



2007 TI Progress Report on OECD Convention Enforcement
Questionnaire for TI National Chapters in OECD Signatory States

22.1.07

Questionnaire for: United States of America

Date: November 20, 2007

I. Current Status of Enforcement

A. Prosecutions brought for foreign bribery

Please list all cases involving allegations of bribery of foreign public officials brought by prosecutors in your country since the OECD Convention became effective in your country. The list should cover as far as possible all cases relating to bribery of foreign public officials, whether brought under laws dealing with corruption, or under other laws, such as laws dealing with fraud, money laundering, and tax evasion or accounting violations.

In preparing this response, we have included prosecutions under the accounting provisions of the Foreign Corrupt Practices Act, though in some instances bribery of a foreign public officer is not alleged.

If information unavailable, please indicate: _____

Is there adequate public access to information about foreign bribery cases?

Yes X No _____

If yes, please specify what kind of access is provided? If no, in what way is the access inadequate?

The Department of Justice provides press releases regarding its prosecutions and court filings not made under seal and are publicly available. Availability of deferred prosecution and non-prosecution agreements has improved. The Securities and Exchange Commission provides press releases, orders, and complaints on its Web site. The US government does not provide official statistics about investigations and declinations.

Total number of cases: 67

For each case please list if possible the following:

- (1) Name of case, including principal parties (Please indicate if major multinationals involved)
- (2) Date and court where filed
- (3) Summary of principal charges, including name of the country whose officials were allegedly bribed

(4) Penalties or other sanctions sought

(5) If case concluded, please indicate disposition: conviction, settlement, dismissal or other disposition. If case pending, please indicate current status, including trial or appeal dates if known.

PLEASE NOTE: We would like to list separately the total number of cases brought since January 2006 and the number of cases since 1999. Thus it is important for you to list the date of filing of the case.

CRIMINAL PROSECUTIONS BY THE U.S. DEPARTMENT OF JUSTICE

(1) United States v. Baker Hughes Incorporated and Baker Hughes Services International

- Date: April 2007
- Countries: Kazakhstan
- Allegations: Despite a 2001 cease and desist Order issued by the SEC prohibiting violations of the books and records and internal controls provisions of the FCPA, Baker Hughes Incorporated ("Baker Hughes") paid approximately \$4.1 million to two agents in Kazakhstan, while knowing that some or all of the money was intended to bribe officials of State-owned companies, in order to obtain an oil services contract that eventually generated more than \$219 million in gross revenues from 2001 to 2006, as well as a chemical contract.
- Status: Baker Hughes Services International entered into a guilty plea and agreed to plead guilty to one count of violating the antibribery provisions of the FCPA, one count of aiding and abetting the falsification of the books and records of Baker Hughes, and one count of conspiracy to violate the FCPA; and agreed to pay a criminal fine of \$11 million. The DoJ also entered into an agreement with Baker Hughes to defer prosecution for two years on charges of violating the antibribery and books and records provisions of the FCPA, wherein Baker Hughes agreed to retain a compliance monitor for three years. See related case at item (40) below.
- Source: United States v. Baker Hughes Services Int'l, Inc., Case No. H-cr-07-129, (Information and Plea Agreement unsealed April 26, 2007); Baker Hughes 10-K (Feb. 23, 2007).

(2) United States v. Sapsizian and Valverde Acosta

- Date: March 20, 2007 and December 2006
- Country: Costa Rica
- Allegations: Until Nov. 30, 2006, Alcatel was a French telecommunications company whose American depository receipts were traded on the New York Stock Exchange. David Sapsizian was employed by Alcatel or one of its subsidiaries for over 20 years. At the time of the conduct alleged in the indictment, he was the deputy vice president responsible for Costa Rica. Edgar Acosta Valverde, Sapsizian's subordinate, was the senior country officer at Alcatel de Costa Rica, Alcatel's local affiliate, which handled Alcatel's day-to-day operations in Costa Rica. El Instituto Costarricense de Electricidad (ICE), the state-owned telecommunications authority in Costa Rica, was responsible for awarding all telecommunications contracts, including mobile telephone contracts. From February 2000 through September 2004, Sapsizian and Valverde Acosta conspired to make payments to a member of ICE's Board of Directors, who was also an advisor to a more senior official in the Costa Rican government. The payments were intended to cause the ICE official to exercise his influence to initiate a bid process which favored Alcatel's technology and to

