of its Indian subsidiary. Among other things, Beam retained a global accounting firm, an Indian law firm, and a U.S. law firm to review and investigate payments in India.<sup>16</sup> The SEC’s settlement with Diageo plc, Beam’s direct competitor, in 2011 for FCPA violations in India led to further concerns and reviews at Beam India.<sup>17</sup> This was followed by two employee reports in 2011 and 2012 regarding improper payments to government officials in India, which were investigated and substantiated.<sup>18</sup> Not until September 2012, however, did Beam undertake a full internal investigation and discover the conduct at issue in the resolution.<sup>19</sup>

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<sup>4</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Beam Inc.*, Rel No. 83575, File No. 3-18568, 27 (July 2, 2018).

<sup>5</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Beam Inc.*, Rel No. 83575, File No. 3-18568, IV(B) (July 2, 2018).

<sup>6</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Beam Inc.*, Rel No. 83575, File No. 3-18568, 28 (July 2, 2018).

<sup>7</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Beam Inc.*, Rel No. 83575, File No. 3-18568, ¶¶ 2, 6 (July 2, 2018).

<sup>8</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Beam Inc.*, Rel No. 83575, File No. 3-18568, ¶ 5 (July 2, 2018).

<sup>9</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Beam Inc.*, Rel No. 83575, File No. 3-18568, ¶ 5 (July 2, 2018).

<sup>10</sup> See Beam Suntory, <https://www.beamsuntory.com/home> (last visited Dec. 18, 2018).

<sup>11</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Beam Inc.*, Rel No. 83575, File No. 3-18568, ¶¶ 8, 11 (July 2, 2018).

<sup>12</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Beam Inc.*, Rel No. 83575, File No. 3-18568, ¶ 8 (July 2, 2018).

<sup>13</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Beam Inc.*, Rel No. 83575, File No. 3-18568, ¶ 9, 13 (July 2, 2018).

<sup>14</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Beam Inc.*, Rel No. 83575, File No. 3-18568, ¶¶ 11, 14 (July 2, 2018).

<sup>15</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Beam Inc.*, Rel No. 83575, File No. 3-18568, ¶¶ 12-13 (July 2, 2018).

<sup>16</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Beam Inc.*, Rel No. 83575, File No. 3-18568, ¶ 18 (July 2, 2018).

<sup>17</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Beam Inc.*, Rel No. 83575, File No. 3-18568, ¶ 19 (July 2, 2018).

<sup>18</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Beam Inc.*, Rel No. 83575, File No. 3-18568, ¶ 22 (July 2, 2018).

<sup>19</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Beam Inc.*, Rel No. 83575, File No. 3-18568, ¶ 22 (July 2, 2018).

## Credit Suisse AG/Credit Suisse (Hong Kong) Limited

On May 24, 2018, Credit Suisse (Hong Kong) Limited (“HK Subsidiary”), a wholly owned subsidiary of Credit Suisse AG, entered into a non-prosecution agreement (“NPA”) with the DOJ to resolve misconduct relating to its practice of hiring, promoting, and retaining candidates connected to government officials and state-owned entities (“SOEs”) in Asia in exchange for business.<sup>20</sup> The DOJ imposed a criminal penalty of approximately \$47 million.<sup>21</sup> Credit Suisse HK did not voluntarily disclose the conduct and, according to the DOJ, also failed to adequately discipline the employees involved. The DOJ characterized the company’s cooperation as “reactive” rather than proactive, and thus granted the company a 15% discount off of the bottom of the U.S. Sentencing Guidelines fine range rather than a larger discount.<sup>22</sup>

On July 5, 2018, the parent company reached a related settlement with the SEC, consenting to entry of an administrative order alleging violations of the FCPA’s anti-bribery and internal controls provisions.<sup>23</sup> Pursuant to that settlement, the parent company agreed to pay approximately \$29.8 million, comprised of \$25 million disgorgement and \$4.8 million in prejudgment interest.<sup>24</sup> The SEC noted that it did not impose a civil penalty on the parent company because of the criminal fine imposed on its HK subsidiary by the DOJ.<sup>25</sup>

According to the resolution papers, senior managers in the Asia Pacific region hired or promoted individuals who were referred by, related to, or otherwise connected to clients, potential clients, or government officials between 2007 and 2013.<sup>26</sup> These “relationship hires” or “referral hires” were allegedly made pursuant to *quid pro quo* arrangements designed to ensure that the parent company won future business, including specific investment banking mandates, from the referring SOEs and officials.<sup>27</sup> The government asserted that, during the hiring process, employees took steps to create the appearance that the bank’s normal, merit-based hiring practices were being followed.<sup>28</sup> In fact, such hires were made against the company’s policies prohibiting the practice of relationship and referral hiring, and many referral hires were brought on without any review by the Legal and Compliance Department.<sup>29</sup> Once

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<sup>20</sup> Non-Prosecution Agreement between U.S. Department of Justice and Credit Suisse (Hong Kong) Limited (May 24, 2018), [https://www.justice.gov/opa/press-release/file/1077881/download?utm\\_medium=email&utm\\_source=govdelivery](https://www.justice.gov/opa/press-release/file/1077881/download?utm_medium=email&utm_source=govdelivery).

<sup>21</sup> Non-Prosecution Agreement between U.S. Department of Justice and Credit Suisse (Hong Kong) Limited, at 4 (May 30, 2018), [https://www.justice.gov/opa/press-release/file/1077881/download?utm\\_medium=email&utm\\_source=govdelivery](https://www.justice.gov/opa/press-release/file/1077881/download?utm_medium=email&utm_source=govdelivery).

<sup>22</sup> Non-Prosecution Agreement between U.S. Department of Justice and Credit Suisse (Hong Kong) Limited, at 1-2 (May 30, 2018), [https://www.justice.gov/opa/press-release/file/1077881/download?utm\\_medium=email&utm\\_source=govdelivery](https://www.justice.gov/opa/press-release/file/1077881/download?utm_medium=email&utm_source=govdelivery).

<sup>23</sup> Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the Matter of Credit Suisse Group AG*, Rel No. 83593, File No. 3-18571, ¶ A (July 5, 2018).

<sup>24</sup> Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the Matter of Credit Suisse Group AG*, Rel No. 83593, File No. 3-18571, at 15 (July 5, 2018).

<sup>25</sup> Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the Matter of Credit Suisse Group AG*, Rel No. 83593, File No. 3-18571, ¶ 62 (July 5, 2018).

<sup>26</sup> Non-Prosecution Agreement between U.S. Department of Justice and Credit Suisse (Hong Kong) Limited, Attachment A ¶ 13 (May 30, 2018), [https://www.justice.gov/opa/press-release/file/1077881/download?utm\\_medium=email&utm\\_source=govdelivery](https://www.justice.gov/opa/press-release/file/1077881/download?utm_medium=email&utm_source=govdelivery); Order Instituting Cease-and-Desist Proceedings, *In the Matter of Credit Suisse Group AG*, Rel No. 83593, File No. 3-18571, ¶¶ 1-3 (July 5, 2018).

<sup>27</sup> Non-Prosecution Agreement between U.S. Department of Justice and Credit Suisse (Hong Kong) Limited, Attachment A ¶¶ 13, 33 (May 30, 2018), [https://www.justice.gov/opa/press-release/file/1077881/download?utm\\_medium=email&utm\\_source=govdelivery](https://www.justice.gov/opa/press-release/file/1077881/download?utm_medium=email&utm_source=govdelivery).

<sup>28</sup> Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the Matter of Credit Suisse Group AG*, Rel No. 83593, File No. 3-18571, ¶¶ 2, 13-15 (July 5, 2018).

<sup>29</sup> Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the Matter of Credit Suisse Group AG*, Rel No. 83593, File No. 3-18571, ¶¶ 2, 13-16 (July 5, 2018).

employed, referral hires often received early promotions, large bonuses, and other benefits despite unprofessional conduct and poor performance.<sup>30</sup>

According to the DOJ NPA, the HK subsidiary earned more than \$46 million in revenues from the mandates secured through referral hires.<sup>31</sup>

### **Dun & Bradstreet Corporation**

On April 23, 2018, The Dun & Bradstreet Corporation (“Dun & Bradstreet”) settled with the SEC by administrative order charges alleging violations of the FCPA’s books and records and internal controls provisions.<sup>32</sup> Dun & Bradstreet agreed to pay more than \$9 million, including disgorgement of \$6,077,820, prejudgment interest of \$1,143,664, and a civil penalty of \$2 million.<sup>33</sup> On the same day, the company received a declination from the DOJ—the first formal declination under the DOJ’s Corporate Enforcement Policy.<sup>34</sup> The DOJ announced the declination publicly in coordination with the US Attorney’s Office for the District of New Jersey. The declination letter detailed the reasons the DOJ elected not to bring an enforcement action against Dun & Bradstreet, including the company’s voluntary self-disclosure; thorough investigation; full cooperation in the DOJ’s investigation; enhancements to its compliance program and internal controls; and its full remediation that included terminating and disciplining executives and employees involved in the misconduct. The DOJ also noted the fact that the SEC’s parallel action involved disgorgement.

According to the SEC order, the conduct at issue related to two Dun & Bradstreet subsidiaries in China that made improper payments to Chinese government officials to obtain information and data important to company’s business of providing market reports, industry reports, and other commercial data. One subsidiary allegedly made payments directly to Chinese government officials in charge of highly-regulated business information and later, transitioned to making the payments through third-party agents due to those strict regulations.<sup>35</sup> The other subsidiary allegedly made improper payments prior to being acquired by Dun & Bradstreet.<sup>36</sup> Despite red flags, however, Dun & Bradstreet failed to ensure that data collected by the company was obtained legally before completing the acquisition; after the acquisition, the company also failed to investigate the subsidiary’s sources of information, whether its employees paid improper kickbacks to clients, and whether those clients were state-owned entities.<sup>37</sup> Like the DOJ, the SEC acknowledged Dun & Bradstreet’s self-disclosure in early 2012 (around the time Chinese police raided one of the subsidiaries); its cooperation in the investigation which included voluntary production of documents from overseas and providing the SEC the findings of its internal investigation; making employees and former employees available for interview; and its remediation, which included shuttering

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<sup>30</sup> Non-Prosecution Agreement between U.S. Department of Justice and Credit Suisse (Hong Kong) Limited, Attachment A ¶ 19 (May 30, 2018), [https://www.justice.gov/opa/press-release/file/1077881/download?utm\\_medium=email&utm\\_source=govdelivery](https://www.justice.gov/opa/press-release/file/1077881/download?utm_medium=email&utm_source=govdelivery); Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the Matter of Credit Suisse Group AG*, Rel. No. 83593, File No. 3-18571, ¶¶ 19, 23, 28, 30, 42 (July 5, 2018).

<sup>31</sup> Non-Prosecution Agreement between U.S. Department of Justice and Credit Suisse (Hong Kong) Limited, Attachment A ¶ 20 (May 30, 2018), [https://www.justice.gov/opa/press-release/file/1077881/download?utm\\_medium=email&utm\\_source=govdelivery](https://www.justice.gov/opa/press-release/file/1077881/download?utm_medium=email&utm_source=govdelivery).

<sup>32</sup> US Securities and Exchange Commission Press Release No. 3-18446, SEC Charges Dun & Bradstreet With FCPA Violations (Apr. 23, 2018), <https://www.sec.gov/enforce/34-83088-s>.

<sup>33</sup> Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the Matter of The Dun & Bradstreet Corporation*, Rel. No. 83088, File No. 3-18446, § IV, ¶ B (Apr. 23, 2018).

<sup>34</sup> U.S. Department of Justice Letter from Sandra Moser to Peter Spivack re: The Dun & Bradstreet Corporation (Apr. 23, 2018), <https://www.justice.gov/criminal-fraud/file/1055401/download>.

<sup>35</sup> Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the Matter of The Dun & Bradstreet Corporation*, Rel. No. 83088, File No. 3-18446, ¶¶ 10-18 (Apr. 23, 2018).

<sup>36</sup> Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the Matter of The Dun & Bradstreet Corporation*, Rel. No. 83088, File No. 3-18446, ¶¶ 19-25 (Apr. 23, 2018).

<sup>37</sup> Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the Matter of The Dun & Bradstreet Corporation*, Rel. No. 83088, File No. 3-18446, ¶ 19-25 (Apr. 23, 2018).

one of the subsidiaries, terminating and disciplining employees involved in the misconduct, expanding its audit and compliance departments, and making other enhancements to its internal controls.<sup>38</sup>

### **Elbit Imaging Ltd.**

On March 9, 2018, Elbit Imaging Ltd. (“Elbit”) settled by administrative order SEC charges alleging violations of the FCPA’s books and records and internal controls provisions.<sup>39</sup> Elbit paid a \$500,000 civil penalty.<sup>40</sup> The SEC’s order noted that Elbit was in the process of winding down its business and selling assets to satisfy debt obligations.<sup>41</sup> Elbit also voluntarily disclosed the conduct, fully cooperated with the SEC’s investigation, and undertook extensive remediation.<sup>42</sup>

The conduct at issue related to the engagement of third parties by Elbit and Plaza Centers NV (“Plaza”), an indirect subsidiary of Elbit, in connection with a project in Romania and the sale of assets in the U.S.<sup>43</sup> The SEC alleged that Elbit and Plaza conducted no due diligence on the third parties and, despite having no evidence that the third parties provided the services for which they had contracted, paid them \$27 million over the course of their engagement.<sup>44</sup> The SEC alleged that Elbit and Plaza mischaracterized the payments as legitimate business expenses, “even though some or all of the funds may have been used to make corrupt payments to Romanian government officials or were embezzled.”<sup>45</sup>

With regard to the project in Romania, the SEC alleged that at the direction of Elbit’s CEO and Plaza’s Executive Director (“Executive A”), Plaza contracted with a third-party entity in 2006 (“2006 Consultant”) to help it secure an invitation from the Romanian government to participate in the project and to help it acquire related government approvals.<sup>46</sup> Plaza eventually purchased a seventy-five percent interest in the project with the Romanian government’s consent.<sup>47</sup> There was no evidence, however, that the 2006 Consultant provided any services in relation to the transaction.<sup>48</sup> In 2011, again at the direction of Executive A, Plaza entered into a contract with another third-party entity (“2011 Consultant”) for similar services in connection with acquiring another fifteen percent interest in the same project.<sup>49</sup> There was no evidence that the 2011 Consultant provided any services in connection with this contract.<sup>50</sup> Plaza paid the consultants approximately \$14 million between 2007 and 2012 and characterized the payments as legitimate business expenses in its books and records.<sup>51</sup>

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<sup>38</sup> Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the Matter of The Dun & Bradstreet Corporation*, Rel. No. 83088, File No. 3-18446, ¶ 31-33.

<sup>39</sup> U.S. Securities and Exchange Commission Announcement for File No. 3-18397: SEC Charges Elbit Imaging Ltd. With Violating Books and Records and Internal Accounting Controls Provisions of the FCPA (Mar. 9, 2018).

<sup>40</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Elbit Imaging Ltd.*, Rel No. 82849, File No. 3-18397, §IV, ¶ B (Mar. 9, 2018).

<sup>41</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Elbit Imaging Ltd.*, Rel No. 82849, File No. 3-18397, ¶¶ 27-28 (Mar. 9, 2018).

<sup>42</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Elbit Imaging Ltd.*, Rel No. 82849, File No. 3-18397, ¶ 22 (Mar. 9, 2018).

<sup>43</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Elbit Imaging Ltd.*, Rel No. 82849, File No. 3-18397, ¶¶ 1-2 (Mar. 9, 2018).

<sup>44</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Elbit Imaging Ltd.*, Rel No. 82849, File No. 3-18397, ¶¶ 18-19 (Mar. 9, 2018).

<sup>45</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Elbit Imaging Ltd.*, Rel No. 82849, File No. 3-18397, ¶ 20 (Mar. 9, 2018).

<sup>46</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Elbit Imaging Ltd.*, Rel No. 82849, File No. 3-18397, ¶ 6 (Mar. 9, 2018).

<sup>47</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Elbit Imaging Ltd.*, Rel No. 82849, File No. 3-18397, ¶ 7 (Mar. 9, 2018).

<sup>48</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Elbit Imaging Ltd.*, Rel No. 82849, File No. 3-18397, ¶ 7 (Mar. 9, 2018).

<sup>49</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Elbit Imaging Ltd.*, Rel No. 82849, File No. 3-18397, ¶ 8 (Mar. 9, 2018).

<sup>50</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Elbit Imaging Ltd.*, Rel No. 82849, File No. 3-18397, ¶ 9 (Mar. 9, 2018).

<sup>51</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Elbit Imaging Ltd.*, Rel No. 82849, File No. 3-18397, ¶ 10 (Mar. 9, 2018).

The SEC further alleged that Elbit and Plaza, at the direction of Executive A, entered into a contract with a third-party entity (“Sales Agent A”) to assist in selling a real estate portfolio located in the U.S.<sup>52</sup> Without informing Plaza and Elbit, Sales Agent A assigned its contractual rights to another entity (“Sales Agent B”), which was indirectly beneficially owned by Executive A.<sup>53</sup> There was no evidence that Sales Agent A or Sales Agent B provided any services; rather, services were rendered by a financial advisor separately retained by Elbit and Plaza.<sup>54</sup> In 2012, Elbit and Plaza paid Sales Agent A \$13 million—\$12.75 million of which Sales Agent A passed on to Sales Agent B—and recorded the payment as commissions and expenses.<sup>55</sup>

### **Kinross Gold Corporation**

On March 26, 2018, Kinross Gold Corporation (“Kinross”) settled by administrative order SEC charges alleging violations of the FCPA’s books and records and internal controls provisions.<sup>56</sup> Kinross paid a \$950,000 civil penalty and agreed to report the status of its remediation efforts to the SEC for a one-year period.<sup>57</sup> The order identified remedial efforts that Kinross undertook, including implementing audits, remediation plans, and a new system to track and manage expenditures; terminating certain relationships; increasing compliance staff; and implementing other measures to strengthen policies and controls.<sup>58</sup>

The conduct at issue related to Kinross’s 2010 acquisition of Tasiast Mauritanie Limited S.A. (“Tasiast”) and Chirano Gold Mines Ltd. (“Chirano”), which had mining operations in Mauritania and Ghana, respectively.<sup>59</sup> The SEC alleged that, after acquiring Tasiast and Chirano, Kinross failed to implement and operate an adequate system of internal accounting controls, resulting in payments being made to third parties without “reasonable assurances that transactions were consistent with their stated purposes or the prohibition against making improper payments to government officials.”<sup>60</sup> The SEC also alleged internal accounting control failures in connection with Kinross awarding contracts to politically connected third parties.<sup>61</sup>

Prior to the 2010 acquisition, Kinross learned through the due diligence process that the seller of Tasiast and Chirano lacked internal accounting controls and an anti-corruption compliance program.<sup>62</sup> As early as 2011, Kinross’s internal audit group started conducting reviews of Tasiast and Chirano and found a number of issues at the mines, including inadequate detail in the accounting and disbursements system, issues surrounding disbursements, lack of formal procedures around contract approval and tendering,

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<sup>52</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Elbit Imaging Ltd.*, Rel No. 82849, File No. 3-18397, ¶¶ 11-12 (Mar. 9, 2018).

<sup>53</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Elbit Imaging Ltd.*, Rel No. 82849, File No. 3-18397, ¶ 14 (Mar. 9, 2018).

<sup>54</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Elbit Imaging Ltd.*, Rel No. 82849, File No. 3-18397, ¶¶ 15-16 (Mar. 9, 2018).

<sup>55</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Elbit Imaging Ltd.*, Rel No. 82849, File No. 3-18397, ¶ 17 (Mar. 9, 2018).

<sup>56</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Kinross Gold Corp.*, Rel No. 82946, File No. 3-18407 (Mar. 26, 2018).

<sup>57</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Kinross Gold Corp.*, Rel No. 82946, File No. 3-18407, § IV ¶¶ B, D (Mar. 26, 2018).

<sup>58</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Kinross Gold Corp.*, Rel No. 82946, File No. 3-18407, ¶ 22 (Mar. 26, 2018).

<sup>59</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Kinross Gold Corp.*, Rel No. 82946, File No. 3-18407, ¶ 6 (Mar. 26, 2018).

<sup>60</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Kinross Gold Corp.*, Rel No. 82946, File No. 3-18407, ¶ 1 (Mar. 26, 2018).

<sup>61</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Kinross Gold Corp.*, Rel No. 82946, File No. 3-18407, ¶ 2 (Mar. 26, 2018).

<sup>62</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Kinross Gold Corp.*, Rel No. 82946, File No. 3-18407, ¶ 6 (Mar. 26, 2018).



and inconsistent adherence to the controls that were in place.<sup>63</sup> Kinross did not take steps to enhance its controls until 2013.<sup>64</sup>

The SEC order highlighted certain payments that allegedly resulted from these control failings. For example, from 2012 to 2014, Kinross allegedly paid a Ghanaian government customs official a fixed fee for making weekly trips to Chirano, including for weeks when the officer did not make the trip.<sup>65</sup> Kinross also paid a third-party consultant approximately \$12,000 in petty cash in connection with a halted mining permit from the Ghana Environmental Protection Agency (“Ghana EPA”), which the Ghana EPA approved within a month of the consultant’s payment.<sup>66</sup> There was no documentation or evidence that the consultant provided legitimate services.<sup>67</sup> Kinross also paid a former government employee in petty cash to expedite the issuance of visas and work permits, which was followed by a seven week decrease in processing time.<sup>68</sup>

Finally, the SEC alleged two instances of internal controls failures after Kinross enhanced its controls in 2013.<sup>69</sup> First, in 2014, Kinross awarded a contract to a shipping company that was more expensive and less technologically capable than another candidate but was the preferred choice of a high-level Mauritanian government official.<sup>70</sup> The SEC alleged that this decision was inconsistent with the internal accounting controls, which required the company to focus on commercial and technical qualifications.<sup>71</sup> Second, in 2014, Kinross hired an independent contractor understood to have connections with high-level government officials in Mauritania to assist with government relations.<sup>72</sup> The SEC alleged that in connection with this hire Kinross did not conduct the level of due diligence required under its policies and it also did not provide adequate training to its employees regarding the corruption risks associated with government-facing third parties.<sup>73</sup>

### Legg Mason Inc.

Legg Mason Inc. (“Legg Mason”), an investment management firm headquartered in Maryland, settled with the DOJ on June 4, 2018 and with the SEC on August 27, 2018 for violations of the FCPA’s internal controls provisions in connection with a Legg Mason subsidiary’s participation in an alleged scheme to bribe Libyan officials.<sup>74</sup> Legg Mason entered into a non-prosecution agreement with the DOJ under which it agreed to pay \$64.2 million, comprised of a criminal penalty of \$32.6 million and disgorgement of \$31.6 million.<sup>75</sup> The DOJ noted that Legg Mason did not voluntarily and timely disclose its conduct, but fully

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<sup>63</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Kinross Gold Corp.*, Rel No. 82946, File No. 3-18407, ¶¶ 8-11 (Mar. 26, 2018)

<sup>64</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Kinross Gold Corp.*, Rel No. 82946, File No. 3-18407, ¶ 13 (Mar. 26, 2018)

<sup>65</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Kinross Gold Corp.*, Rel No. 82946, File No. 3-18407, ¶ 12(A) (Mar. 26, 2018)

<sup>66</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Kinross Gold Corp.*, Rel No. 82946, File No. 3-18407, ¶ 12(B) (Mar. 26, 2018)

<sup>67</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Kinross Gold Corp.*, Rel No. 82946, File No. 3-18407, ¶ 12(B) (Mar. 26, 2018)

<sup>68</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Kinross Gold Corp.*, Rel No. 82946, File No. 3-18407, ¶ 12(C) (Mar. 26, 2018)

<sup>69</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Kinross Gold Corp.*, Rel No. 82946, File No. 3-18407, ¶ 13 (Mar. 26, 2018)

<sup>70</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Kinross Gold Corp.*, Rel No. 82946, File No. 3-18407, ¶¶ 14-15 (Mar. 26, 2018)

<sup>71</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Kinross Gold Corp.*, Rel No. 82946, File No. 3-18407, ¶ 16 (Mar. 26, 2018)

<sup>72</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Kinross Gold Corp.*, Rel No. 82946, File No. 3-18407, ¶ 19 (Mar. 26, 2018)

<sup>73</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Kinross Gold Corp.*, Rel No. 82946, File No. 3-18407, ¶¶ 20-21 (Mar. 26, 2018)

<sup>74</sup> U.S. Department of Justice Press Release No. 18-725: Legg Mason Inc. Agrees to Pay \$64 Million in Criminal Penalties and Disgorgement to Resolve FCPA Charges Related to Bribery of Gaddafi-Era Libyan Officials (June 4, 2018); U.S. Securities and Exchange Commission Press Release No. 2018-168: Legg Mason Charged With Violating the FCPA (Aug. 27, 2018).