vote to award Alcatel a mobile telephone contract. Sapsizian and Valverde Acosta are charged with offering the ICE official 1.5 percent to 2 percent of the value of the contract in exchange for the ICE official's efforts in assisting Alcatel to obtain the contract. Sapsizian and Valverde Acosta were aware that the ICE official intended to share the corrupt payments with a more senior Costa Rican government official. Alcatel was in fact awarded a mobile telephone contract in August 2001, which was valued at \$149 million. Sapsizian and Valverde Acosta authorized one of Alcatel's Costa Rican consulting firms, which was managed by another individual, to funnel the payments to the ICE official.

- Status: In March 2007, a federal grand jury in Miami returned a superseding indictment charging an additional former Alcatel executive with making corrupt payments to Costa Rican officials. The 10-count superseding indictment charges Valverde Acosta, a Costa Rican citizen, along with Christian Sapsizian, a French citizen who was previously charged on Dec. 19, 2006, with conspiring to violate the FCPA anti-bribery provisions, violation of the FCPA anti-bribery provisions, and conspiring to launder money through the consultant.
- Source: *United States v. Sapsizian and Valverde Acosta* (S.D. Fla. 2006); DoJ Press Release (Dec. 19, 2006).

(3) United States v. Vetco Gray Controls Inc., Vetco Gray Controls, Ltd., and Vetco Gray UK Ltd.

- Date: February 2007
- Country: Nigeria
- Allegations: Between September 2002 and April 2005, three wholly-owned subsidiaries of UK-based Vetco Gray International Ltd. –Vetco Gray Controls, Inc. (the successor to ABB Vetco Gray, Inc.); Vetco Gray Controls, Ltd.; and Vetco Gray UK Ltd. (the successor to ABB Vetco Gray, Ltd.), made more than \$2 million in improper payments to officials of the Nigerian Customs Authority to induce the officials to disregard their official duties with respect to goods that were either improperly imported into Nigeria, improperly documented, or otherwise not in accordance with Nigerian Customs laws and regulations. Another subsidiary of Vetco International Ltd., UK corporation Aibel Group, Ltd. was also allegedly involved in the bribery scheme.
- Status: In February 2007, Vetco Gray Controls, Inc., Vetco Gray Controls, Ltd., and Vetco Gray UK Ltd. pleaded guilty to violating, and conspiracy to violate, the antibribery provisions of the FCPA in relation to improper payments to Nigerian Customs officials. The Vetco Gray subsidiaries agreed to pay penalties of \$6 million, \$7 million, and \$13 million, respectively, and Aibel Group, Ltd. entered into a deferred prosecution agreement relating to its participation in the scheme. Vetco International announced it would engage independent compliance monitors for all four entities for a period of three years. In January 2007, the private equity syndicate announced the sale of Vetco Gray to GE's Oil & Gas division. The private equity syndicate will retain Aibel Group, Ltd. See related cases at items (22), (48) and (56) below.
- Source: *United States v. Vetco Gray Controls et al*, Case No. 07-cr-004 (S.D. Tex. 2007); 3i Press Release (Jan. 8, 2007).