<sup>75</sup> Non-Prosecution Agreement between U.S. Department of Justice and Legg Mason, Inc., at 5 (June 4, 2018), <https://www.justice.gov/opa/press-release/file/1068036/download>.

cooperated in the DOJ's investigation and remediated, which qualified the company for a 25% reduction of its criminal penalty.<sup>76</sup> The NPA also allowed for the disgorgement to be "credited against disgorgement paid to other law enforcement authorities within the first year of the [non-prosecution] agreement."<sup>77</sup>

Two months after the DOJ settlement, Legg Mason settled with the SEC by administrative order.<sup>78</sup> Under that settlement, Legg Mason agreed to pay \$34 million comprised of \$27.6 million in disgorgement and \$6.9 million in prejudgment interest.<sup>79</sup>

The conduct in question involved two mid-to-low level employees at a Legg Mason subsidiary, Permal Group Ltd. ("Permal"), who partnered with Société Générale S.A. ("SGA"), a financial institution and global financial services company headquartered in Paris, to solicit business from state-owned financial institutions in Libya.<sup>80</sup> Between 2004 and 2010, when Libyan dictator Muammar Gaddafi was still in power, SGA retained a Libyan intermediary to assist it with obtaining investments from Libyan state-owned financial institutions.<sup>81</sup> SGA agreed to pay the Libyan intermediary commissions between 1.5% to 3% of the nominal amount of any investments secured, and the intermediary then allegedly used these anticipated commission amounts to make improper payments to high-level Libyan officials to secure the investments.<sup>82</sup> Several of the investments were related to funds managed by Permal.<sup>83</sup> The government asserted that, by 2006, two employees at Permal were aware that the Libyan intermediary was paying bribes and providing other improper financial benefits to Libyan government officials to secure investments for SGA and nonetheless continued to use the Libyan intermediary's services.<sup>84</sup> The Permal employees also met with Libyan officials and SGA employees to plan the scheme.<sup>85</sup>

SGA ultimately paid the Libyan intermediary over \$90 million.<sup>86</sup> In return, SGA obtained 13 investments and one restructuring worth approximately \$3.66 billion, earning profits of approximately \$523 million.<sup>87</sup> Legg Mason, through Permal, earned profits of approximately \$31.6 million.<sup>88</sup>

As part of its non-prosecution agreement with the DOJ, Legg Mason agreed to continue to cooperate with the DOJ in any ongoing investigations and prosecutions relating to the conduct, including of individuals, to enhance its compliance program, and to report to the Department on the implementation of its enhanced compliance program for three years, though the DOJ determined that an independent compliance monitor

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<sup>76</sup> Non-Prosecution Agreement between U.S. Department of Justice and Legg Mason, Inc., at 1-3 (June 4, 2018), <https://www.justice.gov/opa/press-release/file/1068036/download>.

<sup>77</sup> U.S. Department of Justice Press Release No. 18-725: Legg Mason Inc. Agrees to Pay \$64 Million in Criminal Penalties and Disgorgement to Resolve FCPA Charges Related to Bribery of Gaddafi-Era Libyan Officials (June 4, 2018).

<sup>78</sup> U.S. Securities and Exchange Commission Press Release No. 2018-168: Legg Mason Charged With Violating the FCPA (Aug. 27, 2018).

<sup>79</sup> Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the Matter of Legg Mason, Inc.*, File No. 3-18684, at 12 (§ IV, ¶ B) (Aug. 27, 2018).

<sup>80</sup> U.S. Department of Justice Press Release No. 18-725: Legg Mason Inc. Agrees to Pay \$64 Million in Criminal Penalties and Disgorgement to Resolve FCPA Charges Related to Bribery of Gaddafi-Era Libyan Officials (June 4, 2018).

<sup>81</sup> U.S. Department of Justice Press Release No. 18-725: Legg Mason Inc. Agrees to Pay \$64 Million in Criminal Penalties and Disgorgement to Resolve FCPA Charges Related to Bribery of Gaddafi-Era Libyan Officials (June 4, 2018).

<sup>82</sup> U.S. Department of Justice Press Release No. 18-725: Legg Mason Inc. Agrees to Pay \$64 Million in Criminal Penalties and Disgorgement to Resolve FCPA Charges Related to Bribery of Gaddafi-Era Libyan Officials (June 4, 2018).

<sup>83</sup> U.S. Department of Justice Press Release No. 18-725: Legg Mason Inc. Agrees to Pay \$64 Million in Criminal Penalties and Disgorgement to Resolve FCPA Charges Related to Bribery of Gaddafi-Era Libyan Officials (June 4, 2018).

<sup>84</sup> Non-Prosecution Agreement between U.S. Department of Justice and Legg Mason, Inc., Attachment A, ¶¶ 19, 20 (June 4, 2018), <https://www.justice.gov/opa/press-release/file/1068036/download>.

<sup>85</sup> Non-Prosecution Agreement between U.S. Department of Justice and Legg Mason, Inc., Attachment A, ¶ 24 (June 4, 2018), <https://www.justice.gov/opa/press-release/file/1068036/download>.

<sup>86</sup> U.S. Department of Justice Press Release No. 18-725: Legg Mason Inc. Agrees to Pay \$64 Million in Criminal Penalties and Disgorgement to Resolve FCPA Charges Related to Bribery of Gaddafi-Era Libyan Officials (June 4, 2018).

<sup>87</sup> U.S. Department of Justice Press Release No. 18-725: Legg Mason Inc. Agrees to Pay \$64 Million in Criminal Penalties and Disgorgement to Resolve FCPA Charges Related to Bribery of Gaddafi-Era Libyan Officials (June 4, 2018).

<sup>88</sup> U.S. Department of Justice Press Release No. 18-725: Legg Mason Inc. Agrees to Pay \$64 Million in Criminal Penalties and Disgorgement to Resolve FCPA Charges Related to Bribery of Gaddafi-Era Libyan Officials, 3 (June 4, 2018).



was unnecessary.<sup>89</sup> The DOJ's resolution and penalty were based upon a number of factors, including that Legg Mason did not voluntarily and timely disclose the conduct at issue, but it fully cooperated in the investigation and fully remediated.<sup>90</sup> Moreover, Legg Mason's misconduct involved only mid-to-lower level employees of Permal, a Legg Mason subsidiary, and neither Legg Mason nor Permal had a history of similar misconduct.<sup>91</sup> Additionally, SGA was the entity that maintained the relationship with the Libyan intermediary and was responsible for originating and leading the scheme, and the profits earned by Legg Mason/Permal were one tenth those earned by SGSA.<sup>92</sup> SGSA entered a separate deferred prosecution agreement with the DOJ on the same day as Legg Mason, June 4, 2018.<sup>93</sup>

## Panasonic

On April 30, 2018, Panasonic Avionics Corporation ("PAC"), a wholly-owned subsidiary of Panasonic Corporation ("Panasonic"), entered into a deferred prosecution agreement ("DPA") with the DOJ to settle criminal charges that PAC had violated the FCPA's books and records provision, by knowingly and willfully causing its parent, Panasonic, to falsify Panasonic's books and records.<sup>94</sup> Pursuant to the agreement, PAC agreed to pay a \$137.4 million criminal penalty and retain a corporate compliance monitor for two years.<sup>95</sup> In a related proceeding on the same date, Panasonic entered into an administrative order with the SEC to settle alleged violations of the FCPA's anti-bribery, books and records, and internal controls provisions.<sup>96</sup> The SEC order also resolved allegations that Panasonic had violated sections 10(b) and 13(a) of the Exchange Act, in connection with reports it filed with the SEC.<sup>97</sup> Pursuant to its settlement with the SEC, Panasonic agreed to pay \$143 million in disgorgement including prejudgment interest.<sup>98</sup>

The conduct at issue related to PAC's retention and use of consultants in the Middle East and U.S. and conduct related to sales agents in Asia.<sup>99</sup>

Although Panasonic did not receive voluntarily disclosure credit, it received some cooperation credit for conducting a "thorough" internal investigation, making factual presentations to the DOJ and the SEC, and voluntarily making employees available for interviews.<sup>100</sup> According to PAC's DPA, the Company in one instance proactively alerted the DOJ to material information relevant to its investigation, and it also

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<sup>89</sup> U.S. Department of Justice Press Release No. 18-725: Legg Mason Inc. Agrees to Pay \$64 Million in Criminal Penalties and Disgorgement to Resolve FCPA Charges Related to Bribery of Gaddafi-Era Libyan Officials (June 4, 2018); Non-Prosecution Agreement between U.S. Department of Justice and Legg Mason, Inc., at 3 (June 4, 2018), <https://www.justice.gov/opa/press-release/file/1068036/download>.

<sup>90</sup> Non-Prosecution Agreement between U.S. Department of Justice and Legg Mason, Inc., at 1-2 (June 4, 2018), <https://www.justice.gov/opa/press-release/file/1068036/download>.

<sup>91</sup> Non-Prosecution Agreement between U.S. Department of Justice and Legg Mason, Inc., at 2 (June 4, 2018), <https://www.justice.gov/opa/press-release/file/1068036/download>.

<sup>92</sup> Non-Prosecution Agreement between U.S. Department of Justice and Legg Mason, Inc., at 2 (June 4, 2018), <https://www.justice.gov/opa/press-release/file/1068036/download>.

<sup>93</sup> U.S. Department of Justice Press Release No. 18-722: Société Générale S.A. Agrees to Pay \$860 Million in Criminal Penalties for Bribing Gaddafi-Era Libyan Officials and Manipulating LIBOR Rate (June 4, 2018).

<sup>94</sup> U.S. Department of Justice Press Release No. 18-551: Panasonic Avionics Corporation Agrees to Pay \$137 Million to Resolve Foreign Corrupt Practices Act Charges (Apr. 30, 2018).

<sup>95</sup> U.S. Department of Justice Press Release No. 18-551: Panasonic Avionics Corporation Agrees to Pay \$137 Million to Resolve Foreign Corrupt Practices Act Charges (Apr. 30, 2018).

<sup>96</sup> U.S. Securities and Exchange Commission Press Release No. 2018-73: Panasonic Charged With FCPA and Accounting Fraud Violations (Apr. 30, 2018).

<sup>97</sup> Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the matter of Panasonic Corp.*, Rel. No. 82128, File No. 3-18459, at 12 (§ IV, ¶ B) (Apr. 30, 2018).

<sup>98</sup> Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the matter of Panasonic Corp.*, Rel. No. 83128, File No. 3-18459, at 12 (§ IV, ¶ B) (Apr. 30, 2018).

<sup>99</sup> U.S. Department of Justice Press Release No. 18-551: Panasonic Avionics Corporation Agrees to Pay \$137 Million to Resolve Foreign Corrupt Practices Act Charges (Apr. 30, 2018).

<sup>100</sup> Deferred Prosecution Agreement, *United States v. Panasonic Avionics Corp.*, No. 18-CR-00118, ¶ 4(a)-(b) (D.D.C. Apr. 30, 2018), <https://www.justice.gov/opa/press-release/file/1058466/download>.

disclosed conduct in the Middle East of which the DOJ was previously unaware.<sup>101</sup> The DOJ and the SEC's resolution papers also stated that the Company undertook significant remedial efforts (including replacing senior PAC staff involved in the violations, and implementing new compliance and accounting procedures), although the DOJ's DPA stated that this remediation was "in some respects untimely."<sup>102</sup> As a result of these efforts, the DOJ awarded PAC an aggregate discount of 20% off of the bottom of the otherwise-applicable U.S. Sentencing Guidelines fine range.<sup>103</sup>

### **Petróleo Brasileiro S.A.**

On September 27, 2018, Petróleo Brasileiro S.A. ("Petrobras"), the Brazilian state-owned energy company, entered into settlements with the DOJ and SEC in connection with its role in facilitating large-scale bribery payments to Brazilian politicians and political parties.<sup>104</sup> Under the terms of the non-prosecution agreement ("NPA") entered into with DOJ, Petrobras agreed to pay a \$853.2 million penalty, of which 80% would be paid to Brazil, 10% to the DOJ, and 10% to the SEC.<sup>105</sup> Petrobras also settled with the SEC by administrative order for violations of the FCPA's books and records and internal accounting controls provisions, as well as for securities fraud charges.<sup>106</sup> Under the terms of the order, Petrobras agreed to pay \$933.5 million in disgorgement and prejudgment interest.<sup>107</sup> That obligation, however, was subject to offset for any amounts paid by Petrobras in a related class action suit, which Petrobras subsequently settled for approximately \$2.95 billion.<sup>108</sup> Thus, Petrobras will not need to make any additional payment to the SEC. Under the terms of the NPA and the SEC's order, if any part of the anticipated payments to Brazilian authorities and class action plaintiffs are not made, Petrobras will be liable for those amounts to U.S. authorities.<sup>109</sup>

The conduct at issue involved what the government-described as "massive bid-rigging and bribery schemes" led by Petrobras executives from at least 2004 until 2012, whereby Petrobras executives facilitated non-competitive, inflated awards for some of the Brazil's largest contractors.<sup>110</sup> In turn, those contractors allegedly paid bribes, equivalent to roughly 1% to 3% of the contract values, to Petrobras executives, Brazilian politicians, and Brazilian parties.<sup>111</sup> The NPA describes one example of such a

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<sup>101</sup> Deferred Prosecution Agreement, *United States v. Panasonic Avionics Corp.*, No. 18-CR-00118, ¶ 4(b) (D.D.C. Apr. 30, 2018), <https://www.justice.gov/opa/press-release/file/1058466/download>.

<sup>102</sup> Deferred Prosecution Agreement, *United States v. Panasonic Avionics Corp.*, No. 18-CR-00118, ¶ 4(d) (D.D.C. April 30, 2018), <https://www.justice.gov/opa/press-release/file/1058466/download>; Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the matter of Panasonic Corp.*, File No. 3-18459, ¶ 62 (Apr. 30, 2018).

<sup>103</sup> Deferred Prosecution Agreement, *United States v. Panasonic Avionics Corp.*, No. 18-CR-00118, ¶ 4(j) (D.D.C. Apr. 30, 2018), <https://www.justice.gov/opa/press-release/file/1058466/download>.

<sup>104</sup> U.S. Department of Justice Press Release No. 18-1258: Petróleo Brasileiro S.A. – Petrobras Agrees to Pay More Than \$850 Million for FCPA Violations (Sept. 27, 2018); U.S. Securities and Exchange Commission Press Release No. 2018-215: Petrobras Reaches Settlement With SEC for Misleading Investors (Sept. 27, 2018).

<sup>105</sup> Non-Prosecution Agreement between U.S. Department of Justice and Petróleo Brasileiro S.A - Petrobras, at 6 (Sept. 26, 2018), <https://www.justice.gov/opa/press-release/file/1096706/download>.

<sup>106</sup> Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the Matter of Petróleo Brasileiro S.A – Petrobras*, File No. 3-18843, ¶¶ 40-42 (Sept. 27, 2018).

<sup>107</sup> Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the Matter of Petróleo Brasileiro S.A – Petrobras*, File No. 3-18843, at 9 (¶ B) (Sept. 27, 2018).

<sup>108</sup> Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the Matter of Petróleo Brasileiro S.A – Petrobras*, File No. 3-18843, at 9 (¶ B) (Sept. 27, 2018); Brendan Pierson, *Petrobras to pay \$2.95 billion to settle U.S. corruption lawsuit*, REUTERS, Jan. 3, 2018.

<sup>109</sup> Non-Prosecution Agreement between U.S. Department of Justice and Petróleo Brasileiro S.A - Petrobras, at 6 (Sept. 26, 2018), <https://www.justice.gov/opa/press-release/file/1096706/download>; Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the Matter of Petróleo Brasileiro S.A – Petrobras*, File No. 3-18843, at 9 (¶ C) (Sept. 27, 2018).

<sup>110</sup> Non-Prosecution Agreement between U.S. Department of Justice and Petróleo Brasileiro S.A - Petrobras, Attachment A ¶¶ 14-18 (Sept. 26, 2018), <https://www.justice.gov/opa/press-release/file/1096706/download>; Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the Matter of Petróleo Brasileiro S.A – Petrobras*, File No. 3-18843, ¶ 16 (Sept. 27, 2018).

<sup>111</sup> Non-Prosecution Agreement between U.S. Department of Justice and Petróleo Brasileiro S.A - Petrobras, Attachment A ¶ 15 (Sept. 26, 2018), <https://www.justice.gov/opa/press-release/file/1096706/download>.

scheme in which a Petrobras executive facilitated the payment of 30 million (Brazilian Real (approximately \$18 million at the time) in bribes from Petrobras contractors to the campaign of the politician with oversight over the region where a Petrobras petrochemical complex was located.<sup>112</sup> In total, DOJ estimates that \$2 billion was paid in bribes over the relevant time period, with approximately half that amount paid to Brazilian politicians and political parties.<sup>113</sup> Petrobras—whose American Depositary Shares were traded on the New York Stock Exchange during the time period in question—admitted to filing fraudulent reports to the SEC because it failed to properly account for the corrupt schemes described above, which resulted in its books and records reflecting inflated assets.<sup>114</sup>

Petrobras did not voluntarily disclose its conduct, however both the DOJ and SEC noted Petrobras's cooperation in the investigation, with the NPA highlighting that the company received full cooperation credit for conducting a thorough internal investigation and making regular factual presentation to the government, among other factors.<sup>115</sup> DOJ extended a 25% discount off Petrobras's criminal penalty, citing numerous factors, including that Petrobras replaced its Board of Directors and Executive Board, implemented significant governance reforms necessary to prevent further corruption, and agreed to cooperate in ongoing investigations.<sup>116</sup> In determining the penalty, DOJ also considered that the company itself was a victim of the embezzlement scheme and that Petrobras, as a state-owned entity of Brazil, was entering a separate resolution with Brazilian authorities.<sup>117</sup> Finally, U.S. authorities determined that an independent compliance monitor was unnecessary in light of Petrobras's remediation program and the fact that Brazilian authorities will be overseeing the company.<sup>118</sup>

### Sanofi

On September 4, 2018, French pharmaceutical company Sanofi S.A. ("Sanofi") settled with the SEC by administrative order charges alleging violations of the FCPA's books and records and internal controls provisions.<sup>119</sup> Sanofi agreed to pay \$25.2 million, comprised of a civil penalty of \$5 million, \$17.5 million in disgorgement, and \$2.7 million in prejudgment interest.<sup>120</sup> In addition, Sanofi agreed to self-report for two years on anti-corruption related remediation efforts, compliance enhancements, and self-reviews to assess its adherence to improved compliance goals.<sup>121</sup> Earlier in the year, in March 2018, the company announced that the DOJ had also closed its parallel investigation into the company.<sup>122</sup> Sanofi self-

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<sup>112</sup> Non-Prosecution Agreement between U.S. Department of Justice and Petróleo Brasileiro S.A - Petrobras, Attachment A ¶¶ 28-32 (Sept. 26, 2018), <https://www.justice.gov/opa/press-release/file/1096706/download>.

<sup>113</sup> Non-Prosecution Agreement between U.S. Department of Justice and Petróleo Brasileiro S.A - Petrobras, Attachment A ¶ 17 (Sept. 26, 2018), <https://www.justice.gov/opa/press-release/file/1096706/download>.

<sup>114</sup> Non-Prosecution Agreement between U.S. Department of Justice and Petróleo Brasileiro S.A - Petrobras, Attachment A ¶¶ 43-44 (Sept. 26, 2018), <https://www.justice.gov/opa/press-release/file/1096706/download>.

<sup>115</sup> Non-Prosecution Agreement between U.S. Department of Justice and Petróleo Brasileiro S.A - Petrobras, at 1 (Sept. 26, 2018), <https://www.justice.gov/opa/press-release/file/1096706/download>; Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the Matter of Petróleo Brasileiro S.A – Petrobras*, File No. 3-18843, ¶ 44 (Sept. 27, 2018).

<sup>116</sup> Non-Prosecution Agreement between U.S. Department of Justice and Petróleo Brasileiro S.A - Petrobras, at 2-3 (Sept. 26, 2018), <https://www.justice.gov/opa/press-release/file/1096706/download>.

<sup>117</sup> Non-Prosecution Agreement between U.S. Department of Justice and Petróleo Brasileiro S.A - Petrobras, at 3 (Sept. 26, 2018), <https://www.justice.gov/opa/press-release/file/1096706/download>.

<sup>118</sup> Non-Prosecution Agreement between U.S. Department of Justice and Petróleo Brasileiro S.A - Petrobras, at 3 (Sept. 26, 2018), <https://www.justice.gov/opa/press-release/file/1096706/download>.

<sup>119</sup> U.S. Securities and Exchange Commission Press Release No. 2018-174: Sanofi Charged With FCPA Violations (Sep. 4, 2018).

<sup>120</sup> Richard L. Cassin, Sanofi pays \$25 million to resolve widespread FCPA offenses, THE FCPA BLOG (Sept. 4, 2018, 11:52 AM), <http://www.fcpablog.com/blog/2018/9/4/sanofi-pays-25-million-to-resolve-widespread-fcpa-offenses.html>.

<sup>121</sup> Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the Matter of Sanofi*, Rel. No. 84017, File No. 3-18708, at 7 (¶ Z) (Sept. 4, 2018).

<sup>122</sup> Richard L. Cassin, Sanofi discloses DOJ declination in FCPA investigation, FCPA BLOG (Mar. 8, 2018, 8:22 AM), <http://www.fcpablog.com/blog/2018/3/8/sanofi-discloses-doj-declination-in-fcpa-investigation.html>.

reported the conduct at issue to the SEC and DOJ, cooperated fully with the government's investigations, and engaged in significant remediation.<sup>123</sup>

The conduct at issue related to alleged improper payments made by Sanofi representatives to officials in Kazakhstan, the Gulf region, and the Levant between at least 2011 and 2012.<sup>124</sup> In October 2014, French pharmaceutical company Sanofi announced that an anonymous whistleblower had alleged that Sanofi representatives made illegal payments in the Middle East and Africa over 2007 to 2012.<sup>125</sup>

With respect to Kazakhstan, from approximately 2007 to 2011, Sanofi allegedly arranged for bribe payments to be made to Kazakh officials through local distributors.<sup>126</sup> Sanofi employees in Kazakhstan gave discounts and credit notes to distributors that had bid on and won public tenders.<sup>127</sup> These discounts were typically between 20-30 percent.<sup>128</sup> The distributors pooled funds saved from the discounts and transferred them back to Sanofi employees, who then allegedly used the money to bribe Kazakh public officials.<sup>129</sup> These Kazakhstan kickbacks were tracked in internal spreadsheets and codenamed "marzipans."<sup>130</sup>

With respect to the Levant, which includes Jordan, Lebanon, Syria, and Palestine, from approximately 2011 to 2013, Sanofi employees allegedly provided improper benefits to officials at public hospitals and clinics to induce the officials to increase prescriptions of Sanofi products.<sup>131</sup> According to the SEC's order, benefits included providing sponsorships, gifts, donations, and product samples.<sup>132</sup> For example, Sanofi provided a "sample" to a large public hospital in Jordan consisting of nearly 20 percent the hospital's purchases of Taxotere, one of the most expensive cancer treatment drugs in the Levant.<sup>133</sup> Sanofi also engaged influential public and private healthcare providers in the Levant as "consultants," which provided unspecified services to the Company.<sup>134</sup> In one example, Sanofi retained a prominent Lebanese pharmacist as a consultant, paying the pharmacist \$237,300 despite little or no evidence of any services provided.<sup>135</sup> The cease-and-desist order also notes that Sanofi assisted healthcare providers with peer-to-peer meetings, clinical studies, and grants.<sup>136</sup>

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<sup>123</sup> Rachel Louise Ensign and Hester Plumridge, *Sanofi Says It Told U.S. About Improper-Payment Claims*, WALL ST. J., (Oct. 6, 2014), <https://www.wsj.com/articles/sanofi-says-it-disclosed-improper-payment-claims-1412623957>; Richard L. Cassin, Sanofi discloses DOJ declination in FCPA investigation, THE FCPA BLOG (Mar. 8, 2018, 8:22 AM), <http://www.fcpcablog.com/blog/2018/3/8/sanofi-discloses-doj-declination-in-fcpa-investigation.html>; Order Instituting Cease-and-Desist Proceedings, *In the Matter of Sanofi*, Rel. No. 84017, File No. 3-18708, § 111, ¶ X (Sept. 4, 2018).

<sup>124</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Sanofi*, Rel. No. 84017, File No. 3-18708, § 111, ¶ B (Sept. 4, 2018).

<sup>125</sup> Rachel Louise Ensign and Hester Plumridge, *Sanofi Says It Told U.S. About Improper-Payment Claims*, WALL ST. J., (Oct. 6, 2014), <https://www.wsj.com/articles/sanofi-says-it-disclosed-improper-payment-claims-1412623957>.

<sup>126</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Sanofi*, Rel. No. 84017, File No. 3-18708, § III, ¶ J (Sept. 4, 2018).

<sup>127</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Sanofi*, Rel. No. 84017, File No. 3-18708, § III, ¶ K (Sept. 4, 2018).

<sup>128</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Sanofi*, Rel. No. 84017, File No. 3-18708, § III, ¶ K (Sept. 4, 2018).

<sup>129</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Sanofi*, Rel. No. 84017, File No. 3-18708, § III, ¶ K (K) (Sept. 4, 2018).

<sup>130</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Sanofi*, Rel. No. 84017, File No. 3-18708, § III, ¶ K (Sept. 4, 2018).

<sup>131</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Sanofi*, Rel. No. 84017, File No. 3-18708, § III, ¶¶ B, M (Sept. 4, 2018).

<sup>132</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Sanofi*, Rel. No. 84017, File No. 3-18708, § III, ¶ M (Sept. 4, 2018).

<sup>133</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Sanofi*, Rel. No. 84017, File No. 3-18708, § III, ¶ N (Sept. 4, 2018).

<sup>134</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Sanofi*, Rel. No. 84017, File No. 3-18708, § III, ¶¶ O-P (Sept. 4, 2018).

<sup>135</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Sanofi*, Rel. No. 84017, File No. 3-18708, ¶ III(P) (Sept. 4, 2018).

<sup>136</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Sanofi*, Rel. No. 84017, File No. 3-18708, ¶ III(M) (Sept. 4, 2018).



Finally, with respect to the Gulf region, between 2012 and 2015, Sanofi sales managers allegedly directed Sanofi medical representatives to engage in a scheme that involved submitting false travel and entertainment reimbursement claims, pooling the reimbursement funds, and then distributing the proceeds to private healthcare providers to increase Sanofi prescriptions.<sup>137</sup> One medical representative estimated that 70% of the travel and entertainment expense submissions of the Sanofi Primary Care business unit in the Gulf region tied back to this scheme.<sup>138</sup>

### **Société Générale S.A/SGA Société Générale Acceptance, N.V.**

On June 5, 2018, French financial services institution Société Générale S.A (“SocGen”), and its Curaçao-incorporated subsidiary, SGA Société Générale Acceptance, N.V. (“SGA”), entered into agreements with the DOJ in which they agreed to pay a combined penalty of \$860,552,888 to resolve criminal charges of conspiracy to violate the anti-bribery provisions of the FCPA and conspiracy to transmit false commodities reports.<sup>139</sup> The \$861 million penalty included a criminal fine of \$585,552,888 to resolve the FCPA-related charges, and a penalty of \$275,000,000 to resolve the reporting charge (which related to SocGen’s alleged manipulation of LIBOR benchmark interest rates).<sup>140</sup> The \$585 million FCPA penalty constitutes one of the largest FCPA criminal fines ever paid by a corporation and marks the DOJ’s first coordinated FCPA resolution with French authorities.<sup>141</sup> As has been the DOJ’s practice in globally-coordinated resolutions in the last few years, and in accordance with its recently announced policy against “piling on,” the DOJ agreed to credit against the \$586 million penalty the SocGen defendants’ \$292,776,444 payment to the French Parquet National Financier (“PNF”) to resolve charges arising out of the same conduct.<sup>142</sup> The resolution papers also note that the DOJ took into consideration SocGen’s related civil settlement with the Libyan Investment Authority (“LIA”), though the DOJ did not “credit” this \$1.1 billion settlement as it did the fine paid to the French PNF.<sup>143</sup>

According to the resolution papers, beginning in 2004, the SocGen defendants retained a third-party Libyan intermediary who bribed Libyan officials working in the regime of former Libyan dictator Muammar Gaddafi in order to procure business for SocGen from Libyan financial institutions, including the LIA.<sup>144</sup> The papers state that in carrying out the bribery scheme, SocGen worked closely with a U.S.-headquartered investment management firm.<sup>145</sup> Though the name of the investment management firm is not identified in the SocGen resolution papers, the resolution papers for Legg Mason, Inc. (which settled with the DOJ on June 4, 2018) state that the firm was Legg Mason’s subsidiary, Permal Group Ltd.<sup>146</sup>

Between approximately 2005 and 2011, the SocGen defendants sold Libyan state agencies thirteen structured notes and one restructuring worth a total of \$3.66 billion, and earned \$523 million in profits as

<sup>137</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Sanofi*, Rel. No. 84017, File No. 3-18708, ¶¶ III(R), III(T) (Sept. 4, 2018).

<sup>138</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Sanofi*, Rel. No. 84017, File No. 3-18708, ¶ III(T) (Sept. 4, 2018).

<sup>139</sup> Deferred Prosecution Agreement, *United States v. Société Générale S.A.*, No. 18-CR-253 (DLI), ¶¶ 1, 9 (E.D.N.Y. June 5, 2018), <https://www.justice.gov/criminal-fraud/file/1072451/download>; Plea Agreement, *United States v. SGA Société Générale Acceptance, N.V.*, No. 18-CR-274 (DLI) (E.D.N.Y. June 5, 2018), <https://www.justice.gov/criminal-fraud/file/1072441/download>.

<sup>140</sup> Deferred Prosecution Agreement, *United States v. Société Générale S.A.*, No. 18-CR-253 (DLI), ¶¶ 7, 8 (E.D.N.Y. June 5, 2018), <https://www.justice.gov/criminal-fraud/file/1072451/download>.

<sup>141</sup> U.S. Department of Justice Press Release No. 18-722; Société Générale S.A. Agrees to Pay \$860 Million in Criminal Penalties for Bribing Gaddafi-Era Libyan Officials and Manipulating LIBOR Rate (June 4, 2018).

<sup>142</sup> Deferred Prosecution Agreement, *United States v. Société Générale S.A.*, No. 18-CR-253 (DLI), ¶ 7 (E.D.N.Y. June 5, 2018), <https://www.justice.gov/criminal-fraud/file/1072451/download>.

<sup>143</sup> Deferred Prosecution Agreement, *United States v. Société Générale S.A.*, No. 18-CR-253 (DLI), ¶ 4(i) (E.D.N.Y. June 5, 2018), <https://www.justice.gov/criminal-fraud/file/1072451/download>.

<sup>144</sup> Deferred Prosecution Agreement, *United States v. Société Générale S.A.*, No. 18-CR-253 (DLI), Attachment A § I, ¶¶ 15, 20, 29 (E.D.N.Y. June 5, 2018), <https://www.justice.gov/criminal-fraud/file/1072451/download>.

<sup>145</sup> Deferred Prosecution Agreement, *United States v. Société Générale S.A.*, No. 18-CR-253 (DLI), Attachment A § I, ¶ 25 (E.D.N.Y. June 5, 2018), <https://www.justice.gov/criminal-fraud/file/1072451/download>.

<sup>146</sup> Non-Prosecution Agreement between U.S. Department of Justice and Legg Mason, Inc., Attachment A ¶¶ 2, 19 (June 4, 2018), <https://www.justice.gov/opa/press-release/file/1068036/download>.

a result of these deals.<sup>147</sup> For each of these transactions, SocGen paid its Libyan intermediary a commission between 1.5% and 3% of the Libyan agencies' investments.<sup>148</sup> SocGen employees allegedly knew as early as 2006 that the Libyan intermediary was paying bribes and providing other improper benefits to Libyan government officials in order to secure business for SocGen.<sup>149</sup> However, SocGen employees allegedly disguised these bribes as payments to the third-party intermediary for "introduction" services, and used coded language to describe them.<sup>150</sup> In 2010, after new management at the LIA began to scrutinize the Libyan intermediary, SocGen employees made a series of false statements to LIA officials, and also attempted to set up a joint venture company with the Libyan intermediary to hide the intermediary's role and commission payments.<sup>151</sup>

While most of the conduct occurred outside the United States, the resolution papers allege some U.S. ties. For example, SocGen sent an employee to the United States to accompany a Libyan official on at least two trips to New York, where the corrupt scheme was discussed.<sup>152</sup> While in New York, the SocGen employee sought to prevent competitors from soliciting business from the Libyan official.<sup>153</sup> The SocGen employee also paid for the Libyan official's stays at expensive hotels, and for expensive meals and entertainment in New York.<sup>154</sup> The resolution papers also state that some of the commission payments made to the Libyan intermediary were cleared through SocGen's New York branch.<sup>155</sup>

Separate from the anti-bribery allegations, the resolution papers allege that SocGen employees conspired to manipulate the London Interbank Offered Rate ("LIBOR") by deliberately submitting information about the rates at which SocGen could borrow unsecured funds which were artificially low (showing SocGen's financial position to be stronger than it actually was).<sup>156</sup> SocGen is alleged to have manipulated the rates that it reported in U.S. dollars, and also in Japanese yen.<sup>157</sup>

To resolve the FCPA and LIBOR charges, SocGen entered into a deferred prosecution agreement with the DOJ, through which it agreed to pay the \$861 million criminal fine and report annually to the DOJ over a three-year period on its remediation efforts and its implementation of procedures for ensuring compliance with the FCPA and other securities laws.<sup>158</sup> Based on SocGen's significant remediation and the fact that it is subject to ongoing monitoring by the French government, the DOJ determined that it was not necessary to require SocGen to retain an independent compliance monitor.<sup>159</sup>

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<sup>147</sup> Deferred Prosecution Agreement, *United States v. Société Générale S.A.*, No. 18-CR-253 (DLI), Attachment A § I, ¶ 20 (E.D.N.Y. June 5, 2018), <https://www.justice.gov/criminal-fraud/file/1072451/download>.

<sup>148</sup> Deferred Prosecution Agreement, *United States v. Société Générale S.A.*, No. 18-CR-253 (DLI), Attachment A § I, ¶ 20 (E.D.N.Y. June 5, 2018), <https://www.justice.gov/criminal-fraud/file/1072451/download>.

<sup>149</sup> Deferred Prosecution Agreement, *United States v. Société Générale S.A.*, No. 18-CR-253 (DLI), Attachment A § I, ¶ 20 (E.D.N.Y. June 5, 2018), <https://www.justice.gov/criminal-fraud/file/1072451/download>.

<sup>150</sup> Deferred Prosecution Agreement, *United States v. Société Générale S.A.*, No. 18-CR-253 (DLI), Attachment A § I, ¶¶ 20, 22 (E.D.N.Y. June 5, 2018), <https://www.justice.gov/criminal-fraud/file/1072451/download>.

<sup>151</sup> Deferred Prosecution Agreement, *United States v. Société Générale S.A.*, No. 18-CR-253 (DLI), Attachment A § I, ¶ 26 (E.D.N.Y. June 5, 2018), <https://www.justice.gov/criminal-fraud/file/1072451/download>.

<sup>152</sup> Deferred Prosecution Agreement, *United States v. Société Générale S.A.*, No. 18-CR-253 (DLI), Attachment A § I, ¶ 27 (E.D.N.Y. June 5, 2018), <https://www.justice.gov/criminal-fraud/file/1072451/download>.

<sup>153</sup> Deferred Prosecution Agreement, *United States v. Société Générale S.A.*, No. 18-CR-253 (DLI), Attachment A § I, ¶ 27 (E.D.N.Y. June 5, 2018), <https://www.justice.gov/criminal-fraud/file/1072451/download>.

<sup>154</sup> Deferred Prosecution Agreement, *United States v. Société Générale S.A.*, No. 18-CR-253 (DLI), Attachment A § I, ¶ 27 (E.D.N.Y. June 5, 2018), <https://www.justice.gov/criminal-fraud/file/1072451/download>.

<sup>155</sup> Deferred Prosecution Agreement, *United States v. Société Générale S.A.*, No. 18-CR-253 (DLI), Attachment A § I, ¶ 27 (E.D.N.Y. June 5, 2018), <https://www.justice.gov/criminal-fraud/file/1072451/download>.

<sup>156</sup> Deferred Prosecution Agreement, *United States v. Société Générale S.A.*, No. 18-CR-253 (DLI), Attachment A § II, ¶¶ 7, 15 (E.D.N.Y. June 5, 2018), <https://www.justice.gov/criminal-fraud/file/1072451/download>.

<sup>157</sup> Deferred Prosecution Agreement, *United States v. Société Générale S.A.*, No. 18-CR-253 (DLI), Attachment A § II, ¶¶ 15, 17, 65 (E.D.N.Y. June 5, 2018), <https://www.justice.gov/criminal-fraud/file/1072451/download>.

<sup>158</sup> Deferred Prosecution Agreement, *United States v. Société Générale S.A.*, No. 18-CR-253 (DLI), Attachment D ¶ a (E.D.N.Y. June 5, 2018), <https://www.justice.gov/criminal-fraud/file/1072451/download>.

<sup>159</sup> U.S. Department of Justice Press Release No. 18-722: Société Générale S.A. Agrees to Pay \$860 Million in Criminal Penalties for Bribing Gaddafi-Era Libyan Officials and Manipulating LIBOR Rate (June 4, 2018).

SGA entered into a separate plea agreement with the DOJ pursuant to which it pleaded guilty to a one count of conspiracy to violate the FCPA.<sup>160</sup> SGA agreed to a \$500,000 criminal fine, though this penalty was paid by SocGen and credited against SocGen's total fine amount.<sup>161</sup>

The SocGen defendants did not voluntarily disclose the misconduct to the DOJ.<sup>162</sup> SocGen also did not receive full cooperation credit because of "issues that resulted in a delay during the early stages of the investigation," which led the DOJ, without SocGen's assistance, to develop its own independent evidence of the company's alleged misconduct.<sup>163</sup> Instead, the DOJ granted the defendants "substantial credit," taking into account SocGen's efforts in conducting a thorough internal investigation, collecting and producing large amounts of evidence, and providing frequent updates to the DOJ about internal investigation findings.<sup>164</sup> Due to this cooperation, the SocGen defendants received a discount of 20% off of the bottom of the otherwise-applicable U.S. Sentencing Guidelines fine range for the FCPA-related conduct.<sup>165</sup>

### Stryker Corporation

On September 28, 2018, Stryker Corporation ("Stryker") settled by administrative order SEC charges alleging violations of the FCPA's books and records and internal controls provisions.<sup>166</sup> Stryker paid \$7.8 million in civil penalties and agreed to retain an independent compliance consultant.<sup>167</sup> The SEC recognized Stryker's cooperation and remedial acts in the settlement, which included conducting an internal investigation and undertaking efforts to strengthen its policies, monitoring, and controls.<sup>168</sup> However, the SEC also faulted Stryker for failing to maintain adequate controls after its first FCPA resolution with the SEC in 2013, noting that the accounting failures alleged in the 2018 settlement were "unacceptable, especially as this is not the first time the company has been charged for these types of violations."<sup>169</sup>

The conduct at issue took place at Stryker's wholly-owned subsidiaries in India ("Stryker India") and China ("Stryker China") and at its business in Kuwait.<sup>170</sup> The SEC charged internal controls failings at all three locations and also charged books and records violations at the India location.<sup>171</sup>

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<sup>160</sup> Plea Agreement, *United States v. SGA Société Générale Acceptance, N.V.*, No. 18-CR-274 (DLI), ¶ 1 (E.D.N.Y. June 5, 2018), <https://www.justice.gov/criminal-fraud/file/1072441/download>.

<sup>161</sup> Plea Agreement, *United States v. SGA Société Générale Acceptance, N.V.*, No. 18-CR-274 (DLI), ¶ 19 (E.D.N.Y. June 5, 2018), <https://www.justice.gov/criminal-fraud/file/1072441/download>; Deferred Prosecution Agreement, *United States v. Société Générale S.A.*, No. 18-CR-253 (DLI), ¶ 7 (E.D.N.Y. June 5, 2018), <https://www.justice.gov/criminal-fraud/file/1072451/download>.

<sup>162</sup> Deferred Prosecution Agreement, *United States v. Société Générale S.A.*, No. 18-CR-253 (DLI), ¶ 4a (E.D.N.Y. June 5, 2018), <https://www.justice.gov/criminal-fraud/file/1072451/download>; Plea Agreement, *United States v. SGA Société Générale Acceptance, N.V.*, No. 18-CR-274 (DLI), ¶ 6b (E.D.N.Y. June 5, 2018), <https://www.justice.gov/criminal-fraud/file/1072441/download>.

<sup>163</sup> Deferred Prosecution Agreement, *United States v. Société Générale S.A.*, No. 18-CR-253 (DLI), ¶ 4b (E.D.N.Y. June 5, 2018), <https://www.justice.gov/criminal-fraud/file/1072451/download>.

<sup>164</sup> Deferred Prosecution Agreement, *United States v. Société Générale S.A.*, No. 18-CR-253 (DLI), ¶ 4b (E.D.N.Y. June 5, 2018), <https://www.justice.gov/criminal-fraud/file/1072451/download>.

<sup>165</sup> Deferred Prosecution Agreement, *United States v. Société Générale S.A.*, No. 18-CR-253 (DLI), ¶ 4s (E.D.N.Y. June 5, 2018), <https://www.justice.gov/criminal-fraud/file/1072451/download>.

<sup>166</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Stryker Corp.*, Rel. No. 84308, File No. 3-18853, ¶¶ 26, 28 (Sept. 28, 2018).

<sup>167</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Stryker Corp.*, Rel. No. 84308, File No. 3-18853, § V ¶¶ B, D (Sept. 28, 2018).

<sup>168</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Stryker Corp.*, Rel. No. 84308, File No. 3-18853, ¶¶ 29-32 (Sept. 28, 2018).

<sup>169</sup> U.S. Securities and Exchange Commission Press Release No. 2018-222: SEC Charges Stryker A Second Time for FCPA Violations (Sept. 28, 2018).

<sup>170</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Stryker Corp.*, Rel. No. 84308, File No. 3-18853, ¶¶ 1, 8 (Sept. 28, 2018).

<sup>171</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Stryker Corp.*, Rel. No. 84308, File No. 3-18853, ¶¶ 24-28 (Sept. 28, 2018).

With respect to India, in 2012, following allegations of misconduct, Stryker audited three dealers who re-sold Stryker medical products to private hospitals.<sup>172</sup> It found “suspicious expenses” at one dealer.<sup>173</sup> At a second dealer, it found that the dealer was submitting inflated invoices to a hospital at the hospital’s request, which allowed the hospital to pass on the higher invoiced prices to patients and insurance companies and then pocket the difference between the actual prices and the invoiced prices.<sup>174</sup> While Stryker took corrective actions with respect to these three dealers in 2013—and entered into a related resolution with the SEC for the misconduct—it did not fully investigate the practice of inflated invoices until 2015.<sup>175</sup> In 2015, Stryker discovered that the inflating invoices was widespread at its Indian subsidiary.<sup>176</sup> According to the SEC order, 144 high-risk transactions out of a sample of 533 transactions from 2010 to 2015 lacked full documentation, and many other payments had been recorded with inaccurate or incomplete documentation.<sup>177</sup>

With respect to China, the SEC alleged that between 2015 and 2017, in violation of Stryker’s own internal accounting controls, Stryker China did not vet, approve, or train at least 21 sub-distributors who purchased goods from Stryker’s distributor in China.<sup>178</sup> Stryker China employees were also aware of and worked with some of the unauthorized sub-distributors.<sup>179</sup> Falsified records were also maintained by Stryker China to hide these sub-distributors’ involvement.<sup>180</sup>

With respect to Stryker’s Kuwait business, the SEC alleged that the company sold certain products through its primary distributor in the region (“Kuwait Distributor”) to Kuwait’s Ministry of Health.<sup>181</sup> From 2015 through 2017, the Kuwait Distributor allegedly made at least \$32,000 in “per diem” payments to Kuwaiti health care providers, despite Stryker already having covered costs for those individuals.<sup>182</sup> When Stryker attempted to exercise its contractual audit rights over the Kuwait Distributor, the Kuwait Distributor declined.<sup>183</sup> The SEC noted that prior to this Stryker had not exercised its audit rights despite an earlier allegation that the Distributor had paid bribes in connection with the sale of Stryker products.<sup>184</sup>

### **Transportation Logistics International, Inc.**

On March 13, 2018, Maryland-based Transportation Logistics International Inc. (“TLI”) entered into a deferred prosecution agreement with the DOJ relating to charges that TLI had conspired to violate the FCPA’s anti-bribery provisions.<sup>185</sup> TLI paid a criminal penalty of \$2 million, which the DOJ indicated was lowered from the range recommended by the U.S. Sentencing Guidelines of \$28.5 million to \$57 million

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<sup>172</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Stryker Corp.*, Rel. No. 84308, File No. 3-18853, ¶ 15 (Sept. 28, 2018).

<sup>173</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Stryker Corp.*, Rel. No. 84308, File No. 3-18853, ¶ 15 (Sept. 28, 2018).

<sup>174</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Stryker Corp.*, Rel. No. 84308, File No. 3-18853, ¶¶ 15, 17 (Sept. 28, 2018).

<sup>175</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Stryker Corp.*, Rel. No. 84308, File No. 3-18853, ¶¶ 15-16 (Sept. 28, 2018).

<sup>176</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Stryker Corp.*, Rel. No. 84308, File No. 3-18853, ¶ 17 (Sept. 28, 2018).

<sup>177</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Stryker Corp.*, Rel. No. 84308, File No. 3-18853, ¶ 20 (Sept. 28, 2018).

<sup>178</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Stryker Corp.*, Rel. No. 84308, File No. 3-18853, ¶ 22 (Sept. 28, 2018).

<sup>179</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Stryker Corp.*, Rel. No. 84308, File No. 3-18853, ¶ 22 (Sept. 28, 2018).

<sup>180</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Stryker Corp.*, Rel. No. 84308, File No. 3-18853, ¶ 22 (Sept. 28, 2018).

<sup>181</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Stryker Corp.*, Rel. No. 84308, File No. 3-18853, ¶ 23 (Sept. 28, 2018).

<sup>182</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Stryker Corp.*, Rel. No. 84308, File No. 3-18853, ¶¶ 23 (Sept. 28, 2018).

<sup>183</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Stryker Corp.*, Rel. No. 84308, File No. 3-18853, ¶ 23 (Sept. 28, 2018).

<sup>184</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Stryker Corp.*, Rel. No. 84308, File No. 3-18853, ¶ 23 (Sept. 28, 2018).

<sup>185</sup> Deferred Prosecution Agreement, *United States v. Transport Logistics Int’l, Inc.*, No. 18-CR-00011, ¶ 1 (D. Md. Mar. 12, 2018).



due to the company's inability to pay.<sup>186</sup> TLI did not voluntarily disclose the conduct but cooperated with the DOJ's investigation and engaged in significant remediation, including terminating the employees involved in the misconduct, for which it received a 25% reduction off the bottom of the sentencing guidelines range.<sup>187</sup> Under the deferred prosecution agreement, TLI will be required to adopt an enhanced compliance program and to report periodically to the DOJ for three years.<sup>188</sup>

The conduct at issue occurred between 2004 and 2014 and involved a bribery scheme between employees at TLI and JSC Techsnabexport ("TENEX"), a subsidiary of Russia's State Atomic Energy Corporation.<sup>189</sup> According to the deferred prosecution agreement, TENEX routinely contracted with TLI to transport nuclear materials to and from the U.S.<sup>190</sup> In order to retain this business and win future business, an employee at TLI engaged in a scheme with TENEX official Vadim Mikerin under which TLI would make payments to off-shore bank accounts for Mikerin's benefit.<sup>191</sup> The amount of the payments was based on a percentage of contract values awarded to TLI.<sup>192</sup> In 2009, Daren Condrey and Mark Lambert, co-presidents of TLI, learned of the payment scheme and agreed to continue paying Mikerin kickbacks.<sup>193</sup> To conceal the payments, the TLI conspirators created fake invoices from TENEX to TLI for services that were never provided.<sup>194</sup> Over the course of the scheme, TLI paid more than \$1.7 million to Mikerin.<sup>195</sup>

Mikerin was indicted for his role in the scheme and pleaded guilty to conspiracy to commit money laundering on August 31, 2015; he was subsequently sentenced to 48 months in prison.<sup>196</sup> Condrey pleaded guilty to conspiracy to violate the FCPA and commit wire fraud on June 17, 2015 and is awaiting sentencing.<sup>197</sup> Lambert was charged on January 12, 2018 with multiple counts of violating the FCPA, conspiracy to commit wire fraud and to violating the FCPA, wire fraud, and promotion of money laundering.<sup>198</sup> He has pleaded not guilty and his case is pending.<sup>199</sup>

### United Technologies Corporation

On September 12, 2018, Connecticut-based United Technologies Corporation ("UTC") settled with the SEC by administrative order for alleged violations of the FCPA's anti-bribery, books and records, and internal accounting controls provisions.<sup>200</sup> UTC paid a total of \$13.9 million, comprised of approximately

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<sup>186</sup> Deferred Prosecution Agreement, *United States v. Transport Logistics Int'l, Inc.*, No. 18-CR-00011, ¶¶ 7, 9 (D. Md. Mar. 12, 2018).