(4) United States v. Sevan and Nadler

- Date: January 2007
- Country: Iraq
- Allegations: The United States District Court in the Southern District of New York unsealed the January 10, 2007 indictments of Benon Sevan, the former director of the UN Oil-for-Food Program, and Ephraim "Fred" Nadler, a Sevan associate, for their role in the scheme involving the UN program and corrupt payments made to the Saddam Hussein-led government of Iraq, and Sevan

himself. In a seven-count indictment, the grand jury Charged Sevan and Nadler over their role in the following activities in contravention of several domestic U.S. statutes and regulatory regimes. From at least 2000 to March 2003, Iraqi officials under the Saddam Hussein regime had conditioned the sale of Iraqi oil under the program on the payment of an unlawful, secret “surcharge” to officials of the Iraqi government. Nadler, in conjunction with at least one unnamed co-conspirator, facilitated the agreement with and payment to Iraqi officials for a co-conspirator’s right to purchase Iraqi oil. Nadler received commission payments in connection with securing such rights. “Surcharge” payments were transferred from banks in the United States to overseas bank accounts controlled by Nadler for the purposes of making payments. Payments were also made from European banks to accounts in Amman, Jordan known to be controlled by the Government of Iraq. Nadler also channeled more than \$160,000 in payments to Benon Sevan, the Oil-for-Food program’s executive, which was derived from the sale of Iraqi oil under the program.

- Status: The DoJ indictment charges Messrs. Sevan and Nadler with multiple U.S. law offences, none of which involved the Foreign Corrupt Practices Act or any other anti-bribery statute. Rather, the indictment returned by the Grand Jury included seven different counts: (1) conspiracy to commit wire fraud and engage in prohibited transactions with the Government of Iraq, 18 U.S.C. 1343 (2) wire fraud, id., (3) engaging in prohibited financial transactions with the government of Iraq (at that time a listed state sponsor of terrorism under the Export Administration Act of 1979; (4) Violation of the International Emergency Economic Powers Act, under which it was unlawful to engage in financial transactions with the government of Iraq without prior license from the U.S. Office of Foreign Assets Control (OFAC), (5) conspiracy to commit wire fraud & theft or bribery concerning programs receiving federal funds, (6) theft or bribery concerning programs receiving federal funds, and (7) wire fraud. The case is currently in the pre-trial phase.
- Source: *United States v. Sevan and Nadler* (S.D. N. Y. 2007).

(5) United States v. Brown

- Date: October 2006
- Countries: Nigeria and Ecuador
- Allegations: Jim Bob Brown, a former supervisory employee of a subsidiary of Willbros Group, Inc. (“Willbros”), participated in three conspiracies to make improper payments relating to Willbros’ Nigerian and Ecuadorian operations. Brown participated in a scheme to deliver \$1 million in cash to Nigerian government officials to settle previously made “commitments” designed to help the company obtain one or more projects. Brown also participated in a scheme in which Willbros affiliates in Nigeria fabricated invoices to procure petty cash to bribe Nigerian tax and court officials in order to reduce Willbros tax obligations and assure Willbros favorable treatment in Nigerian courts. Finally, Brown assisted a scheme to pay \$300,000 to officials of an oil and gas company owned by the government of Ecuador to obtain a contract that ultimately generated total revenues of \$3.4 million. Brown participated in these schemes despite the fact that he and other employees of Willbros affiliates had been specifically prohibited, in the context of a Willbros Group internal investigation into corrupt payments in Bolivia, from making any further payments to the outside consultant whose invoices were used as a sham for corrupt payments to Nigerian officials.
- Status: Brown pleaded guilty to a one-count Information charging him with conspiracy to violate the FCPA on September 14, 2006. His plea agreement provides that he will cooperate with the government’s ongoing investigation. No action yet has been brought against Willbros. See related case at item (44) below.

- Source: *United States v. Brown*, Case No. H-06-CR-316 (S.D. Tex. 2006).