<sup>187</sup> Deferred Prosecution Agreement, *United States v. Transport Logistics Int'l, Inc.*, No. 18-CR-00011, ¶ 4a - b (D. Md. Mar. 12, 2018).

<sup>188</sup> Deferred Prosecution Agreement, *United States v. Transport Logistics Int'l, Inc.*, No. 18-CR-00011, ¶¶ 11-13 (D. Md. Mar. 12, 2018).

<sup>189</sup> Deferred Prosecution Agreement, *United States v. Transport Logistics Int'l, Inc.*, No. 18-CR-00011, Attachment A ¶¶ 6, 12 (D. Md. Mar. 12, 2018).

<sup>190</sup> Deferred Prosecution Agreement, *United States v. Transport Logistics Int'l, Inc.*, No. 18-CR-00011, Attachment A ¶ 12 (D. Md. Mar. 12, 2018).

<sup>191</sup> Deferred Prosecution Agreement, *United States v. Transport Logistics Int'l, Inc.*, No. 18-CR-00011, ¶ 13 (D. Md. Mar. 12, 2018).

<sup>192</sup> Deferred Prosecution Agreement, *United States v. Transport Logistics Int'l, Inc.*, No. 18-CR-00011, Attachment A ¶ 14 (D. Md. Mar. 12, 2018).

<sup>193</sup> Deferred Prosecution Agreement, *United States v. Transport Logistics Int'l, Inc.*, No. 18-CR-00011, Attachment A ¶ 14 (D. Md. Mar. 12, 2018).

<sup>194</sup> Deferred Prosecution Agreement, *United States v. Transport Logistics Int'l, Inc.*, No. 18-CR-00011, Attachment A ¶ 17 (D. Md. Mar. 12, 2018).

<sup>195</sup> Deferred Prosecution Agreement, *United States v. Transport Logistics Int'l, Inc.*, No. 18-CR-00011, Attachment A ¶ 22 (D. Md. Mar. 12, 2018).

<sup>196</sup> U. S. Department of Justice Press Release No. 18-305: Transport Logistics International Inc. Agrees to Pay \$2 Million Penalty to Resolve Foreign Bribery Case (Mar. 13, 2018).

<sup>197</sup> U. S. Department of Justice Press Release No. 18-305: Transport Logistics International Inc. Agrees to Pay \$2 Million Penalty to Resolve Foreign Bribery Case (Mar. 13, 2018).

<sup>198</sup> U. S. Department of Justice Press Release No. 18-305: Transport Logistics International Inc. Agrees to Pay \$2 Million Penalty to Resolve Foreign Bribery Case (Mar. 13, 2018).

<sup>199</sup> U. S. Department of Justice Press Release No. 18-305: Transport Logistics International Inc. Agrees to Pay \$2 Million Penalty to Resolve Foreign Bribery Case (Mar. 13, 2018).

<sup>200</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of United Technologies Corp.*, Rel. No. 84087, File No. 3-18745, ¶¶ 46-48 (Sept. 12, 2018).

\$9 million in disgorgement, \$1 million in prejudgment interest, and a \$4 million civil penalty.<sup>201</sup> UTC voluntarily disclosed the conduct and fully cooperated in the SEC's investigation.<sup>202</sup> It also undertook extensive remedial measures, including terminating employees and third parties responsible for the misconduct, enhancing internal accounting controls, and strengthened its global compliance program.<sup>203</sup>

The conduct at issue related to unlawful payments, trips or gifts given to foreign officials in Azerbaijan, China, Kuwait, South Korea, Pakistan, Thailand, and Indonesia.<sup>204</sup> According to the administrative order, from approximately 2012 to 2014, Otis Elevator Company ("Otis"), a wholly-owned subsidiary of UTC, made unlawful payments to Azerbaijani officials via subcontractors and third-party intermediaries to secure contracts in Baku, Azerbaijan.<sup>205</sup> Even though a corporate policy required due diligence on intermediaries, none was performed.<sup>206</sup> Separately, in 2012, Otis made improper payments to an official of a state-owned bank in China through a distributor.<sup>207</sup> UTC learned of the conduct after the Otis sales supervisor who arranged the kickback scheme with the bank official was convicted of bribery in China.<sup>208</sup>

Additionally, from approximately 2009 to 2013, International Aero Engines ("IAE"), a joint venture of a division of UTC, Pratt & Whitney, made \$4.3 million in success fee payments to a sales agent in China for assistance obtaining an Air China Limited contract.<sup>209</sup> The sales agent obtained confidential information from a Chinese airline official that IAE used to modify its bid that won the contract.<sup>210</sup> The sales agent paid the Chinese airline official over \$160,000 in 2009.<sup>211</sup> In April 2011, the Chinese government arrested this airline official in connection with a corruption investigation.<sup>212</sup> UTC halted all payments to the agent after the Chinese media reported in May 2013 that the sales agent had made payments to the airline official convicted of corruption.<sup>213</sup>

In addition to these improper payments, Otis and Pratt & Whitney provided trips and gifts to various foreign officials in China, Kuwait, South Korea, Pakistan, Thailand, and Indonesia in connection with their businesses.<sup>214</sup> Even though UTC policies required review and approval of all leisure travel and entertainment to foreign officials, employees often circumvented this control by submitting travel requests noting a business reason without disclosing that the actual purpose of the trips was leisure and entertainment.<sup>215</sup>

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<sup>201</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of United Technologies Corp.*, Rel. No. 84087, File No. 3-18745, § IV ¶ B (Sept. 12, 2018).

<sup>202</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of United Technologies Corp.*, Rel. No. 84087, File No. 3-18745, ¶ 49 (Sept. 12, 2018).

<sup>203</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of United Technologies Corp.*, Rel. No. 84087, File No. 3-18745, ¶ 50 (Sept. 12, 2018).

<sup>204</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of United Technologies Corp.*, Rel. No. 84087, File No. 3-18745, ¶ 2 (Sept. 12, 2018).

<sup>205</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of United Technologies Corp.*, Rel. No. 84087, File No. 3-18745, ¶ 8 (Sept. 12, 2018).

<sup>206</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of United Technologies Corp.*, Rel. No. 84087, File No. 3-18745, ¶¶ 9, 11 (Sept. 12, 2018).

<sup>207</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of United Technologies Corp.*, Rel. No. 84087, File No. 3-18745, ¶ 36 (Sept. 12, 2018).

<sup>208</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of United Technologies Corp.*, Rel. No. 84087, File No. 3-18745, ¶ 38 (Sept. 12, 2018).

<sup>209</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of United Technologies Corp.*, Rel. No. 84087, File No. 3-18745, ¶ 30 (Sept. 12, 2018).

<sup>210</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of United Technologies Corp.*, Rel. No. 84087, File No. 3-18745, ¶¶ 27-28 (Sept. 12, 2018).

<sup>211</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of United Technologies Corp.*, Rel. No. 84087, File No. 3-18745, ¶ 30 (Sept. 12, 2018).

<sup>212</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of United Technologies Corp.*, Rel. No. 84087, File No. 3-18745, ¶ 30 (Sept. 12, 2018).

<sup>213</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of United Technologies Corp.*, Rel. No. 84087, File No. 3-18745, ¶ 30 (Sept. 12, 2018).

<sup>214</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of United Technologies Corp.*, Rel. No. 84087, File No. 3-18745, ¶ 39 (Sept. 12, 2018).

<sup>215</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of United Technologies Corp.*, Rel. No. 84087, File No. 3-18745, ¶ 39 (Sept. 12, 2018).

## Vantage Drilling International

On November 19, 2018, Vantage Drilling International (“Vantage”), an offshore drilling company headquartered in Houston, settled with the SEC by administrative order for alleged violations of the FCPA’s internal controls provisions in connection with drilling services contacts with Petróleo Brasileiro SA Petrobras (“Petrobras”).<sup>216</sup> Vantage agreed to pay disgorgement of \$5 million.<sup>217</sup> The SEC noted that it decided not to impose a penalty in part due to Vantage’s current financial condition.<sup>218</sup> Vantage voluntarily disclosed the conduct after discovery of the alleged scheme by Brazilian authorities. The company cooperated with the SEC’s investigation and engaged in significant remediation, including reconstituting its Board of Directors, replacing its management team, terminating its relationship with a problematic agent, and reviewing anti-corruption policies and procedures and third-party relationships.<sup>219</sup>

The conduct in question related to Vantage’s purchase of an ultra-deepwater drillship from Taiwanese shipping magnate, Hsin-Chi Su (identified as “Director A”).<sup>220</sup> In exchange for rights to the drillship, from 2007 to 2008 Vantage paid Su \$56 million in cash, granted him 40% of Vantage’s common stock, and appointed him to its board of directors.<sup>221</sup> Vantage did not conduct any due diligence on Su or his companies prior to taking these actions. Despite red flags in 2008, the company also did not implement enhanced internal controls with respect to payments to Su.<sup>222</sup>

In November 2008, Vantage determined it did not have the funds to complete its purchase of the deepwater drillship. It instead retained a Brazilian third-party agent to assist in marketing the drillship to Petrobras.<sup>223</sup> Contrary to its own policies, Vantage did not conduct due diligence on the agent or implement safeguards against potential improper payments.<sup>224</sup> The agent and Su then conspired to make improper payments to representatives of a Petrobras official, who had requested funds to pay his political sponsors.<sup>225</sup> In February 2009, Petrobras and Vantage signed an eight-year contract worth approximately \$1.8 billion for the use of the drillship.<sup>226</sup>

The bribery scheme was discovered by Brazilian authorities in the course of their criminal investigation into wide-ranging bribery at Petrobras, after which the company disclosed the conduct to U.S. authorities.<sup>227</sup> Following discovery of the scheme, Petrobras also cancelled its contract with Vantage in 2015, which resulted in Vantage filing for bankruptcy.<sup>228</sup>

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<sup>216</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Vantage Drilling Int’l*, Rel. No. 84617, File No. 3-18899, ¶¶ 1-4 (Nov. 19, 2018).

<sup>217</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Vantage Drilling Int’l*, Rel. No. 84617, File No. 3-18899, § IV, ¶ B (Nov. 19, 2018).

<sup>218</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Vantage Drilling Int’l*, Rel. No. 84617, File No. 3-18899, ¶ 28 (Nov. 19, 2018).

<sup>219</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Vantage Drilling Int’l*, Rel. No. 84617, File No. 3-18899, ¶ 29 (Nov. 19, 2018); Vantage Drilling Company, Form 10-Q for the Quarterly Period Ended June 30, 2015, filed August 4, 2015, [https://www.sec.gov/Archives/edgar/data/1419428/000156459015006002/vtg-10q\\_20150630.htm](https://www.sec.gov/Archives/edgar/data/1419428/000156459015006002/vtg-10q_20150630.htm).

<sup>220</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Vantage Drilling Int’l*, Rel. No. 84617, File No. 3-18899, ¶¶ 5, 7 (Nov. 19, 2018).

<sup>221</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Vantage Drilling Int’l*, Rel. No. 84617, File No. 3-18899, ¶ 5 (Nov. 19, 2018).

<sup>222</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Vantage Drilling Int’l*, Rel. No. 84617, File No. 3-18899, ¶ 6 (Nov. 19, 2018).

<sup>223</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Vantage Drilling Int’l*, Rel. No. 84617, File No. 3-18899, ¶ 9 (Nov. 19, 2018).

<sup>224</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Vantage Drilling Int’l*, Rel. No. 84617, File No. 3-18899, ¶ 9 (Nov. 19, 2018).

<sup>225</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Vantage Drilling Int’l*, Rel. No. 84617, File No. 3-18899, ¶¶ 11, 12 (Nov. 19, 2018).

<sup>226</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Vantage Drilling Int’l*, Rel. No. 84617, File No. 3-18899, ¶ 14 (Nov. 19, 2018).

<sup>227</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Vantage Drilling Int’l*, Rel. No. 84617, File No. 3-18899, ¶ 20 (Nov. 19, 2018).

<sup>228</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Vantage Drilling Int’l*, Rel. No. 84617, File No. 3-18899, ¶¶ 22, 23 (Nov. 19, 2018).

Vantage previously announced in August 2017 that the DOJ had closed its investigation into the company.<sup>229</sup>

### **Polycom, Inc.**

On December 26, 2018, Polycom, Inc. (“Polycom”), a Delaware company headquartered in San Jose, California, settled with the SEC by administrative order for alleged violations of the FCPA’s books and records and internal accounting controls provisions.<sup>230</sup> Polycom paid a total of \$16.3 million, comprised of approximately \$10.7 million in disgorgement, \$1.8 million in interest, and a \$3.8 million civil penalty.<sup>231</sup> A few days prior on December 20, 2018, the company received a formal declination from the DOJ.<sup>232</sup>

The declination letter from the DOJ detailed reasons the DOJ elected not to bring an enforcement action against Polycom, including the company’s voluntary self-disclosure; thorough investigation; full cooperation with the DOJ’s investigation; enhancements to its compliance program and internal controls; and full remediation that included terminating and disciplining executives and employees involved in the misconduct.<sup>233</sup> The SEC administrative order similarly detailed Polycom’s efforts, including that Polycom voluntarily disclosed the conduct and fully cooperated in the SEC’s investigation.<sup>234</sup> In addition to the company’s voluntary self-disclosure, cooperation, and remediation, the DOJ also credited its declination in part to Polycom’s reporting of “unrelated misconduct . . . for investigation and potential prosecution.”<sup>235</sup>

According to the SEC order, the conduct at issue involved discounts given by Polycom’s China subsidiary from 2006 through at least July 2014 to Polycom’s distributors.<sup>236</sup> The SEC order alleges that Polycom China’s distributors obtained public-sector business by offering and making cash payments to government officials who had influence over purchasing decisions. The distributors allegedly requested significant discounts from Polycom on equipment to be sold to public-sector customers in order to cover the cost of such payments, and the Vice President of China and senior managers at Polycom’s China subsidiary provided the discounts knowing and intending that they would be used to make improper payments.<sup>237</sup>

According to the SEC, the Vice President and senior managers directed Polycom’s China sales personnel to enter details concerning sales opportunities into a separate, parallel sales management system outside of official Polycom systems and to use non-Polycom email addresses when discussing deals with distributors.<sup>238</sup> Discounts were approved by senior managers in the off-line system, which indicated that the discounts were to cover the cost of improper payments. Information entered in the official Polycom system, in contrast, falsely attributed the discounts to legitimate business purposes, such as “competition” with other equipment providers and customer refusal to pay a higher price.<sup>239</sup> Singapore-based personnel

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<sup>229</sup> See Vantage Press Release: Vantage Drilling International Announces Closing of FCPA Investigation by the DOJ (Aug. 16, 2017), available at <https://globenewswire.com/news-release/2017/08/16/1116547/0/en/Vantage-Drilling-International-Announces-Closing-of-FCPA-Investigation-by-the-DOJ.html>.

<sup>230</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Polycom, Inc.*, Rel No. 84978, File No. 3-18964 (Dec. 26, 2018).

<sup>231</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Polycom, Inc.*, Rel No. 84978, File No. 3-18964, §IV, ¶¶ B-C (Dec. 26, 2018).

<sup>232</sup> US Department of Justice Letter from Sandra Moser to Caz Hashemi re: Polycom, Inc. (Dec. 20, 2018), <https://www.justice.gov/criminal-fraud/file/1122966/download>.

<sup>233</sup> U.S. Department of Justice Letter from Sandra Moser to Caz Hashemi re: Polycom, Inc., at 1 (Dec. 20, 2018), <https://www.justice.gov/criminal-fraud/file/1122966/download>.

<sup>234</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Polycom, Inc.*, Rel No. 84978, File No. 3-18964, ¶ 15 (Dec. 26, 2018).

<sup>235</sup> U.S. Department of Justice Letter from Sandra Moser to Caz Hashemi re: Polycom, Inc., at 1 (Dec. 20, 2018), <https://www.justice.gov/criminal-fraud/file/1122966/download>.

<sup>236</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Polycom, Inc.*, Rel No. 84978, File No. 3-18964, ¶ 1 (Dec. 26, 2018).

<sup>237</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Polycom, Inc.*, Rel No. 84978, File No. 3-18964, ¶¶ 1, 5 (Dec. 26, 2018).

<sup>238</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Polycom, Inc.*, Rel No. 84978, File No. 3-18964, ¶ 7 (Dec. 26, 2018).

<sup>239</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Polycom, Inc.*, Rel No. 84978, File No. 3-18964, ¶¶ 9-10 (Dec. 26, 2018).

who reviewed high discounts were also told that these were the reasons for the discounts.<sup>240</sup> Polycom personnel outside of China were unaware of the use of the off-line, parallel system.<sup>241</sup>

In addition to Polycom's failure to devise and maintain adequate controls to detect the misconduct, the SEC also cited Polycom's failure to translate anticorruption materials into Mandarin and failure to follow up with Polycom China personnel who did not participate in anticorruption trainings.<sup>242</sup> Moreover, Polycom learned in a 2013 due diligence procedure of allegations of a China distributor making improper payments to a Chinese government official, but Polycom failed to finish the due diligence review of the distributor and continued to work with that distributor.<sup>243</sup>

### **Centrais Elétricas Brasileiras S.A.**

On December 26, 2018, Centrais Elétricas Brasileiras S.A. ("Eletrobras") entered into an agreement with the SEC to resolve charges that it had violated the books and records and internal controls provisions of the FCPA through schemes in which its own employees conspired to solicit and accept bribes.<sup>244</sup> The company agreed to pay a \$2.5 million penalty.<sup>245</sup> Eletrobras is a Brazilian power generation, transmission, and distribution company that is majority-owned by the Brazilian government.<sup>246</sup> According to media reports, Eletrobras launched an internal investigation into possible corruption in 2015, after the former CEO of a construction company provided testimony to the Brazilian government about bribes paid to Eletrobras Termonuclear S.A. ("Eletronuclear"), a majority-owned subsidiary of Eletrobras.<sup>247</sup> The same construction company was also involved in paying bribes to officials at Petróleo Brasileiro SA ("Petrobras"), Brazil's state-owned oil company.<sup>248</sup>

According to the resolution papers, between 2009 and 2015, former officers at Eletronuclear received bribes from Brazilian construction company executives in exchange for the officers using their influence to authorize unnecessary contractors and inflate the costs of a construction project on a nuclear power plant, the "UTN Angra III."<sup>249</sup> The former Eletronuclear president reportedly received approximately \$4.1 million in bribes, while other former Eletronuclear officers collectively received approximately \$4.9 million.<sup>250</sup>

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<sup>240</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Polycom, Inc.*, Rel No. 84978, File No. 3-18964, ¶ 11 (Dec. 26, 2018).

<sup>241</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Polycom, Inc.*, Rel No. 84978, File No. 3-18964, ¶ 7 (Dec. 26, 2018).

<sup>242</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Polycom, Inc.*, Rel No. 84978, File No. 3-18964, ¶¶ 12-13 (Dec. 26, 2018).

<sup>243</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Polycom, Inc.*, Rel No. 84978, File No. 3-18964, ¶ 13 (Dec. 26, 2018).

<sup>244</sup> Order Instituting Cease-and-Desist Proceedings, Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order, *In the Matter of Centrais Elétricas Brasileiras S.A.*, Rel. No. 84973, File No. 3-18962 ¶ 19 (Dec. 26, 2018).

<sup>245</sup> Order Instituting Cease-and-Desist Proceedings, Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order, *In the Matter of Centrais Elétricas Brasileiras S.A.*, Rel. No. 84973, File No. 3-18962 § IV (B) (Dec. 26, 2018).

<sup>246</sup> Order Instituting Cease-and-Desist Proceedings, Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order, *In the Matter of Centrais Elétricas Brasileiras S.A.*, Rel. No. 84973, File No. 3-18962 ¶ 6 (Dec. 26, 2018).

<sup>247</sup> Jaclyn Jaeger, *Eletrobras Compliance Failures Result in \$2.5M Penalty in FCPA Case*, COMPLIANCE WEEK (Jan. 4, 2019), <https://www.complianceweek.com/blogs/enforcement-action/eletrobras-compliance-failures-result-in-25m-penalty-in-fcpa-case>.

<sup>248</sup> *Brazil Says It Has Leniency Deal With Builder in Corruption Probes*, REUTERS, July 31, 2015.

<sup>249</sup> Order Instituting Cease-and-Desist Proceedings, Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order, *In the Matter of Centrais Elétricas Brasileiras S.A.*, Rel. No. 84973, File No. 3-18962 ¶¶ 2, 10, 12 (Dec. 26, 2018).

<sup>250</sup> Order Instituting Cease-and-Desist Proceedings, Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order, *In the Matter of Centrais Elétricas Brasileiras S.A.*, Rel. No. 84973, File No. 3-18962 ¶ 11 (Dec. 26, 2018).

During this same time period, the former Eletronuclear officers caused Eletronuclear to approve and pay invoices that reflected inflated contract prices and sham transactions.<sup>251</sup> The inflated contract prices and sham invoices were recorded as legitimate expenses by Eletronuclear, and then by Eletrobras, as Eletronuclear's parent corporation.<sup>252</sup> The resolution papers also state that Eletrobras's anti-corruption policies and procedures at the time relied on boilerplate prohibitions that did not apply to all employees and were routinely ignored.<sup>253</sup>

In determining the appropriate penalty for Eletrobras, the SEC considered the company's cooperation, including voluntarily producing and translating documents, as well as its remediation efforts, including disciplining employees involved in the misconduct, enhancing its internal controls and compliance functions, remediating material weaknesses identified in its annual reports, and adopting new anti-corruption policies and procedures.<sup>254</sup> In its press release announcing the resolution, the SEC acknowledged assistance from the DOJ, and from the Brazilian Federal Prosecution Service and the Brazilian Federal Police, in investigating the matter.<sup>255</sup>

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<sup>251</sup> Order Instituting Cease-and-Desist Proceedings, Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order, *In the Matter of Centrais Elétricas Brasileiras S.A.*, Rel. No. 84973, File No. 3-18962 ¶¶ 17-18 (Dec. 26, 2018).

<sup>252</sup> Order Instituting Cease-and-Desist Proceedings, Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order, *In the Matter of Centrais Elétricas Brasileiras S.A.*, Rel. No. 84973, File No. 3-18962 ¶ 18 (Dec. 26, 2018).

<sup>253</sup> Order Instituting Cease-and-Desist Proceedings, Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order, *In the Matter of Centrais Elétricas Brasileiras S.A.*, Rel. No. 84973, File No. 3-18962 ¶ 13 (Dec. 26, 2018).

<sup>254</sup> Order Instituting Cease-and-Desist Proceedings, Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order, *In the Matter of Centrais Elétricas Brasileiras S.A.*, Rel. No. 84973, File No. 3-18962 at 5 (Dec. 26, 2018).

<sup>255</sup> U.S. Securities and Exchange Commission Press Release No. 3-18962: SEC Charges Eletrobras with Violating Books and Records and Internal Accounting Controls Provisions of the FCPA (Dec. 26, 2018).

## INDIVIDUAL RESOLUTIONS

### PDVSA-Related Actions

In 2018, the DOJ charged [14] additional individuals as part of an ongoing investigation into bribery at Petróleos de Venezuela S.A. (“PDVSA”), Venezuela’s state-owned oil and gas company. Nine of the individuals were charged as alleged members of a massive money laundering scheme, three others were charged in connection with a currency exchange arbitrage scheme, and the remaining three were charged in connection with other, separate bribery schemes. Throughout the year, the DOJ also unsealed the guilty pleas of multiple individuals connected to PDVSA.

To date, over thirty individuals have been charged by the DOJ in connection with the corrupt conduct at PDVSA, which is responsible for production, refining, and trade in energy resources in Venezuela. The DOJ began prosecuting individuals tied to the company in 2015. Defendants have included former PDVSA officials, PDVSA vendors, and affiliated businessmen and financiers.

On July 23, 2018, DOJ filed a criminal complaint against eight defendants allegedly involved in a billion-dollar scheme to launder funds embezzled from PDVSA.<sup>256</sup> On August 16, 2018, DOJ indicted seven of the eight defendants, as well as a ninth individual tied to the same scheme.<sup>257</sup> According to the government, from December 2014 through August 2018, the defendants together embezzled approximately \$1.2 billion from PDVSA and then laundered the proceeds through international bank accounts, shell companies, and third parties. The scheme also involved manipulation of the Venezuelan foreign-currency exchange system.

- **Gustavo Adolfo Hernandez Frieri** is an alleged “professional” money launderer who used his Miami-based financial firms, Global Security Advisors and Global Strategic Investments, to launder funds using “investments” into a fake mutual fund. Frieri was charged with one count of conspiracy to commit money laundering, two counts of money laundering, one count of international promotion of money laundering, and one count of interstate and foreign travel in aid of racketeering. Frieri was arrested in Italy and is currently facing extradition proceedings.
- **Francisco Convit Guruceaga** is a member of the Venezuelan “boliburgués” (social elite) and a businessman. He allegedly facilitated meetings between various defendants to organize the embezzlement scheme and received millions in embezzled PDVSA funds.<sup>258</sup> Convit was charged with one count of conspiracy to commit money laundering and two counts of interstate and foreign travel in aid of racketeering. He has not yet been arrested.
- **Jose Vicente Amparan Croquer**, also alleged to be a “professional” money launderer, is an associate of Convit who allegedly handled preparation of fake financial documentation and contracts. He was charged with one count of conspiracy to commit money laundering and two counts of interstate and foreign travel in aid of racketeering. He has not yet been arrested.
- **Carmelo Urdaneta Aqui** is former legal counsel to the Venezuelan Minister of Oil and Mining. With Convit, Urdaneta allegedly created a fake joint venture to launder money under the guise of making loans to PDVSA. He was charged with one count of conspiracy to commit money laundering and two counts of interstate and foreign travel in aid of racketeering. He has not yet been arrested.
- **Hugo Andre Ramalho Gois** is an alleged “professional” money launderer and banker. Gois worked with Amparan to direct certain fund transfers, including the purchase of a fake bond, to

<sup>256</sup> Criminal Complaint, *United States v. Guruceaga*, No. 18-CR-20685-KMW (S.D. Fla. July 23, 2018).

<sup>257</sup> Indictment, *United States v. Guruceaga*, No. 18-CR-20685-KMW (S.D. Fla. Aug. 16, 2018).

<sup>258</sup> Jay Weaver & Antonio Maria Delgado, *Feds Freeze Millions in Assets Linked to Stolen Venezuelan Oil Funds Laundered in South Florida*, MIAMI HERALD (Aug. 22, 2018), <https://www.miamiherald.com/news/local/article217125090.html>.



conceal the funds. Gois was charged with one count of conspiracy to commit money laundering. He has not yet been arrested.

- **Abraham Eduardo Ortega** is the former executive director of financial planning at PDVSA.<sup>259</sup> In October 2018, he pleaded guilty to one count of conspiracy to commit money laundering, admitting involvement in two separate schemes: one in which he received \$5 million in bribes in exchange for providing priority loan status to a French company and a Russian bank, and a second in which he received \$12 million in bribes for his participation in an embezzlement scheme involving a loan and foreign exchange contract. Ortega also admitted to laundering \$12 million of the bribe payments in a fake investment scheme involving money managers, brokerage firms, banks, and real estate investment firms in the U.S. and elsewhere. Ortega's sentencing is scheduled for January 9, 2019. The remaining counts against him—two counts of money laundering and one count of interstate and foreign travel in aid of racketeering—were dismissed in connection with his plea.<sup>260</sup>
- **Marcelo Federico Gutierrez Acosta y Lara** is a part owner of a U.S. bank that allegedly facilitated money laundering. According to the indictment, he conspired with Frieri and a confidential government source to launder bribes Frieri paid to Ortega. Gutierrez was charged with one count of conspiracy to commit money laundering. He has not yet been arrested.
- **Matthias Krull** was a former managing director and the vice chairman of Swiss bank Julius Baer. Krull pleaded guilty to one count of conspiracy to commit money laundering in August 2018, admitting that he agreed to launder funds embezzled from PDVSA beginning in 2016.<sup>261</sup> Krull and his co-conspirators, including Convit, used real estate in Miami, Florida and fake investment schemes to conceal the true source of \$60 million in embezzled funds.<sup>262</sup> Krull was sentenced to ten years' imprisonment in October 2018. He was also ordered to pay a \$50,000 fine and forfeit \$600,000. Krull is cooperating with prosecutors and may move for a reduced sentence based on his assistance.
- **Mario Enrique Bonilla Vallera** is a Venezuelan businessman who allegedly acted as a straw owner of bank accounts that received millions in embezzled PDVSA funds. The funds in reality benefited the stepsons of Venezuelan president Nicolás Maduro.<sup>263</sup> Although not named in the July 2018 complaint, Bonilla was indicted in August 2018 with the other defendants with the exception of Krull (who pled guilty the same month as the indictment was filed). Bonilla was charged with one count of conspiracy to commit money laundering. He has not yet been arrested.

On November 19, 2018, the DOJ unsealed the indictment of Venezuela media mogul Raul Gorrin Belisario, and the guilty pleas of former Venezuelan treasurer Alejandro Andrade Cedeno and Gabriel Arturo Jimenez Aray, a co-conspirator of Gorrin's.<sup>264</sup> Gorrin allegedly paid millions of dollars in bribes to two Venezuelan officials (one of whom was Andrade) in exchange for being allowed to conduct currency exchange transactions at favorable rates reserved for government use only.<sup>265</sup> Jimenez and Gorrin together acquired a Dominican bank to launder the bribes paid by Gorrin and the proceeds of their

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<sup>259</sup> U.S. Department of Justice Press Release No. 18-1427: Former Executive Director at Venezuelan State-Owned Oil Company, Petroleos De Venezuela, S.A., Pleads Guilty to Role in Billion-Dollar Money Laundering Conspiracy (Oct. 31, 2018).

<sup>260</sup> Plea Agreement, *United States v. Guruceaga*, No. 18-CR-20685 (S.D. Fla. Oct. 31, 2018).

<sup>261</sup> U.S. Department of Justice Press Release No. 18-1089: Former Swiss Bank Executive Pleads Guilty to Role in Billion-Dollar International Money Laundering Scheme Involving Funds Embezzled from Venezuelan State-Owned Oil Company (Aug. 22, 2018).

<sup>262</sup> David Voreacos, *Former Julius Baer Banker Gets 10 Years for Venezuelan Plot*, BLOOMBERG, Oct. 29, 2018.

<sup>263</sup> Jay Weaver & Antonio Maria Delgado, *Feds Freeze Millions in Assets Linked to Stolen Venezuelan Oil Funds Laundered in South Florida*, MIAMI HERALD (Aug. 22, 2018) <https://www.miamiherald.com/news/local/article217125090.html>.

<sup>264</sup> U.S. Department of Justice Press Release No. 18-1527: Venezuelan Billionaire News Network Owner, Former Venezuelan National Treasurer and Former Owner of Dominican Republic Bank Charged in Money Laundering Conspiracy Involving Over \$1 Billion in Bribes (Nov. 20, 2018).

<sup>265</sup> U.S. Department of Justice Press Release No. 18-1527: Venezuelan Billionaire News Network Owner, Former Venezuelan National Treasurer and Former Owner of Dominican Republic Bank Charged in Money Laundering Conspiracy Involving Over \$1 Billion in Bribes (Nov. 20, 2018).



scheme.<sup>266</sup> This scheme appears to overlap with the PDVSA bribery, embezzlement, and money laundering scheme described above—Matthias Krull was Gorrin’s banker, and both schemes involved manipulation of the exchange rates.<sup>267</sup>

- **Alejandro Andrade Cedeno** is Venezuelan citizen and former Venezuelan national treasurer.<sup>268</sup> Andrade pleaded guilty on December 22, 2017 to one count of conspiracy to launder money. As part of the plea, he admitted receiving over \$1 billion in bribes from Gorrin and others and agreed to forfeit those monies along with all other assets connected to the scheme.<sup>269</sup> Andrade was sentenced to 10 years’ imprisonment on November 27, 2018.<sup>270</sup>
- **Gabriel Arturo Jimenez Aray** is a Venezuelan citizen and former owner of Banco Peravia bank in the Dominican Republic.<sup>271</sup> Jimenez pleaded guilty on March 20, 2018 to one count of conspiracy to launder money. As part of his plea, he admitted to conspiring with Gorrin and others to buy Banco Peravia, which was used in the money laundering scheme.<sup>272</sup> Jimenez was sentenced to three years’ imprisonment on November 29, 2018.<sup>273</sup>
- **Raul Gorrin Belisario** is a Venezuelan citizen and the billionaire owner of Globovision, a major Venezuelan news and television network.<sup>274</sup> Gorrin allegedly bribed Venezuelan officials with cash and also purchased and paid expenses associated with jets, yachts, real estate, horses, jewelry, and a fashion line.<sup>275</sup> He concealed the payments through shell companies.<sup>276</sup> He was charged on August 16, 2018 with one count of conspiracy to violate the FCPA, one count of conspiracy to commit money laundering, and nine counts of money laundering.<sup>277</sup> Gorrin is awaiting arraignment.

DOJ brought charges in two additional, separate PDVSA bribery schemes in 2018:

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<sup>266</sup> U.S. Department of Justice Press Release No. 18-1527: Venezuelan Billionaire News Network Owner, Former Venezuelan National Treasurer and Former Owner of Dominican Republic Bank Charged in Money Laundering Conspiracy Involving Over \$1 Billion in Bribes (Nov. 20, 2018).

<sup>267</sup> Clara Hudson, *Guilty Pleas Unveiled in Billion-Dollar Venezuelan Bribery Scheme*, GLOBAL INVESTIGATIONS REVIEW (Nov. 20, 2018), <https://globalinvestigationsreview.com/article/jac/1177097/guilty-pleas-unveiled-in-billion-dollar-venezuelan-bribery-scheme>.

<sup>268</sup> U.S. Department of Justice Press Release No. 18-1527: Venezuelan Billionaire News Network Owner, Former Venezuelan National Treasurer and Former Owner of Dominican Republic Bank Charged in Money Laundering Conspiracy Involving Over \$1 Billion in Bribes (Nov. 20, 2018).

<sup>269</sup> U.S. Department of Justice Press Release No. 18-1527: Venezuelan Billionaire News Network Owner, Former Venezuelan National Treasurer and Former Owner of Dominican Republic Bank Charged in Money Laundering Conspiracy Involving Over \$1 Billion in Bribes (Nov. 20, 2018).

<sup>270</sup> U.S. Department of Justice Press Release No. 18-1549: Former Venezuelan National Treasurer Sentenced to 10 Years in Prison for Money Laundering Conspiracy Involving Over \$1 Billion in Bribes (Nov. 27, 2018).

<sup>271</sup> U.S. Department of Justice Press Release No. 18-1527: Venezuelan Billionaire News Network Owner, Former Venezuelan National Treasurer and Former Owner of Dominican Republic Bank Charged in Money Laundering Conspiracy Involving Over \$1 Billion in Bribes (Nov. 20, 2018).

<sup>272</sup> U.S. Department of Justice Press Release No. 18-1527: Venezuelan Billionaire News Network Owner, Former Venezuelan National Treasurer and Former Owner of Dominican Republic Bank Charged in Money Laundering Conspiracy Involving Over \$1 Billion in Bribes (Nov. 20, 2018).

<sup>273</sup> U.S. Department of Justice Press Release No. 18-1581: Former Owner of Dominican Republic Bank Sentenced to Three Years in Prison for Money Laundering Conspiracy (Nov. 29, 2018).

<sup>274</sup> U.S. Department of Justice Press Release No. 18-1527: Venezuelan Billionaire News Network Owner, Former Venezuelan National Treasurer and Former Owner of Dominican Republic Bank Charged in Money Laundering Conspiracy Involving Over \$1 Billion in Bribes (Nov. 20, 2018); Clara Hudson, *Guilty Pleas Unveiled in Billion-Dollar Venezuelan Bribery Scheme*, GLOBAL INVESTIGATIONS REVIEW (Nov. 20, 2018), <https://globalinvestigationsreview.com/article/jac/1177097/guilty-pleas-unveiled-in-billion-dollar-venezuelan-bribery-scheme>.

<sup>275</sup> U.S. Department of Justice Press Release No. 18-1527: Venezuelan Billionaire News Network Owner, Former Venezuelan National Treasurer and Former Owner of Dominican Republic Bank Charged in Money Laundering Conspiracy Involving Over \$1 Billion in Bribes (Nov. 20, 2018).

<sup>276</sup> U.S. Department of Justice Press Release No. 18-1527: Venezuelan Billionaire News Network Owner, Former Venezuelan National Treasurer and Former Owner of Dominican Republic Bank Charged in Money Laundering Conspiracy Involving Over \$1 Billion in Bribes (Nov. 20, 2018).

<sup>277</sup> U.S. Department of Justice Press Release No. 18-1527: Venezuelan Billionaire News Network Owner, Former Venezuelan National Treasurer and Former Owner of Dominican Republic Bank Charged in Money Laundering Conspiracy Involving Over \$1 Billion in Bribes (Nov. 20, 2018).

- On July 27, 2018, DOJ filed a criminal complaint against **Jose Manuel Gonzalez Testino**, charging conspiracy and substantive violations of the anti-bribery provisions of the FCPA.<sup>278</sup> According to the complaint, Gonzalez controlled a number of US- and Panama-based energy companies that provided equipment and services to PDVSA. Between 2012 and 2013, Gonzalez allegedly paid at least \$629,000 to a PDVSA official in exchange for favorable business treatment for Gonzalez’s companies. The bribes were paid into US bank accounts. The complaint states that an unnamed PDVSA official bribed by Gonzalez has pleaded guilty to one count of conspiracy to launder money and is cooperating with the government. Gonzalez’s case is currently pending.
- On October 30, 2018, **Ivan Alexis Guedez**, a former procurement officer for PDVSA, pleaded guilty to a one-count information filed earlier that month.<sup>279</sup> Guedez pleaded to one count of conspiracy to commit money laundering. As part of his plea, Guedez admitted that he conspired with other PDVSA officials and employees of a Miami-based PDVSA supplier to pay bribes to PDVSA officials in exchange for directing PDVSA business to the supplier. Guedez himself accepted bribes and the supplier’s employees also received kickbacks, which the co-conspirators concealed by communicating using fictitious email addresses, creating false invoices to justify the payments, and using a shell company. The conspiracy lasted from at least 2009 to 2013 and involved over \$145,000 in corrupt payments.<sup>280</sup> Guedez is scheduled to be sentenced on February 20, 2019.

Four additional plea agreements were made public in 2018 in connection with various bribery and corruption schemes at PDVSA:

- **Juan Carlos Castillo Rincon** and **Jose Orlando Camacho** pleaded guilty in connection with a scheme for a US-based logistics and freight forwarding company (the “freight company”) to corruptly secure contracts from PDVSA.<sup>281</sup> Castillo, the former manager of the freight company, conspired with others from at least 2011 to 2013 to bribe Camacho, a PDVSA official. In exchange for bribe payments, Camacho assisted the freight company in obtaining and extending PDVSA contracts, and provided Castillo with inside information about PDVSA’s bidding process. In all, Castillo arranged to pay Camacho at least \$175,000.<sup>282</sup> The defendants also conspired to launder the proceeds of the bribery scheme. Castillo pleaded guilty on September 13, 2018 to one count of conspiracy to violate the FCPA, after being indicted on April 11, 2018.<sup>283</sup> Camacho was charged in a criminal information on July 5, 2017 and pleaded guilty the next day to one count of conspiracy to commit money laundering; the plea remained sealed until September 13, 2018. Both individuals are scheduled to be sentenced on February 21, 2019.
- **Luis Carlos De Leon-Perez (“De Leon”)** pleaded guilty on July 16, 2018 to one count of conspiracy to violate the FCPA and one count of conspiracy to commit money laundering. De Leon had previously been employed by the Venezuelan government but was no longer a public official during the conspiracy.<sup>284</sup> **Cesar David Rincon Godoy**, a PDVSA official, pleaded guilty on April 19, 2018 to one count of conspiracy to launder money.<sup>285</sup> The two defendants admitted to conspiring with PDVSA officials to solicit PDVSA vendors for bribes and kickbacks between 2011 or 2012 and 2013. In exchange, the vendors—several of which were based in the US—

<sup>278</sup> Criminal Complaint, *United States v. Gonzalez Testino*, No. 18-MJ-03171-LFL (S.D. Tex. July 27, 2018).

<sup>279</sup> U.S. Department of Justice Press Release No. 18-1420: Texas Businessman Pleads Guilty to Money Laundering Charge in Connection with Venezuela Bribery Scheme (Oct. 30, 2018).

<sup>280</sup> Information, *United States v. Guedez*, No. 18-CR-00611, ¶¶ 15-22 (S.D. Tex. Oct. 12, 2018).

<sup>281</sup> U.S. Department of Justice Press Release No. 18-1188: Business Executive Pleads Guilty to Foreign Bribery Charge in Connection with Venezuelan Bribery Scheme (Sept. 13, 2018).

<sup>282</sup> Information, *United States v. Camacho*, No. 17-CR-00394, ¶¶ 11-17 (S.D. Tex. July 5, 2017).

<sup>283</sup> Indictment, *United States v. Rincon*, No. 18-CR-00200 (S.D. Tex. Apr. 11, 2018).

<sup>284</sup> U.S. Department of Justice Press Release No. 18-932: Former Venezuelan Official Pleads Guilty to Money Laundering Charge in Connection with Bribery Scheme (July 16, 2018).

<sup>285</sup> U.S. Department of Justice Press Release No. 18-506: Former Venezuelan Official Pleads Guilty to Money Laundering Charge in Connection with Bribery Scheme (Apr. 19, 2018).

received assistance in obtaining additional PDVSA contracts and payment priority for outstanding PDVSA invoices. Vendors paid over \$27 million in bribes as part of this scheme.<sup>286</sup> De Leon and Godoy also admitted to conspiring to launder and conceal the proceeds of the bribery scheme. De Leon and Godoy were originally charged in August 2017 along with PDVSA officials Alejandro Isturiz Chiesa, Nerves Gerardo Villalobos Cardenas, and Rafael Ernesto Reiter Munoz;<sup>287</sup> charges against Isturiz, Villalobos, and Reiter remain pending.

**Azat Martirosian and Vitaly Leshkov**  
(Rolls-Royce plc)

On May 24, 2018, Azat Martirosian and Vitaly Leshkov were indicted in the Southern District of Ohio on one count of conspiracy to commit money laundering and ten counts of money laundering in connection with an alleged scheme to obtain business for a subsidiary of Rolls-Royce plc (“Rolls-Royce”) from a new gas pipeline between Kazakhstan and China in exchange for improper payments.<sup>288</sup> The superseding indictment also included charges against alleged co-conspirator Petros Contoguris, a Greek national, who had been previously charged in 2017.<sup>289</sup> The charges against the three defendants follow Rolls-Royce’s January 2017 settlement with the DOJ.<sup>290</sup> Under the terms of that settlement, Rolls-Royce paid more than \$800 million in total penalties to US, UK, and Brazilian authorities.<sup>291</sup>

According to the indictment, Martirosian and Leshkov were employees of an international engineering consulting firm, Technical Advisor. Technical Advisor was retained by government-owned Asia Gas Pipeline LLP (“AGP”) to provide engineering consulting services in connection with AGP’s construction and operation of the new pipeline.<sup>292</sup> The defendants allegedly conspired with former employees and executives of Rolls-Royce Energy Systems, Inc. (“RRESI”), a U.S. subsidiary of Roll-Royce, and others, to obtain improper payments for Technical Advisor employees and to pay bribes to at least one Kazakh government official in exchange for directing business from the gas pipeline to RRESI.<sup>293</sup> The payments were made through a company controlled by Contoguris, which received “commission” payments from RRESI that it then passed on to Technical Advisor.<sup>294</sup> The Technical Advisor employees kept part of the monies for themselves and used the rest to pay bribes to the government official.<sup>295</sup> In November 2009, AGP awarded Rolls-Royce a contract worth approximately \$145 million.<sup>296</sup>

Neither Martirosian nor Leshkov, both of whom appear to reside outside the U.S., has submitted to the court’s jurisdiction. On June 22, 2018, Martirosian filed a motion to dismiss the indictment despite his status as a fugitive, and the court has ruled that the motion will be held in abeyance pending his arrest;

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<sup>286</sup> U.S. Department of Justice Press Release No. 18-169: Five Former Venezuelan Government Officials Charged in Money Laundering Scheme Involving Foreign Bribery (Feb. 12, 2018).

<sup>287</sup> Indictment, *United States v. De Leon-Perez*, No. 17-CR-00514 (S.D. Tex. Aug. 23, 2017).

<sup>288</sup> U.S. Department of Justice Press Release No. 18-693: Former Armenian Ambassador and a Russian National Charged in Foreign Bribery and Money Laundering Scheme (May 24, 2018).

<sup>289</sup> U.S. Department of Justice Press Release No. 18-693: Former Armenian Ambassador and a Russian National Charged in Foreign Bribery and Money Laundering Scheme (May 24, 2018).

<sup>290</sup> U.S. Department of Justice Press Release No. 18-693: Former Armenian Ambassador and a Russian National Charged in Foreign Bribery and Money Laundering Scheme (May 24, 2018).

<sup>291</sup> U.S. Department of Justice Press Release No. 17-074: Rolls-Royce plc Agrees to Pay \$170 Million Criminal Penalty to Resolve Foreign Corrupt Practices Act Case (Jan. 17, 2017).

<sup>292</sup> U.S. Department of Justice Press Release No. 18-693: Former Armenian Ambassador and a Russian National Charged in Foreign Bribery and Money Laundering Scheme (May 24, 2018); Superseding Indictment, *United States v. Contoguris*, No. 17-CR-233, ¶2 (S.D. Ohio May 24, 2018).

<sup>293</sup> U.S. Department of Justice Press Release No. 18-693: Former Armenian Ambassador and a Russian National Charged in Foreign Bribery and Money Laundering Scheme (May 24, 2018).

<sup>294</sup> U.S. Department of Justice Press Release No. 18-693: Former Armenian Ambassador and a Russian National Charged in Foreign Bribery and Money Laundering Scheme (May 24, 2018).

<sup>295</sup> U.S. Department of Justice Press Release No. 18-693: Former Armenian Ambassador and a Russian National Charged in Foreign Bribery and Money Laundering Scheme (May 24, 2018).

<sup>296</sup> U.S. Department of Justice Press Release No. 18-693: Former Armenian Ambassador and a Russian National Charged in Foreign Bribery and Money Laundering Scheme (May 24, 2018).

Martirossian has appealed the ruling to the Sixth Circuit Court of Appeals.<sup>297</sup> Leshkov has retained counsel but has yet to file a response to the superseding indictment.<sup>298</sup>

**Patricio Contesse González**  
(Sociedad Química y Minera de Chile, S.A.)

On September 25, 2018, Patricio Contesse González, the former CEO of Sociedad Química y Minera de Chile, S.A. (“SQM”), settled with the SEC by administrative order charges alleging violations of the FCPA’s books and records and internal controls provisions. Contesse agreed to pay \$125,000 as part of the settlement.<sup>299</sup> Contesse’s settlement follows on settlements between SQM and the SEC and DOJ in January 2017 for the same core conduct.

According to the SEC order against Contesse, from 2008 to 2015, the former CEO caused SQM to make \$14.75 million in improper payments to Chilean politicians and individuals connected to them.<sup>300</sup> In particular, Contesse utilized SQM’s CEO Account—which provided discretionary funding for travel, publicity, and advisory services for the office of the CEO—to make payments to Politically Exposed Persons (“PEPs”) and misrepresented his use of that account to others within SQM.<sup>301</sup> These payments were made through third-party vendors who presented themselves as legitimate vendors, but in reality were associated with PEPs.<sup>302</sup> Contesse’s actions circumvented internal accounting controls and resulted in SQM generating false books and records relating to CEO Account expenses.<sup>303</sup> The SEC order also alleged that Contesse signed false Form 20-F certifications, failed to disclose the improper payments to SQM’s internal audit department, and signed off on management representation letters to SQM’s auditor that contained misleading information with respect to the improper payments.<sup>304</sup>

According to SQM’s deferred prosecution agreement with the DOJ, Contesse refused to cooperate with the company’s internal investigation into the conduct described above.<sup>305</sup> The DPA also notes that Contesse was fired as part of SQM’s remediation efforts resulting from the investigation.<sup>306</sup>

**Egbert Yvan Ferdinand Koolman and Lawrence W. Parker, Jr.**  
(Servicio di Telecomunicacion di Aruba N.V.)

On April 13, 2018, Egbert Yvan Ferdinand Koolman, an Aruban citizen and former employee of an Aruban state-owned telecommunications company, pleaded guilty to one count of conspiracy to commit

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<sup>297</sup> Opinion and Order, *United States v. Contoguris*, No. 17-CR-233, at 5 (S.D. Ohio Oct. 9, 2018); Notice of Appeal, *United States v. Contoguris*, No. 17-CR-233, at 1 (S.D. Ohio Oct. 23, 2018).

<sup>298</sup> See Docket, *United States v. Contoguris*, No. 17-CR-233 (S.D. Ohio).

<sup>299</sup> U.S. Securities and Exchange Commission Press Release No. 2018-212: SEC Charges Former CEO of Chilean-Based Chemical and Mining Company With FCPA Violations (Sept. 25, 2018).

<sup>300</sup> Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the Matter of Patricio Contesse Gonzalez*, File No. 3-18839, ¶ 1 (Sept. 25, 2018).

<sup>301</sup> Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the Matter of Patricio Contesse Gonzalez*, File No. 3-18839, ¶¶ 7, 10 (Sept. 25, 2018).

<sup>302</sup> Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the Matter of Patricio Contesse Gonzalez*, File No. 3-18839, ¶ 1 (Sept. 25, 2018).

<sup>303</sup> Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the Matter of Patricio Contesse Gonzalez*, File No. 3-18839, ¶¶ 16-17 (Sept. 25, 2018).

<sup>304</sup> Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the Matter of Patricio Contesse Gonzalez*, File No. 3-18839, ¶¶ 4, 18-23 (Sept. 25, 2018).

<sup>305</sup> Deferred Prosecution Agreement, *United States v. Sociedad Química y Minera de Chile, S.A.*, No. 17- CR-013, ¶ 4(c) (D.D.C. Jan. 13, 2017)

<sup>306</sup> Deferred Prosecution Agreement, *United States v. Sociedad Química y Minera de Chile, S.A.*, No. 17- CR-013, ¶ 4(c) (D.D.C. Jan. 13, 2017)

money laundering relating to his receipt of improper payments from phone companies.<sup>307</sup> The payments were made by Lawrence W. Parker, Jr., a U.S. citizen, and others in exchange for Koolman's influence over business awarded by his employer, Servicio di Telecomunicacion di Aruba N.V. ("Setar").<sup>308</sup> As Product Manager for Setar, Koolman was responsible for interacting with vendors and purchasing mobile phones and accessories for the company, and he had influence over the approval and awarding of related contracts.<sup>309</sup> Parker had previously admitted to his role in the scheme on December 28, 2017, pleading guilty to one count of conspiracy to violate the FCPA and to commit wire fraud.<sup>310</sup>

According to admissions made as part of Koolman's and Parker's plea agreements, between November 2005 and March 2015, Parker and his co-conspirators paid Koolman approximately \$705,000 in exchange for business from Setar.<sup>311</sup> Parker was affiliated with five phone companies incorporated in Florida, which were awarded Setar sales contracts worth more than \$23.8 million.<sup>312</sup> In all, Koolman admitted to receiving more than \$1.3 million in corrupt payments between 2005 and July 2016.<sup>313</sup> The corrupt payments were made through different means, including wire transfers from banks located in the United States, in-person cash payments made in Miami and in Aruba, and cash withdrawals in Aruba from a US-based bank account.<sup>314</sup> Koolman also admitted that on occasion he provided Parker and other favored vendors with Setar's confidential business information.<sup>315</sup>

On April 30, 2018, the court sentenced Parker to approximately three years (35 months) in prison and further ordered him to pay restitution of \$701,750.<sup>316</sup> On June 27, 2018, the court sentenced Koolman to three years in prison. The court further ordered Koolman to pay \$1,308,500 in restitution.<sup>317</sup>

**Carlos Alberto Zelaya Rojas**  
(Honduran Institute of Social Security)

On April 27, 2018 Carlos Alberto Zelaya Rojas ("Zelaya" or "Carlos Zelaya") was indicted in the Eastern District of Louisiana on 12 counts of money laundering, impairing the court's jurisdiction over property subject to forfeiture, impeding an official proceeding, and perjury.<sup>318</sup> The charges related to Zelaya's role in a bribery and money laundering scheme involving public funds misappropriated from the Honduran government and bribes paid to Zelaya's brother, a Honduran official.<sup>319</sup> On June 27, 2018, Zelaya pleaded guilty to a single count of conspiracy to commit money laundering.<sup>320</sup> He was sentenced on October 3, 2018 to 46 months' imprisonment and, in accordance with the plea agreement, agreed to forfeit all real estate holdings acquired in connection with the scheme.<sup>321</sup>

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<sup>307</sup> U.S. Department of Justice Press Release No. 18-477: Aruban Telecommunications Purchasing Official Pleads Guilty to Money Laundering Conspiracy Involving Violations of the Foreign Corrupt Practices Act (Apr. 13, 2018).

<sup>308</sup> U.S. Department of Justice Press Release No. 18-477: Aruban Telecommunications Purchasing Official Pleads Guilty to Money Laundering Conspiracy Involving Violations of the Foreign Corrupt Practices Act (Apr. 13, 2018).

<sup>309</sup> Factual Proffer, *United States v. Koolman*, No. 18-CR-20276-FAM (S.D. Fla. Apr. 13, 2018).

<sup>310</sup> U.S. Department of Justice Press Release No. 18-477: Aruban Telecommunications Purchasing Official Pleads Guilty to Money Laundering Conspiracy Involving Violations of the Foreign Corrupt Practices Act (Apr. 13, 2018).

<sup>311</sup> Factual Proffer, *United States v. Parker*, No. 17-CR-20914-CMA, at 2 (S.D. Fla. Dec. 28, 2017).

<sup>312</sup> Factual Proffer, *United States v. Parker*, No. 17-CR-20914-CMA, at 1-3 (S.D. Fla. Dec. 28, 2017).

<sup>313</sup> Factual Proffer, *United States v. Koolman*, No. 18-CR-20276-FAM, at 2 (S.D. Fla. Apr. 13, 2018).

<sup>314</sup> U.S. Department of Justice Press Release No. 18-477: Aruban Telecommunications Purchasing Official Pleads Guilty to Money Laundering Conspiracy Involving Violations of the Foreign Corrupt Practices Act (Apr. 13, 2018).

<sup>315</sup> U.S. Department of Justice Press Release No. 18-77: Aruban Telecommunications Purchasing Official Pleads Guilty to Money Laundering Conspiracy Involving Violations of the Foreign Corrupt Practices Act (Apr. 13, 2018).

<sup>316</sup> Judgment, *United States v. Parker*, No. 17-CR-20914-CMA, at 2, 5 (S.D. Fla. Apr. 30, 2018).

<sup>317</sup> Judgment, *United States v. Koolman*, No. 18-CR-20276-FAM, at 2, 6 (S.D. Fla. June 29, 2018).

<sup>318</sup> U.S. Department of Justice Press Release No. 18-558: Honduran Man Indicted for Conspiring to Launder Over \$1 Million in Bribes and Funds Misappropriated from the Honduran Social Security Agency (May 1, 2018).

<sup>319</sup> U.S. Department of Justice Press Release No. 18-558: Honduran Man Indicted for Conspiring to Launder Over \$1 Million in Bribes and Funds Misappropriated from the Honduran Social Security Agency (May 1, 2018).

<sup>320</sup> U.S. Department of Justice Press Release No. 18-864: Honduran Man Pleads Guilty to Conspiring to Launder over \$1 Million in Bribes and Funds Misappropriated from the Honduran Social Security Agency (June 28, 2018).

<sup>321</sup> U.S. Department of Justice Press Release No. 18-1288: Honduran Man Sentenced to More Than Three Years in Prison for Conspiring to Launder Over \$1 Million in Bribes and Funds Misappropriated from the Honduran Social Security Agency (Oct. 3, 2018).

According to admissions made as part of the plea agreement, Carlos Zelaya conspired with his brother, Mario Roberto Zelaya Rojas (“Mario Zelaya”), the former Executive Director of the Honduran Institute of Social Security (“HISS”) to launder \$1,364,000 in bribe payments made to Mario Zelaya by two Honduran businessmen.<sup>322</sup> Carlos Zelaya also used his brother’s high-ranking official position to obtain lucrative service and supply contracts from HISS.<sup>323</sup> Carlos and Mario Zelaya transferred funds from the contracts as well as bribe payments into the New Orleans area via international wire transfers and then used the monies to purchase local real estate.<sup>324</sup> The properties were held under the names of companies that Zelaya owned with his brother.<sup>325</sup>

**Arturo Escobar Dominguez, Jose Larrea, Frank Robert Chatburn Ripalda, Juan Andres Baquerizo Escobar, and Marcelo Reyes Lopez**  
(Empresa Publica de Hidrocarburos de Ecuador)

In 2018, the DOJ charged four individuals and resolved its case against a fifth individual in connection with the government’s ongoing investigation into bribery at Ecuadorian state-owned oil company, Empresa Publica de Hidrocarburos de Ecuador (“PetroEcuador”).<sup>326</sup> According to the DOJ, from 2012 to 2015, the defendants engaged in a scheme to pay approximately \$3.3 million in bribes to PetroEcuador officials in order to secure business worth approximately \$27.8 million for GalileoEnergy SA, an Ecuadorian company that services the oil and gas industry.<sup>327</sup> The Brazilian holding company Odebrecht S.A. was also involved in the payment of bribes.<sup>328</sup> Four of the individuals have entered guilty pleas. The fifth has pleaded not guilty and is expected to go to trial in February 2019.

According to the charging documents, the individuals concealed bribes to PetroEcuador officials by using intermediaries and setting up shell companies in the Bahamas and Panama.<sup>329</sup> Bribes were allegedly paid by transferring money from the bank accounts of shell companies to bank accounts controlled by PetroEcuador officials.<sup>330</sup>

- Arturo Escobar Dominguez, PetroEcuador’s business management coordinator, was charged with a single count of conspiracy to commit money laundering on February 20, 2018, arising from his participation in the PetroEcuador scheme.<sup>331</sup> On March 28, 2018, Escobar entered a guilty plea and was sentenced to four years in prison.<sup>332</sup>
- Jose Larrea, a U.S.-based financial advisor who assisted with the bribery scheme, was charged with a single count of conspiracy to commit money laundering on April 19, 2018.<sup>333</sup> Larrea was accused of laundering \$1 million in bribes by wiring the funds from his own U.S.-based bank

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<sup>322</sup> U.S. Department of Justice Press Release No. 18-1288: Honduran Man Sentenced to More Than Three Years in Prison for Conspiring to Launder Over \$1 Million in Bribes and Funds Misappropriated from the Honduran Social Security Agency (Oct. 3, 2018).

<sup>323</sup> Factual Basis, *United States v. Rojas*, No. 18-CR-00086-MLCF-JVM, at 13-15 (E.D. La. June 27, 2018).

<sup>324</sup> U.S. Department of Justice Press Release No. 18-1288: Honduran Man Sentenced to More Than Three Years in Prison for Conspiring to Launder Over \$1 Million in Bribes and Funds Misappropriated from the Honduran Social Security Agency (Oct. 3, 2018).

<sup>325</sup> Factual Basis, *United States v. Rojas*, No. 18-CR-00086-MLCF-JVM (E.D. La. June 27, 2018).

<sup>326</sup> One additional individual, Ramiro Andres Luque Flores, pleaded guilty to conspiracy to defraud the United States in October 2017, though his plea was kept under seal until earlier this year. Kelly Swanson & Adam Dobrik, *PetroEcuador Bribery case Widens*, GLOBAL INVESTIGATIONS REVIEW (July 20, 2018), <https://globalinvestigationsreview.com/article/jac/1172167/petroecuador-bribery-case-widens>.

<sup>327</sup> Superseding Indictment, *United States v. Chatburn Ripalda*, No. 18-20312, at 7 (S.D. Fla. Dec. 13, 2018).

<sup>328</sup> Superseding Indictment, *United States v. Chatburn Ripalda*, No. 18-20312, at 2-3, 10 (S.D. Fla. Dec. 13, 2018).

<sup>329</sup> Superseding Indictment, *United States v. Chatburn Ripalda*, No. 18-20312, at 2-3, 11-14 (S.D. Fla. Dec. 13, 2018).

<sup>330</sup> Superseding Indictment, *United States v. Chatburn Ripalda*, No. 18-20312, at 2-3, 11-14 (S.D. Fla. Dec. 13, 2018).

<sup>331</sup> Information, *United States v. Dominguez*, No. 18-20108, at 1 (S.D. Fla. Feb. 20, 2018).

<sup>332</sup> Plea Agreement, *United States v. Dominguez*, No. 18-20108 (S.D. Fla. Mar. 28, 2018); Judgment, *United States v. Dominguez*, No. 18-20108, at 2 (S.D. Fla. June 6, 2018).

<sup>333</sup> Indictment, *United States v. Chatburn Ripalda*, No. 18-20312 (S.D. Fla. Apr. 19, 2018); U.S. Department of Justice Press Release No. 18-1173: Financial Advisor Pleads Guilty to Money Laundering Charge in Connection with Bribery Scheme Involving Ecuadorian Officials (Sept. 11, 2018).



account to several other U.S.-based bank accounts.<sup>334</sup> During his plea hearing, Larrea also admitted to falsifying and back-dating documents on behalf of a PetroEcuador contractor.<sup>335</sup> On September 11, 2018, Larrea pleaded guilty.<sup>336</sup> On November 28, 2018, Larrea was sentenced to 27 months in prison.<sup>337</sup>

- Frank Robert Chatburn Ripalda, an employee of GalileoEnergy SA, was charged in April and then charged in a superseding indictment on December 13, with nine counts: one count of conspiracy to violate the FCPA, two counts of conspiracy to commit money laundering, two counts of violating the FCPA, and four counts of money laundering.<sup>338</sup> The DOJ papers allege that Chatburn facilitated the payment of bribes totaling \$3.3 million to PetroEcuador officials.<sup>339</sup> Chatburn has pleaded not guilty and his trial is expected to begin in February 2019.<sup>340</sup>
- Juan Andres Baquerizo Escobar, a contractor, was charged on July 11, 2018 with one count of conspiracy to commit money laundering.<sup>341</sup> On September 12, 2018, Baquerizo pleaded guilty to conspiracy to commit money laundering.<sup>342</sup> He is scheduled to be sentenced on January 18, 2019.<sup>343</sup>
- Marcelo Reyes Lopez, an in-house attorney at PetroEcuador, was charged in October 2017 with a single count of conspiracy to commit money laundering for accepting bribes in exchange for contract awards.<sup>344</sup> In April 2018, Reyes pleaded guilty and in July he was sentenced to approximately four and a half years (53 months) in prison.<sup>345</sup>

### Donville Inniss

(Insurance Corporation of Barbados Limited)

On March 15, 2018, Donville Inniss was indicted in the Eastern District of New York on one count of conspiracy to commit money laundering and two counts of money laundering.<sup>346</sup> The charges related to allegations that Inniss, a Barbadian official, had received bribes from the Insurance Corporation of Barbados Limited (“ICBL”) and sought to launder the criminal gains.<sup>347</sup> During the relevant period, Inniss was a member of the Barbadian Parliament and the Minister of Industry.<sup>348</sup> On August 23, 2018, the DOJ

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<sup>334</sup> U.S. Department of Justice Press Release No. 18-1173: Financial Advisor Pleads Guilty to Money Laundering Charge in Connection with Bribery Scheme Involving Ecuadorian Officials (Sept. 11, 2018).

<sup>335</sup> U.S. Department of Justice Press Release No. 18-1173: Financial Advisor Pleads Guilty to Money Laundering Charge in Connection with Bribery Scheme Involving Ecuadorian Officials (Sept. 11, 2018).

<sup>336</sup> U.S. Department of Justice Press Release No. 18-1173: Financial Advisor Pleads Guilty to Money Laundering Charge in Connection with Bribery Scheme Involving Ecuadorian Officials (Sept. 11, 2018).

<sup>337</sup> Judgment, *United States v. Chatburn Ripalda*, No. 18-20312 (S.D. Fla. Nov. 27, 2018).

<sup>338</sup> Superseding Indictment, *United States v. Chatburn Ripalda*, No. 18-20312, at 4-14 (S.D. Fla. Dec. 13, 2018).

<sup>339</sup> Indictment, *United States v. Frank Roberto Chatburn Ripalda and Jose Larrea*, No. 18-20312 (S.D. Fla. Apr. 19, 2018).

<sup>340</sup> Order Continuing Jury Trial and Calendar Call, *United States v. Chatburn Ripalda*, No. 18-20312 (S.D. Fla. Sept. 18, 2018).

<sup>341</sup> Information, *United States v. Baquerizo Escobar*, No. 18-CR-20596-DPG (S.D. Fla. July 11, 2018).

<sup>342</sup> Plea Agreement, *United States v. Baquerizo Escobar*, No. 18-CR-20596-DPG, at 15 (S.D. Fla. Sept. 12, 2018).

<sup>343</sup> Sentencing Memorandum, *United States v. Baquerizo Escobar*, No. 18-CR-20596-DPG, at 1 (S.D. Fla. Dec. 4, 2018).

<sup>344</sup> Indictment, *United States v. Lopez*, No. 17-CR-20747, at 1-2 (S.D. Fla. Oct. 24, 2017); Clara Hudson and Adam Dobrik, *Ex-PetroEcuador lawyer sentenced to over four years for laundering bribes*, GLOBAL INVESTIGATIONS REVIEW (July 23, 2018), <https://globalinvestigationsreview.com/article/jac/1172201/ex-petroecuador-lawyer-sentenced-to-over-four-years-for-laundering-bribes>.

<sup>345</sup> Clara Hudson & Adam Dobrik, *Ex-PetroEcuador Lawyer Sentenced to over four years for Laundering Bribes*, GLOBAL INVESTIGATIONS REVIEW (July 23, 2018), <https://globalinvestigationsreview.com/article/jac/1172201/ex-petroecuador-lawyer-sentenced-to-over-four-years-for-laundering-bribes>.

<sup>346</sup> U.S. Department of Justice Press Release No. 18-1021; Former Member of Barbados Parliament and Minister of Industry Charged with Laundering Bribes from Barbadian Insurance Company (Aug. 6, 2018).

<sup>347</sup> U.S. Department of Justice Press Release No. 18-1021: Former Member of Barbados Parliament and Minister of Industry Charged with Laundering Bribes from Barbadian Insurance Company (Aug. 6, 2018).

<sup>348</sup> U.S. Department of Justice Press Release No. 18-1021; Former Member of Barbados Parliament and Minister of Industry Charged with Laundering Bribes from Barbadian Insurance Company (Aug. 6, 2018).



filed a superseding indictment against Inniss, adding as defendants the former CEO and a former SVP of ICBL.<sup>349</sup> The names of these two individuals remain under seal.<sup>350</sup>

According to the superseding indictment, from August 2015 through April 2016, ICBL paid approximately \$36,000 to Inniss in exchange for being awarded at least two insurance contracts by the Barbados Investment and Development Corporation, a government agency.<sup>351</sup> The contracts were worth over \$330,734.<sup>352</sup> The former CEO and SVP of ICBL allegedly participated in the scheme by agreeing to pay the bribes to Inniss, causing the bribes to be paid, and concealing the payments on the company's books and records by using fabricated invoices.<sup>353</sup> To conceal his receipt of the bribes, Inniss, who was a US legal permanent resident, arranged for payments to pass through the US bank account of a US-based dental company owned by an unnamed co-conspirator.<sup>354</sup> The payments were then transferred from the company's account to a US bank account in Inniss's name.<sup>355</sup>

ICBL voluntarily disclosed the misconduct to the DOJ and cooperated fully in the government's investigation.<sup>356</sup> As noted below at page 60, ICBL received a declination from the DOJ on August 23, 2018, the same date the DOJ filed the superseding indictment against Inniss.<sup>357</sup>

Inniss has pleaded not guilty and is scheduled to stand trial in June 2019.<sup>358</sup>

**Julia Vivi Wang**  
(South-South News)

On April 4, 2018, Julia Vivi Wang pleaded guilty to criminal charges relating to anti-bribery violations of the FCPA, including: one count of conspiracy to violate the FCPA, one count of substantive violations of the FCPA anti-bribery provision, and one of count of submitting fraudulent tax returns.<sup>359</sup> Wang is the former executive of South-South News, a UN-partnered news outlet specializing in global development, and a former associate of Ng Lap Seng, a Macau billionaire who founded South-South News and was convicted in 2017 of FCPA offenses relating to bribes paid to UN officials Francis Lorenzo and John Ashe.<sup>360</sup>

In her plea, Wang admitted to wiring \$500,000 to former Antiguan U.N. diplomat and former president of the U.N. General Assembly, John Ashe, to purchase diplomatic positions with the Antiguan government for her and her late husband.<sup>361</sup> To conceal the nature of the improper payment, Wang transferred the funds through the bank accounts of a non-governmental organization purportedly established to fund economic development in developing UN member states.<sup>362</sup> Both South-South News and the NGO were

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<sup>349</sup> Superseding Indictment, *United States v. Inniss*, No. 18-134 (S-1) (KAM), ¶¶ 3-4 (E.D.N.Y. Aug. 23, 2018).

<sup>350</sup> Superseding Indictment, *United States v. Inniss*, No. 18-134 (S-1) (KAM), ¶¶ 3-4 (E.D.N.Y. Aug. 23, 2018).

<sup>351</sup> Superseding Indictment, *United States v. Inniss*, No. 18-134 (S-1) (KAM), ¶ 10 (E.D.N.Y. Aug. 23, 2018).

<sup>352</sup> Superseding Indictment, *United States v. Inniss*, No. 18-134 (S-1) (KAM), ¶ 12 (E.D.N.Y. Aug. 23, 2018).

<sup>353</sup> Superseding Indictment, *United States v. Inniss*, No. 18-134 (S-1) (KAM), ¶¶ 10-18 (E.D.N.Y. Aug. 23, 2018).

<sup>354</sup> Superseding Indictment, *United States v. Inniss*, No. 18-134 (S-1) (KAM), ¶¶ 7, 15, 18 (E.D.N.Y. Aug. 23, 2018).

<sup>355</sup> Superseding Indictment, *United States v. Inniss*, No. 18-134 (S-1) (KAM), ¶¶ 15, 18 (E.D.N.Y. Aug. 23, 2018).

<sup>356</sup> Letter from Richard P. Donoghue, U.S. Att'y, U.S. Department of Justice, to Adam B. Siegel, Freshfields Bruckhaus Deringer US LLP, at 2 (Aug. 23, 2018).

<sup>357</sup> Letter from Richard P. Donoghue, U.S. Att'y, U.S. Department of Justice, to Adam B. Siegel, Freshfields Bruckhaus Deringer US LLP, at 1 (Aug. 23, 2018).

<sup>358</sup> Minute Entry, *United States v. Inniss*, No. 18-134 (S-1) (KAM) (E.D.N.Y. Oct. 23, 2018).

<sup>359</sup> Pete Brush, *Woman Who Helped Bribe Top Diplomat Cops To FCPA Counts*, LAW 360 (Apr. 4, 2018), <https://www.law360.com/articles/1029757/woman-who-helped-bribe-top-diplomat-cops-to-fcpa-counts>.

<sup>360</sup> Pete Brush, *Woman Who Helped Bribe Top Diplomat Cops To FCPA Counts*, LAW 360, Apr. 4, 2018, <https://www.law360.com/articles/1029757/woman-who-helped-bribe-top-diplomat-cops-to-fcpa-counts>; Sewell Chan, *Macau Tycoon Gets 4 Years in Prison for Bribing U.N. Diplomats*, N.Y. TIMES (May 11, 2018), <https://www.nytimes.com/2018/05/11/world/asia/macau-ng-un-bribery.html>.

<sup>361</sup> Richard L. Cassin, *Women pleads guilty in UN bribery case*, THE FCPA BLOG (Apr. 5, 2018 7:08 AM), <http://www.fcpablog.com/blog/2018/4/5/woman-pleads-guilty-in-un-bribery-case.html>.

<sup>362</sup> Jonathan Stempel, *Chinese-Born Executive Pleads Guilty in U.N. Bribery Case*, REUTERS, Apr. 4, 2018, <https://www.reuters.com/article/us-un-corruption-plea/chinese-born-executive-pleads-guilty-in-u-n-bribery-case-idUSKCN1HB2QE>.

led at the time by Lorenzo, a former deputy UN ambassador from the Dominican Republic.<sup>363</sup> Both Lorenzo and Ashe were charged in connection with receiving bribes from Wang, Ng, and others.<sup>364</sup> Ashe died prior to trial in 2016, and Lorenzo pleaded guilty to charges of conspiracy, bribery, money laundering, and tax offenses.<sup>365</sup>

Wang also admitted in her plea to failing to report to the IRS approximately \$2 million in income from 2010 through 2013.<sup>366</sup>

Wang is scheduled to be sentenced on March 6, 2019.<sup>367</sup>

**Low Taek Jho, Ng Chong Hwa, and Timothy Leissner**  
(1Malaysia Development Berhad, Goldman Sachs)

On November 1, 2018, the DOJ unsealed a criminal indictment charging Low Taek Jho (also known as “Jho Low”) and Ng Chong Hwa (also known as “Roger Ng”) with three counts of conspiracy to violate the FCPA’s internal accounting provisions and conspiracy to commit money laundering.<sup>368</sup> The charges were brought in connection with an alleged scheme between Low, an international financier, Ng, a managing director at an investment bank, and others to launder billions of dollars embezzled from Malaysia investment development fund 1Malaysia Development Berhad (“1MDB”) and to bribe officials in Malaysia and Abu Dhabi.<sup>369</sup> Ng was charged an additional count of conspiring to violate the FCPA by circumventing the internal accounting controls of his employer.<sup>370</sup>

The DOJ simultaneously unsealed the guilty plea of Tim Leissner, a managing director and the former Southeast Asian chairman of the same investment bank, who was first charged under seal on June 7, 2018.<sup>371</sup> Leissner pleaded guilty to one count of conspiracy to commit money laundering and one count of conspiracy to violate the anti-bribery and internal controls provisions of the FCPA, including by misleading the compliance department of his employer regarding the true nature of the transactions and participants, and also agreed to forfeit \$43.7 million in criminal proceeds.<sup>372</sup>

According to the indictment, Low, Ng, Leissner, and others conspired to bribe government officials in Malaysia and Abu Dhabi in order to obtain business from 1MDB, including the underwriting of three 1MDB bond offerings.<sup>373</sup> Low, who had close relationships with government officials in Malaysia and Abu Dhabi, allegedly acted as an intermediary among the bankers and these foreign officials.<sup>374</sup> With the knowledge of his co-conspirators, Low allegedly promised and paid bribes and kickbacks to Malaysian officials to secure the 1MDB business for the investment bank, and also promised and paid bribes to Abu

<sup>363</sup> Jonathan Stempel, *Chinese-Born Executive Pleads Guilty in U.N. Bribery Case*, REUTERS (Apr. 4, 2018), <https://www.reuters.com/article/us-un-corruption-plea/chinese-born-executive-pleads-guilty-in-u-n-bribery-case-idUSKCN1HB2QE>.

<sup>364</sup> Jonathan Stempel, *Chinese-Born Executive Pleads Guilty in U.N. Bribery Case* REUTERS (Apr. 4, 2018), <https://www.reuters.com/article/us-un-corruption-plea/chinese-born-executive-pleads-guilty-in-u-n-bribery-case-idUSKCN1HB2QE>.

<sup>365</sup> Richard L. Cassin, *Woman Pleads Guilty in UN Bribery Case*, THE FCPA BLOG (Apr. 5, 2018 7:08 AM), <http://www.fcpablog.com/blog/2018/4/5/woman-pleads-guilty-in-un-bribery-case.html>.

<sup>366</sup> Richard L. Cassin, *Woman Pleads Guilty in UN Bribery Case*, THE FCPA BLOG (Apr. 5, 2018 7:08 AM), <http://www.fcpablog.com/blog/2018/4/5/woman-pleads-guilty-in-un-bribery-case.html>.

<sup>367</sup> Memorandum Endorsement, *United States v. Wang*, No. 16-CR-495-GBD (S.D.N.Y. Dec. 4, 2018).

<sup>368</sup> U.S. Department of Justice Press Release No. 18-1429, Malaysian Financier Low Taek Jho, Also Known As “Jho Low,” and Former Banker Ng Chong Hwa, Also Known As “Roger Ng,” Indicted for Conspiring to Launder Billions of Dollars in Illegal Proceeds and to Pay Hundreds of Millions of Dollars in Bribes (Nov. 1, 2018).

<sup>369</sup> U.S. Department of Justice Press Release No. 18-1429, Malaysian Financier Low Taek Jho, Also Known As “Jho Low,” and Former Banker Ng Chong Hwa, Also Known As “Roger Ng,” Indicted for Conspiring to Launder Billions of Dollars in Illegal Proceeds and to Pay Hundreds of Millions of Dollars in Bribes (Nov. 1, 2018).

<sup>370</sup> Nicole Hong, Liz Hoffman, and Bradley Hope, *Justice Department Charges Ex-Goldman Bankers in Malaysia 1MDB Scandal*, WALL ST. J., Nov. 1, 2018, <https://www.wsj.com/articles/justice-department-to-charge-former-goldman-bankers-in-malaysia-1mdb-scandal-1541077318>.

<sup>371</sup> Sealed Complaint, *United States v. Leissner*, No. 18-439 (MKB) (E.D.N.Y. June 7, 2018).

<sup>372</sup> Information, *United States v. Leissner*, No. 18-439, ¶¶ 18-20 (MKB) (E.D.N.Y. Oct. 28, 2018).

<sup>373</sup> U.S. Department of Justice Press Release No. 18-1429, Malaysian Financier Low Taek Jho, Also Known As “Jho Low,” and Former Banker Ng Chong Hwa, Also Known As “Roger Ng,” Indicted for Conspiring to Launder Billions of Dollars in Illegal Proceeds and to Pay Hundreds of Millions of Dollars in Bribes (Nov. 1, 2018).

<sup>374</sup> Indictment, *United States v. Low*, No. 18-538, ¶¶ 1, 16 (E.D.N.Y. Oct.3, 2018).

Dhabi officials to obtain the necessary guarantees for certain of the bonds.<sup>375</sup> According to the indictment, after the bonds were issued, the co-conspirators diverted a portion of the proceeds to their own accounts through offshore shell companies.<sup>376</sup> The co-conspirators and their family members allegedly retained some of these monies and used the rest to pay the promised bribes and kickbacks.<sup>377</sup> The coconspirators allegedly laundered their ill-gotten gains through the U.S. financial system by, among other things, purchasing art and luxury real estate in New York and by setting up a movie production company.<sup>378</sup>

Ng was arrested in Malaysia on November 1, 2018 and has not entered a plea.<sup>379</sup> Jho has not been arrested.<sup>380</sup>

**Chi Ping Patrick Ho**  
(Former Hong Kong Home Affairs Secretary, CEFC China Energy)

On December 5, 2018, former Hong Kong Home Affairs Secretary and NGO director Chi Ping Patrick Ho was convicted of seven counts of FCPA-related and money laundering violations for his role in bribing government officials in two African nations.<sup>381</sup> A jury in the Southern District of New York found Ho guilty of one count of conspiring to violate the FCPA, four counts of violating the FCPA, one count of conspiring to commit international money laundering, and one count of committing international money laundering.<sup>382</sup> Ho was acquitted on one money-laundering count.<sup>383</sup>

Based on evidence presented at trial, Ho, along with co-conspirator Cheikh Gadio, offered to pay \$2 million to the president of Chad in 2014 and paid \$500,000 to the Ugandan Minister of Foreign Affairs in 2016 for the benefit of Chinese oil and gas conglomerate CEFC China Energy (“CEFC”).<sup>384</sup> At trial, the DOJ presented evidence that Ho funneled bribes through an American-based NGO he managed that was financed in part by CEFC.<sup>385</sup> In one scheme, Ho offered a cash bribe, concealed within gift boxes, to the President of Chad in order to obtain oil rights from the Chadian government.<sup>386</sup> In the second scheme, Ho

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<sup>375</sup> Indictment, *United States v. Low*, No. 18-538, ¶¶ 11, 33, 42 (E.D.N.Y. Oct.3, 2018).

<sup>376</sup> Indictment, *United States v. Low*, No. 18-538, ¶¶ 15, 34-41,44-50, 52-54 (E.D.N.Y. Oct.3, 2018).

<sup>377</sup> Indictment, *United States v. Low*, No. 18-538, ¶¶ 15, 34-41,44-50, 52-54 (E.D.N.Y. Oct.3, 2018).

<sup>378</sup> U.S. Department of Justice Press Release No. 18-1429, Malaysian Financier Low Taek Jho, Also Known As “Jho Low,” and Former Banker Ng Chong Hwa, Also Known As “Roger Ng,” Indicted for Conspiring to Launder Billions of Dollars in Illegal Proceeds and to Pay Hundreds of Millions of Dollars in Bribes (Nov. 1, 2018).

<sup>379</sup> U.S. Department of Justice Press Release No. 18-1429, Malaysian Financier Low Taek Jho, Also Known As “Jho Low,” and Former Banker Ng Chong Hwa, Also Known As “Roger Ng,” Indicted for Conspiring to Launder Billions of Dollars in Illegal Proceeds and to Pay Hundreds Millions of Dollars in Bribes (Nov. 1, 2018).

<sup>380</sup> U.S. Department of Justice Press Release No. 18-1429, Malaysian Financier Low Taek Jho, Also Known As “Jho Low,” and Former Banker Ng Chong Hwa, Also Known As “Roger Ng,” Indicted for Conspiring to Launder Billions of Dollars in Illegal Proceeds and to Pay Hundreds Millions of Dollars in Bribes (Nov. 1, 2018).

<sup>381</sup> Patrick Ho, Former Head Of Organization Backed By Chinese Energy Conglomerate, Convicted Of International Bribery, Money Laundering Offenses, Department of Justice Release No. 18-425 (Dec. 5, 2018); Richard L. Cassin, *Jury Convicts ex-Hong Kong official of FCPA Offenses, Money Laundering*, FCPA BLOG (Dec. 5, 2018 2:38 PM), <http://www.fcpablog.com/blog/2018/12/5/jury-convicts-ex-hong-kong-official-of-fcpa-offenses-money-l.html>; Kelly Swanson, *DOJ nets FCPA Conviction After Jury Debates Jurisdiction*, GLOBAL INVESTIGATIONS REVIEW (Dec. 5, 2018), <https://globalinvestigationsreview.com/article/jac/1177614/doj-nets-fcpa-conviction-after-jury-debates-jurisdiction>.

<sup>382</sup> Kelly Swanson, *DOJ nets FCPA Conviction After Jury Debates Jurisdiction*, GLOBAL INVESTIGATIONS REVIEW (Dec. 5, 2018), <https://globalinvestigationsreview.com/article/jac/1177614/doj-nets-fcpa-conviction-after-jury-debates-jurisdiction>.

<sup>383</sup> Kelly Swanson, *DOJ nets FCPA Conviction After Jury Debates Jurisdiction*, GLOBAL INVESTIGATIONS REVIEW (Dec. 5, 2018), <https://globalinvestigationsreview.com/article/jac/1177614/doj-nets-fcpa-conviction-after-jury-debates-jurisdiction>.

<sup>384</sup> Patrick Ho, Former Head Of Organization Backed By Chinese Energy Conglomerate, Convicted Of International Bribery, Money Laundering Offenses, Department of Justice Release No. 18-426 (Dec. 5, 2018).

<sup>385</sup> Patrick Ho, Former Head Of Organization Backed By Chinese Energy Conglomerate, Convicted Of International Bribery, Money Laundering Offenses, Department of Justice Release No. 18-426 (Dec. 5, 2018).

<sup>386</sup> Patrick Ho, Former Head Of Organization Backed By Chinese Energy Conglomerate, Convicted Of International Bribery, Money Laundering Offenses, Department of Justice Release No. 18-426 (Dec. 5, 2018).

conspired to funnel a bribe to the Ugandan minister to steer potential business advantages to CEFC.<sup>387</sup> Gadio testified against Ho at trial pursuant to a non-prosecution agreement with the DOJ.<sup>388</sup>

Ho had been in federal custody since November 2017, when Judge Loretta Preska denied his offer to post \$10 million bail, deeming him a high flight risk.<sup>389</sup> He faces up to five years in prison for each FCPA-related count and twenty years in prison for each money-laundering count.<sup>390</sup> He is scheduled to be sentenced on March 14, 2019.<sup>391</sup>

Ho has not yet announced whether he will appeal the conviction.<sup>392</sup>

### **Paul Margis and Takeshi “Tyrone” Uonaga (Panasonic)**

On December 18, 2018, Paul Margis and Takeshi “Tyrone” Uonaga settled with the SEC by administrative order charges alleging that they had knowingly violated the FCPA’s books and records and internal controls provisions.<sup>393</sup> At the time of the alleged violations, Margis was the CEO and president of Panasonic Avionics Corporation (“PAC”), a wholly-owned subsidiary of Panasonic Corporation (“Panasonic”), and Uonaga was PAC’s CFO. Both men also simultaneously held positions at Panasonic.<sup>394</sup> As part of Margis’s and Uonaga’s settlements, Margis was ordered to pay a \$75,000 fine and Uonaga a \$50,000 fine.<sup>395</sup> Uonaga was also barred from practicing before the SEC as an accountant for five years, after which he would be permitted to apply for reinstatement.<sup>396</sup>

According to the SEC, Margis authorized PAC to retain a government official as a consultant and paid him \$200,000 a year for a post-retirement consulting position.<sup>397</sup> PAC offered the position to the government official while the official was employed at a state-owned airline and while that state-owned airline was negotiating two contracts with PAC.<sup>398</sup> Margis also falsely represented to PAC’s internal auditors that PAC’s financial controls and books and records were not deficient, despite knowing that the consulting payments were not accurately reflected in PAC’s books and records.<sup>399</sup>

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<sup>387</sup> Patrick Ho, Former Head Of Organization Backed By Chinese Energy Conglomerate, Convicted Of International Bribery, Money Laundering Offenses, Department of Justice Release No. 18-426 (Dec. 5, 2018).

<sup>388</sup> Matthew Goldstein, U.S. Drops Charges Against Ex-Senegal Official in Chinese Energy Bribery Case, N. Y. TIMES, Sept. 15, 2018, <https://www.nytimes.com/2018/09/15/business/cheikh-gadio-china-bribery-case.html>.

<sup>389</sup> Richard L. Cassin, *Jury Convicts ex-Hong Kong Official of FCPA Offenses, Money Laundering*, FCPA BLOG, (Dec. 5, 2018 2:38 PM), <http://www.fcpablog.com/blog/2018/12/5/jury-convicts-ex-hong-kong-official-of-fcpa-offenses-money-l.html>.

<sup>390</sup> Richard L. Cassin, *Jury Convicts ex-Hong Kong Official of FCPA Offenses, Money Laundering*, FCPA BLOG, (Dec. 5, 2018 2:38 PM), <http://www.fcpablog.com/blog/2018/12/5/jury-convicts-ex-hong-kong-official-of-fcpa-offenses-money-l.html>.

<sup>391</sup> Kelly Swanson, *DOJ nets FCPA Conviction After Jury Debates Jurisdiction*, GLOBAL INVESTIGATIONS REVIEW, (Dec. 5, 2018), <https://globalinvestigationsreview.com/article/jac/1177614/doj-nets-fcpa-conviction-after-jury-debates-jurisdiction>.

<sup>392</sup> Kelly Swanson, *DOJ nets FCPA Conviction After Jury Debates Jurisdiction*, GLOBAL INVESTIGATIONS REVIEW, (Dec. 5, 2018), <https://globalinvestigationsreview.com/article/jac/1177614/doj-nets-fcpa-conviction-after-jury-debates-jurisdiction>.

<sup>393</sup> U.S. Securities and Exchange Commission Press Release No. 2018-290: SEC Charges Former Panasonic Executives (Dec. 18, 2018).

<sup>394</sup> U.S. Securities and Exchange Commission Press Release No. 2018-290: SEC Charges Former Panasonic Executives (Dec. 18, 2018); Order Instituting Public Administrative and Cease-and-Desist Proceedings Pursuant to Sections 4C and 21C of the Securities Exchange Act of 1934 and Rule 102(e) of the Commission’s Rules of Practice, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order, *In the Matter of Takeshi “Tyrone” Uonaga*, File No. 3-18939, ¶ 3 (Dec. 18, 2018); Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the Matter of Paul A. Margis*, File No. 3-18938, ¶ 2 (Dec. 18, 2018).

<sup>395</sup> U.S. Securities and Exchange Commission Press Release No. 2018-290: SEC Charges Former Panasonic Executives (Dec. 18, 2018).

<sup>396</sup> U.S. Securities and Exchange Commission Press Release No. 2018-290: SEC Charges Former Panasonic Executives (Dec. 18, 2018).

<sup>397</sup> Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the Matter of Paul A. Margis*, File No. 3-18938, ¶ 1 (Dec. 18, 2018).

<sup>398</sup> Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the Matter of Paul A. Margis*, File No. 3-18938, ¶ 1 (Dec. 18, 2018).

<sup>399</sup> Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the Matter of Paul A. Margis*, File No. 3-18938, ¶¶ 1, 32-34 (Dec. 18, 2018).

The SEC's allegations against Uonaga are unrelated to corrupt conduct. Instead, according to the SEC, Uonaga allegedly falsely certified to PAC's auditors that PAC's books and records and internal controls were not deficient and PAC's financial statements were prepared in accordance with GAAP, despite knowing that PAC had prematurely recognized revenue in the absence of a signed contract and later backdated the contract.<sup>400</sup> The SEC made similar findings in its resolution with Panasonic.<sup>401</sup>

### **Roger Richard Bony**

On October 30, 2018, the DOJ indicted Roger Richard Bony, a Haitian-American businessman, on one count of conspiracy to violate the FCPA and the Travel Act, one count of violating the Travel Act, and one count of conspiracy to commit money laundering.<sup>402</sup> The charges against Bony were brought in a superseding indictment against Joseph Baptiste, another businessman who was originally indicted in 2017.<sup>403</sup> Baptiste was charged with the same violations as Bony.<sup>404</sup> Both defendants have pleaded not guilty, and Baptiste's trial is currently scheduled for June 2019.<sup>405</sup>

According to the DOJ, Baptiste and Bony conspired to funnel bribes from potential investors to Haitian officials in order to obtain government approval of an \$84 million port development project in Haiti.<sup>406</sup> In a meeting with federal agents posing as investors, Baptiste and Bony allegedly stated that they would make improper payments using a non-profit controlled by Baptiste that performed charitable work in Haiti.<sup>407</sup> Baptiste and Bony were also allegedly recorded on telephone calls discussing a plan to bribe an aide to a Haitian elected official by providing the aide with an engineering job on the development project in exchange for the aide's assistance obtaining approval for the project.<sup>408</sup>

### **Mark Lambert**

On January 10, 2018, the DOJ filed a sealed indictment (which was unsealed two days later) charging Mark Lambert with one count of conspiracy to violate the FCPA and to commit wire fraud, seven counts of violating the FCPA, two counts of wire fraud and one count of money laundering.<sup>409</sup> Lambert has pleaded not guilty, and the parties expect that the case will go to trial.<sup>410</sup>

Lambert, who was the president of TLI, which provided support services to companies related to the transportation of nuclear material in the United States and abroad, allegedly conspired to pay bribes in

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<sup>400</sup> U.S. Securities and Exchange Commission Press Release No. 2018-290: SEC Charges Former Panasonic Executives (Dec. 18, 2018); Order Instituting Public Administrative and Cease-and-Desist Proceedings Pursuant to Sections 4C and 21C of the Securities Exchange Act of 1934 and Rule 102(e) of the Commission's Rules of Practice, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order, *In the Matter of Takeshi "Tyrone" Uonaga*, File No. 3-18939, ¶¶ 1, 9-21 (Dec. 18, 2018).

<sup>401</sup> Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order, *In the Matter of Panasonic Corp.*, File No. 3-18459, ¶¶ 42-55 (Apr. 30, 2018).

<sup>402</sup> U.S. Department of Justice Press Release No. 18-1419: Businessman Indicted for Conspiring to Bribe Senior Government Officials of the Republic of Haiti (Oct. 30, 2018).

<sup>403</sup> U.S. Department of Justice Press Release No. 18-1419: Businessman Indicted for Conspiring to Bribe Senior Government Officials of the Republic of Haiti (Oct. 30, 2018).

<sup>404</sup> U.S. Department of Justice Press Release No. 18-1419: Businessman Indicted for Conspiring to Bribe Senior Government Officials of the Republic of Haiti (Oct. 30, 2018).

<sup>405</sup> See Docket, *United States v. Baptiste*, No. 17-CR-10305 (D. Mass.).

<sup>406</sup> U.S. Department of Justice Press Release No. 18-1419: Businessman Indicted for Conspiring to Bribe Senior Government Officials of the Republic of Haiti (Oct. 30, 2018).

<sup>407</sup> U.S. Department of Justice Press Release No. 18-1419: Businessman Indicted for Conspiring to Bribe Senior Government Officials of the Republic of Haiti (Oct. 30, 2018).

<sup>408</sup> U.S. Department of Justice Press Release No. 18-1419: Businessman Indicted for Conspiring to Bribe Senior Government Officials of the Republic of Haiti (Oct. 30, 2018); Superseding Indictment, *United States v. Baptiste*, No. 17-CR-10305, ¶¶ 33-35 (D. Mass. Oct. 30, 2018).

<sup>409</sup> U.S. Department of Justice Press Release No. 18-34: Former President of Maryland-Based Transportation Company Indicted on 11 Counts Related to Foreign Bribery, Fraud and Money Laundering Scheme (Jan. 12, 2018); Docket, *United States v. Lambert*, No. 18-CR-00012 (D. Md.).

<sup>410</sup> Joint Status Report, *United States v. Lambert*, No. 18-CR-00012, at 2 (D. Md. Nov. 7, 2018).

order to obtain business for his company.<sup>411</sup> Specifically, according to the DOJ, Lambert and others at his company paid bribes to a Russian official, Vadim Mikerin, who was employed at TENEX, a subsidiary of Russia's State Atomic Energy Corporation.<sup>412</sup> The co-conspirators prepared fake invoices for services that Lambert's company had not provided to TENEX, billed TENEX using these fake invoices, and then transferred the resulting overpayments to shell companies associated with Mikerin.<sup>413</sup> Mikerin and Lambert' co-president, Daren Condrey, pleaded guilty in 2015 to charges arising from this scheme.<sup>414</sup>

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<sup>411</sup> U.S. Department of Justice Press Release No. 18-34: Former President of Maryland-Based Transportation Company Indicted on 11 Counts Related to Foreign Bribery, Fraud and Money Laundering Scheme (Jan. 12, 2018); Indictment, *United States v. Lambert*, No. 18-CR-00012, ¶ 2 (D. Md. Jan. 10, 2018). Although TLI was not identified by name in the Lambert charging documents, Lambert was an owner and executive of TLI during the relevant time period. Deferred Prosecution Agreement, *United States v. Transport Logistics International, Inc.*, No. 18-CR-00011, Attachment A ¶ 4 (D. Md. Mar. 12, 2018).

<sup>412</sup> U.S. Department of Justice Press Release No. 18-34: Former President of Maryland-Based Transportation Company Indicted on 11 Counts Related to Foreign Bribery, Fraud and Money Laundering Scheme (Jan. 12, 2018)

<sup>413</sup> U.S. Department of Justice Press Release No. 18-34: Former President of Maryland-Based Transportation Company Indicted on 11 Counts Related to Foreign Bribery, Fraud and Money Laundering Scheme (Jan. 12, 2018).

<sup>414</sup> U.S. Department of Justice Press Release No. 18-34: Former President of Maryland-Based Transportation Company Indicted on 11 Counts Related to Foreign Bribery, Fraud and Money Laundering Scheme (Jan. 12, 2018).



## DECLINATIONS

In addition to Dun & Bradstreet and Polycom Inc. (both discussed above under “Corporate Resolutions”), the DOJ announced two additional declinations in 2018:

- On August 20, 2018, the DOJ issued a declination for **Guralp Systems Limited** (“Guralp”), in conjunction with the U.S. Attorney’s Office for the Central District of California. According to the declination letter, the conduct at issue involved improper payments to the director of a government-funded geosciences research center in Korea. The DOJ’s declination letter specifically noted that Guralp “assisted the Department with the prosecution of [the research center director] for violating the U.S. money laundering statute.” The letter further attributed DOJ’s decision to decline prosecution to the fact that Guralp was “a U.K. company with its principal place of business in the U.K.” and was “subject [to] an ongoing parallel investigation by the U.K.’s Serious Fraud Office for violations of law relating to the same conduct and has committed to accepting responsibility for that conduct with the SFO.” The UK SFO investigation is still ongoing.
- On August 23, 2018, the DOJ issued a declination for **Insurance Corporation of Barbados Limited** (“ICBL”), in conjunction with the U.S. Attorney’s Office for the Eastern District of New York. According to the declination letter, the conduct at issue involved “high-level employees” at ICBL making improper payments in 2015 and 2016 to the Barbados Minister of Industry, Donville Inniss, in exchange for government insurance contracts that ultimately earned ICBL nearly \$94,000 in net profits. The declination letter attributed the declination in part to “the fact that the Department has been able to identify and charge the culpable individuals.” This presumably refers to Inniss, whom the DOJ charged with money laundering violations in March 2018. See above at page 50. The declination letter also noted that ICBL had agreed to disgorge to the DOJ the approximately \$94,000 in net profits earned from the contracts obtained through Inniss.

## CASE CLOSURES

### DOJ & SEC Closures

- In a February 23, 2018 SEC filing, **Teradata** announced that the SEC and DOJ had closed their investigations into the company as of January and February 2018, respectively. According to the filing, the DOJ's and SEC's investigations focused on potentially improper travel, gifts, and other expenses provided by Teradata's subsidiary in Turkey. Teradata previously reported that it had contacted the DOJ and SEC in February 2017 "to alert them to the relevant events and the Company's internal investigation."<sup>415</sup>
- In its February 28, 2018 SEC filing, **Exterran Corporation** announced that the SEC and DOJ had closed their investigations into the company. According to the filing, the SEC and DOJ had been investigating the company's equipment contracts for desalination plants in the Middle East. Exterran claimed that it first disclosed the potential compliance problems to the SEC in April 2016.<sup>416</sup> Not only did the SEC's and DOJ's investigation involve Exterran, but it also involved **Archrock Corporation**, which was a subsidiary of Exterran until 2015. Archrock announced that it had received notice of the SEC's and DOJ's case closure in its May 3, 2018 filing.<sup>417</sup> Unlike Exterran, Archrock did not provide any details as to the nature of the investigation.
- In its May 1, 2018 SEC filing, **Transocean** reported that it had received the SEC's notice of case closure in March, followed shortly by the DOJ's notice in April.<sup>418</sup> The investigations related to statements made by a former Petrobras employee to Brazilian prosecutors that he had been paid by someone claiming to be a Transocean agent to secure a drilling services contract in Brazil. Transocean's filing noted that its internal investigation found no evidence to support the allegation and that the company had met with the SEC and DOJ to discuss the allegations, the scope of its internal investigation, and its findings.<sup>419</sup>
- On August 20, 2018, **Sinovac Biotech**, a leading provider of biopharmaceutical products in China, issued a press release announcing the SEC's closure of its investigation into the company.<sup>420</sup> In a September 17, 2018 filing with the SEC, Sinovac announced that the DOJ had also closed its investigation.<sup>421</sup> The company provided minimal detail as to the scope of the

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<sup>415</sup> Richard Cassin, *Teradata FCPA Investigation Ends with Double Declination*, THE FCPA BLOG, (Feb. 26, 2018), <http://www.fcpablog.com/blog/2018/2/26/teradata-fcpa-investigation-ends-with-double-declination.html>.

<sup>416</sup> Richard Cassin, *Feds End FCPA Probe of Oil and Gas Services Firm*, THE FCPA BLOG, (Feb. 28, 2018), <http://www.fcpablog.com/blog/2018/2/28/feds-end-fcpa-probe-of-oil-and-gas-services-firm.html>.

<sup>417</sup> Archrock Inc., Quarterly Report (Form 10-Q) (May 3, 2018), <https://archrock.gcs-web.com/static-files/d132c7aa-1a92-409e-ba63-0e59d87cdc19>.

<sup>418</sup> Transocean Ltd., Quarterly Report (Form 10-Q) (May 1, 2018). See also Kelly Swanson, *DOJ and SEC Close Another FCPA Probe Without Charges*, GLOBAL INVESTIGATIONS REVIEW (May 2, 2018), <https://globalinvestigationsreview.com/article/jac/1168920/doj-and-sec-close-another-fcpa-probe-without-charges>. In 2010, Transocean settled a separate FCPA investigation involving allegations that it approved approximately \$90,000 in bribe payments to Nigerian officials. Transocean entered into a deferred prosecution agreement with the DOJ and agreed to pay a criminal penalty of \$13.4 million. Transocean was also ordered to pay \$7.3 million in disgorgement and prejudgment interest in a civil settlement with the SEC. See Complaint, *SEC v. Transocean Inc.*, No. 1:10-cv-01891 (D.D.C. Nov. 4, 2010); Deferred Prosecution Agreement, *United States v. Transocean, Inc.*, No. 10-CR-768 (S.D. Tx. Nov. 4, 2010).

<sup>419</sup> Sinovac Press Release: SEC Concludes Investigation of Sinovac (Aug. 20, 2018), available at [http://www.sinovacbio.com/?optionid=754&auto\\_id=872](http://www.sinovacbio.com/?optionid=754&auto_id=872).

<sup>420</sup> Sinovac Press Release: SEC Concludes Investigation of Sinovac (Aug. 20, 2018), available at [http://www.sinovacbio.com/?optionid=754&auto\\_id=872](http://www.sinovacbio.com/?optionid=754&auto_id=872).

<sup>421</sup> Sinovac Biotech Ltd., Report of a Foreign Private Issuer (Form 6-K) (Sep. 17, 2018), available at <http://secfilings.nasdaq.com/filingFrameset.asp?FilingID=12965565&RcvdDate=9/17/2018&CoName=SINOVAC%20BIOTECH%20LTD&FormType=6-K&View=orig>.

investigation, noting only that it related to allegations that “employees made improper payments to Chinese government officials.”<sup>422</sup>

- In its September 4, 2018 filing with the SEC, **EnSCO**, a UK oil drilling company, announced that the SEC and DOJ had closed their investigations into the company.<sup>423</sup> According to the filing, the DOJ and SEC investigated a 2008 drilling services agreement between Petrobras and Pride International, an offshore drilling company that EnSCO acquired in 2011.<sup>424</sup> EnSCO initially reported the possible wrongdoing in 2015.<sup>425</sup> In its filing, EnSCO noted that the DOJ’s notice of closure specifically acknowledged EnSCO’s full cooperation.
- In a November 29, 2018 securities filing, **Laureate Education** announced that the DOJ and SEC had notified the company of their decisions to close their FCPA investigations. The Baltimore-based company that runs for-profit universities stated that the investigations focused on an \$18 million charitable contribution made in 2014 by Laureate’s institution in Turkey, Istanbul Bilgi University. Laureate began an internal investigation in 2016, focusing on whether the donation was part of an embezzlement scheme or whether any portion of the funds was paid to government officials. Laureate was one of the first companies to voluntarily disclose a potential violation to the DOJ after the introduction of the DOJ’s FCPA pilot program (which was revised into the FCPA Corporate Enforcement Policy). According to the filing, the DOJ’s closure letter specifically acknowledged the company’s voluntary disclosure, full cooperation, and remediation.<sup>426</sup>

### DOJ-Specific Closures

- In a February 7, 2018 securities filing, **Juniper Networks**, a California-based corporation that develops and markets networking and cybersecurity products, announced that DOJ had closed its investigation.<sup>427</sup> While the company has not publicly detailed the allegations being investigated, reports suggest that the SEC’s investigation is ongoing.<sup>428</sup> In announcing the DOJ

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<sup>422</sup> See Sinovac Press Release: SEC Concludes Investigation of Sinovac (Aug. 20, 2018), *available at* [http://www.sinovacbio.com/?optionid=754&auto\\_id=872](http://www.sinovacbio.com/?optionid=754&auto_id=872); Sinovac Biotech Ltd., Report of a Foreign Private Issuer (Form 6-K) (Sep. 17, 2018), *available at* <http://secfilings.nasdaq.com/filingFrameset.asp?FilingID=12965565&RcvdDate=9/17/2018&CoName=SINOVAC%20BIOTECH%20LTD&FormType=6-K&View=orig>.

<sup>423</sup> EnSCO plc, Current Report (Form 8-K) (Sept. 4, 2018), [https://www.sec.gov/Archives/edgar/data/314808/000031480818000122/form8k\\_item801brazilmatter.htm](https://www.sec.gov/Archives/edgar/data/314808/000031480818000122/form8k_item801brazilmatter.htm).

<sup>424</sup> EnSCO plc, Current Report (Form 8-K) (Sept. 4, 2018), [https://www.sec.gov/Archives/edgar/data/314808/000031480818000122/form8k\\_item801brazilmatter.htm](https://www.sec.gov/Archives/edgar/data/314808/000031480818000122/form8k_item801brazilmatter.htm). Pride was charged in 2010 with bribing government officials in Venezuela, India, and Mexico, and had entered into a DPA with the DOJ in 2010. See Deferred Prosecution Agreement, *United States v. Pride Int’l Inc.*, No. CR-10-00766, (S.D. Tx. Nov. 4, 2010).

<sup>425</sup> EnSCO plc, Current Report (Form 8-K) (Sept. 4, 2018), [https://www.sec.gov/Archives/edgar/data/314808/000031480818000122/form8k\\_item801brazilmatter.htm](https://www.sec.gov/Archives/edgar/data/314808/000031480818000122/form8k_item801brazilmatter.htm). See also Clara Hudson, *EnSCO Avoids Enforcement Action After FCPA Probe*, GLOBAL INVESTIGATIONS REVIEW (Sept. 4, 2018), <https://globalinvestigationsreview.com/article/jac/1173752/ensco-avoids-enforcement-action-after-fcpa-probe>.

<sup>426</sup> Laureate Education, Inc., Current Report (Form 8-K) (Nov. 29, 2018), *available at* <https://www.sec.gov/Archives/edgar/data/912766/000162828018014733/a8-kitem80111x29x18bilgitu.htm>. See also Adam Dobrik, *US Shuts Down Two-Year FCPA Probe Into Education Services Company*, GLOBAL INVESTIGATIONS REVIEW, Nov. 30, 2018, *available at* [https://globalinvestigationsreview.com/article/jac/1177500/us-shuts-down-two-year-fcpa-probe-into-education-services-company?gator\\_td=xg7%2f4U%2f5tvLVecpvRlvrtvDVU5UkdSqM%2bn%2blxYObApHiD%2bvJTtGqLBHmhHicmkyn0W4JV%2fDuAiwnySOFtixCNM2stOWHaFmxrg2MLkVB2btyqEbSgSlv2G34tGU3GL6slsDUlh7PvHM96%2buAp6pvMbcjtvKklidwKtZpfQINIRaiFQXsSD5GO9hKf1zNXxXqn2uuzRj4wlvBzYp4rliikJ1GJZQsJ0%2fGSbMyJt2Rn7jPaU9e3hs0Dv%2bvtMGX%2bO](https://globalinvestigationsreview.com/article/jac/1177500/us-shuts-down-two-year-fcpa-probe-into-education-services-company?gator_td=xg7%2f4U%2f5tvLVecpvRlvrtvDVU5UkdSqM%2bn%2blxYObApHiD%2bvJTtGqLBHmhHicmkyn0W4JV%2fDuAiwnySOFtixCNM2stOWHaFmxrg2MLkVB2btyqEbSgSlv2G34tGU3GL6slsDUlh7PvHM96%2buAp6pvMbcjtvKklidwKtZpfQINIRaiFQXsSD5GO9hKf1zNXxXqn2uuzRj4wlvBzYp4rliikJ1GJZQsJ0%2fGSbMyJt2Rn7jPaU9e3hs0Dv%2bvtMGX%2bO).

<sup>427</sup> Juniper Networks, Inc., Current Report (Form 8-K) (Feb. 7, 2018), <https://www.sec.gov/Archives/edgar/data/1043604/000119312518037192/d526737d8k.htm>. See also Dylan Tokar, *DOJ Closes Juniper Networks FCPA Probe Without Enforcement Action*, GLOBAL INVESTIGATIONS REVIEW (Feb. 9, 2018), <https://globalinvestigationsreview.com/article/jac/1153561/doj-closes-juniper-networks-fcpa-probe-without-enforcement-action>.

<sup>428</sup> Juniper Networks, Inc., Current Report (Form 8-K) (Feb. 7, 2018), <https://www.sec.gov/Archives/edgar/data/1043604/000119312518037192/d526737d8k.htm>. See also Dylan Tokar, *DOJ Closes Juniper Networks FCPA Probe Without Enforcement Action*, GLOBAL INVESTIGATIONS REVIEW (Feb. 9, 2018), <https://globalinvestigationsreview.com/article/jac/1153561/doj-closes-juniper-networks-fcpa-probe-without-enforcement-action>.

closure, Juniper claimed that the DOJ specifically acknowledged the company's cooperation throughout the investigation.

- In March 2018, **Sanofi**, the French pharmaceutical company, announced that the DOJ had closed its investigation into the company in February 2018.<sup>429</sup> According to the company's SEC filing, the DOJ was investigation allegations that certain of **Sanofi's** subsidiaries orchestrated a kickback scheme to pay government officials and healthcare providers in Kazakhstan and the Middle East.<sup>430</sup> In September 2018, Sanofi entered a negotiated settlement with the SEC in which the company agreed to pay over \$25 million.<sup>431</sup>
- In March 2018, **Kinross Gold Corporation** reported that it had received notice from the DOJ in November 2017 that the DOJ closed its investigation into the company's West African mining operations.<sup>432</sup> The filing simultaneously announced the company's settlement with the SEC, which included a \$950,000 civil penalty and a one year reporting requirement.<sup>433</sup>
- In an April 2018 press release, telecommunications company **Millicom** announced that the DOJ had officially closed its investigation related to improper payments made by the company's joint venture in Guatemala.<sup>434</sup> Millicom's filing stated that it had self-reported the allegations in October 2015 to both the DOJ and to Swedish authorities. The company reported that Swedish authorities dropped their investigation in 2016.<sup>435</sup> There has been no report of a parallel investigation by the SEC.
- In its April 27, 2018 securities filing, **United Technologies Corporation ("UTC")** reported that the DOJ had dropped its investigation into allegations that a "non-employee sales representative" may have committed bribery as part of the sale to China of jet engines manufactured by its subsidiaries.<sup>436</sup> The company noted that the allegations were voluntarily disclosed to both the DOJ and SEC, as well as to the UK's Serious Fraud Office. UTC settled with the SEC in September 2018. As part of that resolution, UTC agreed to pay \$13.9 million in financial penalties—\$9 million in disgorgement, \$900,000 in prejudgment interest, and a \$4 million civil penalty.<sup>437</sup>

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<sup>429</sup> Sanofi, Annual Report (Form 20-F) (Mar. 7, 2018), available at <http://secfilings.nasdaq.com/filingFrameset.asp?FilingID=12609558&RcvdDate=3/7/2018&CoName=SANOFI&FormType=20-F&View=html>.

<sup>430</sup> Richard Cassin, *Sanofi Discloses DOJ Declination in FCPA Investigation*, THE FCPA BLOG, Mar. 8, 2018, available at <http://www.fcpablog.com/blog/2018/3/8/sanofi-discloses-doj-declination-in-fcpa-investigation.html>.

<sup>431</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of Sanofi*, Rel. No. 84017, File No. 3-18708 (Sep. 4, 2018), available at <https://www.sec.gov/news/press-release/2018-174>.

<sup>432</sup> Kinross Gold Corporation, Report of Foreign Private Issuer (Form 6-K) at Exhibit 99-1 (Mar. 26, 2018), available at [https://www.sec.gov/Archives/edgar/data/701818/000114420418016843/tv489527\\_6k.htm](https://www.sec.gov/Archives/edgar/data/701818/000114420418016843/tv489527_6k.htm).

<sup>433</sup> Kinross Gold Corporation, Report of Foreign Private Issuer (Form 6-K) at Exhibit 99-1 (Mar. 26, 2018), available at [https://www.sec.gov/Archives/edgar/data/701818/000114420418016843/tv489527\\_6k.htm](https://www.sec.gov/Archives/edgar/data/701818/000114420418016843/tv489527_6k.htm).

<sup>434</sup> Millicom Press Release: DOJ Closes Its Investigation Into Millicom (Apr. 24, 2018), <http://mb.cision.com/Main/950/2504006/828249.pdf>.

<sup>435</sup> Millicom Press Release: DOJ Closes Its Investigation Into Millicom (Apr. 24, 2018), <http://mb.cision.com/Main/950/2504006/828249.pdf>; Adam Dobrik, *DOJ Drops FCPA Investigation Into Telecoms Company*, GLOBAL INVESTIGATIONS REVIEW, Apr. 24, 2018, available at <https://globalinvestigationsreview.com/article/jac/1168322/doj-drops-fcpa-investigation-into-telecoms-company>.

<sup>436</sup> United Technologies Corp., Quarterly Report (Form 10-Q) (Apr. 27, 2018), available at <http://files.shareholder.com/downloads/UTX/6228486040x0xS101829-18-9/101829/filing.pdf>. The SEC had also investigated the company's aerospace and commercial businesses in China.

<sup>437</sup> Order Instituting Cease-and-Desist Proceedings, *In the Matter of United Technologies Corporation*, Rel. No. 84087, File No. 3-18745 (Sep. 12, 2018), available at <https://www.sec.gov/news/press-release/2018-188>.

- In an August securities filing, **Eletrobras** announced that DOJ had closed its investigation.<sup>438</sup> The company settled with the SEC on December 26, 2018, agreeing to pay a \$2.5 million civil penalty.<sup>439</sup> According to the SEC settlement papers, former officers at Eletrobras’ nuclear power generation subsidiary rigged bids and arranged for private Brazilian construction companies to pay bribes for construction of a nuclear power plant.<sup>440</sup>
- In its December 21, 2018 SEC filing, Maryland-based telecommunications and network services company, **Ciena Corporation**, announced that the DOJ had closed its FCPA investigation.<sup>441</sup> According to the filing, the investigation related to allegations related to payments made by one or more employees to a customer in the Southeast Asia region.<sup>442</sup> Ciena reported that it had conducted an internal investigation and voluntarily reported the allegations to the SEC and DOJ; the SEC’s parallel investigation is ongoing.<sup>443</sup>

### SEC-Specific Closures

- In January 2018, **Cobalt International Energy** announced that the SEC had finished its second investigation into the company’s funding of the Sonangol Research and Technology Center under an agreement with Sonangol EP, Angola’s state-owned oil and gas company. The second investigation was opened in March 2017, shortly after the DOJ closed its investigation into Cobalt’s Angola operations. The SEC had previously closed an Angola-related investigation in January 2015.<sup>444</sup>
- According to an SEC filing in February 2018, the SEC closed an investigation into Amsterdam-based **Core Laboratories N.V.** The investigation allegedly related to the company’s dealings with Unaoil. The SEC’s closure follows that of the DOJ, which closed its investigation in October 2017.<sup>445</sup>
- In its September 4, 2018 securities filing, Dutch bank **ING Group N.V.** announced that the SEC closed its investigation.<sup>446</sup> Announcement of the SEC’s closure came one day after ING agreed to pay more than €775 million (\$897 million) in financial penalties to the Dutch Public Prosecution Service to resolve criminal investigations into its lax business practices and failure to report

<sup>438</sup> CENTRAIS ELÉTRICAS BRASILEIRAS S.A. - ELETROBRÁS, Report of Foreign Private Issuer (Form 6-K) (Aug. 13, 2018), available at <http://secfilings.nasdaq.com/filingFrameset.asp?FilingID=12914251&RcvdDate=8/14/2018&CoName=BRAZILIAN%20ELECTRIC%20POWER%20CO&FormType=6-K&View=html>. See also Clara Hudson, *DOJ Drops Eletrobras Investigation*, GLOBAL INVESTIGATIONS REVIEW, Aug. 14, 2018, available at <https://globalinvestigationsreview.com/article/jac/1173095/doj-drops-eletrobras-investigation>.

<sup>439</sup> Order Instituting Cease-and-Desist Proceedings, Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order, *In the Matter of Centrais Elétricas Brasileiras S.A.*, Rel. No. 84973, File No. 3-18962 (Dec. 26, 2018), <https://www.sec.gov/litigation/admin/2018/34-84973.pdf>.

<sup>440</sup> Order Instituting Cease-and-Desist Proceedings, Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order, *In the Matter of Centrais Elétricas Brasileiras S.A.*, Rel. No. 84973, File No. 3-18962 (Dec. 26, 2018), <https://www.sec.gov/litigation/admin/2018/34-84973.pdf>.

<sup>441</sup> Kelly Swanson, *US Prosecutors Drop Investigation into Network Services Company*, GLOBAL INVESTIGATIONS REVIEW (JAN. 3, 2019) (citing Ciena Corporation, Annual Report (Form 10-K) (Dec. 21, 2018)), <https://globalinvestigationsreview.com/article/jac/1178583/us-prosecutors-drop-investigation-into-network-services-company>.

<sup>442</sup> Kelly Swanson, *US Prosecutors Drop Investigation into Network Services Company*, GLOBAL INVESTIGATIONS REVIEW (JAN. 3, 2019) (citing Ciena Corporation, Annual Report (Form 10-K) (Dec. 21, 2018)), <https://globalinvestigationsreview.com/article/jac/1178583/us-prosecutors-drop-investigation-into-network-services-company>.

<sup>443</sup> Ciena Corporation, Annual Report (Form 10-K) (Dec. 21, 2018), <https://globalinvestigationsreview.com/article/jac/1178583/us-prosecutors-drop-investigation-into-network-services-company>.

<sup>444</sup> Richard Cassin, *Cobalt Says SEC Ends Second FCPA Probe*, THE FCPA BLOG, (Jan. 31, 2018 7:37 AM), <http://www.fcpablog.com/blog/2018/1/31/cobalt-says-sec-ends-second-fcpa-probe.html>.

<sup>445</sup> Richard Cassin, *Feds End FCPA Investigation of Core Labs in Unaoil Scandal*, THE FCPA BLOG (Feb. 12, 2018 8:28 AM), <http://www.fcpablog.com/blog/2018/2/12/feds-end-fcpa-investigation-of-core-labs-in-unaoil-scandal.html>.

<sup>446</sup> ING Groep N.V., Report of a Foreign Private Issuer (Form 6-K) (Sep. 5, 2018), available at <https://www.sec.gov/Archives/edgar/data/1039765/000119312518266748/d619065d6k.htm>. See also Richard Cassin, *ING Pays \$900 Million to Resolve Dutch ‘Corrupt Practices’ Case*, THE FCPA BLOG (Sept. 4, 2018 8:18 AM), <http://www.fcpablog.com/blog/2018/9/4/ing-pays-900-million-to-resolve-dutch-corrupt-practices-case.html>.

irregular transactions, which may have enabled payments from VimpelCom to Uzbek government officials through various shell companies.<sup>447</sup> There are no public reports of a parallel investigation by the DOJ.

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<sup>447</sup> ING Groep N.V., Report of a Foreign Private Issuer (Form 6-K) (Sep. 4, 2018), available at <https://www.sec.gov/Archives/edgar/data/1039765/000119312518266031/d602410d6k.htm>. See also Anthony Deutsch, *ING Investigation Includes Uzbek Transactions by VimpelCom-Prosecutors*, REUTERS (Mar. 22, 2017) <https://www.reuters.com/article/ing-groep-corruption-vimpelcm-idUSA5N1BL01O>.