(6) United States v. Schnitzer Steel and SSI-Korea

- Date: October 2006
- Countries: Korea and China
- Allegations: From 1999 through 2004, using off-the-books bank accounts in South Korea, Schnitzer Steel had paid approximately \$205,000 to managers of wholly- or partly-government-owned customers in China in order to induce purchases of scrap steel. These payments allegedly related to 30 transactions on which Schnitzer Steel earned more than \$6.25 million in profit. The company also allegedly made payments to managers of government customers on behalf of a Japanese supplier, resulting in approximately \$20,000 in profits. In addition, Schnitzer Steel paid approximately \$1.68 million to managers of private customers in China and South Korea. The company allegedly falsely described these payments in its books and records using more than a dozen different descriptions. Schnitzer Steel further stipulated that the company had spent approximately \$138,000 on gifts and entertainment for managers of customers over the five-year time period. The agreement noted that pens, perfume, and jewelry were provided as adornments to some of the payments to managers, adding that “[t]he value of those gifts was generally less than \$350. However, more substantial gifts, ranging in value from \$400 to \$8,000, were also given.” For example, the company allegedly gave officials access to SSI-Korea’s golf club and corporate condominium, \$10,000 in gift certificates and a \$2,400 luxury watch.
- Status: In October 2006, the DoJ announced a deferred prosecution agreement with Schnitzer Steel and a plea agreement with its Korean subsidiary, SSI International Far East Ltd. (“SSI-Korea”). The DoJ agreed to defer prosecution of Schnitzer Steel for three years pending annual reviews by a compliance consultant of its anti-corruption compliance program encompassing not only the FCPA, but also U.S. commercial bribery laws and foreign anti-bribery laws. Schnitzer Steel agreed to adopt the recommendations in the consultant’s reports, which must be disclosed to the DoJ and to the SEC. At the same time, SSI-Korea pleaded guilty to violations of the FCPA anti-bribery provisions and the federal wire fraud statute, conspiracy to violate these laws and to aiding and abetting violations of the FCPA books and records requirements, agreeing to pay a \$7.5 million non-tax-deductible criminal penalty. See related case at item (45) below.
- Source: *United States v. SSI Int’l Far East Ltd.* (D. Or. 2006); DoJ Deferred Prosecution Agreement with Schnitzer Steel Industries, Inc. (Sept. 25, 2006).

(7) United States v. Statoil ASA

- Date: October 13, 2006
- Country: Iran
- Allegations: Statoil ASA (“Statoil”), the state-owned oil company of Norway, has acknowledged making bribe payments in 2002 totaling \$5.2 million to an Iranian official heading the Iranian Fuel Consumption Optimizing Organization (“IFCOO”) to secure oil and gas contracts in Southern Iran, namely the South Pars project. The payments were made in the context of a vaguely defined consulting contract for \$15.2 million with Horton Investment Services (“Horton”), a Turks and Caicos consultancy engaged by Statoil to provide advice for securing oil contracts in Iran. Statoil transferred the \$5.2 million to a bank account in Switzerland held by a company not named in the consulting contract, per instructions provided by two separate invoices from Horton. In exchange, the Iranian official provided Statoil employees in Iran with non-public information concerning oil and gas projects in Iran which eventually resulted in Statoil’s

securing a contract to develop the South Pars project and signing a participation agreement with the National Iranian Oil Company ("NIOC"). Statoil improperly characterized the payments as "consulting fees for special consultants and analysis related to technical, administrative, tax, and financial matters" and improperly characterized the contract with Horton as an ordinarily consulting agreement.

- Status: The DoJ charged Statoil with violations of both the antibribery and books and records provisions of the FCPA and fined Statoil \$10.5 million after the company entered into a deferred prosecution agreement. Statoil agreed to the appointment of an independent compliance consultant and to cooperate fully with ongoing inquiries concerning corrupt payments, false books and records, and inadequate internal controls. The fine of approximately 3 million (NOK 20 million) Statoil paid to the Norwegian National Authority of Investigation and Prosecution of Economic and Environmental Crime ("Okokrim") for committing an economic crime under Norwegian law will be deducted from that amount. Statoil former Chairman Leif Terje Loeddesole, Chief Executive Officer Olav Fjell, and Executive Vice President Richard Hubbard resigned from the company after a Norwegian newspaper ran a story in September 2003 alleging that Statoil was involved in the bribery scheme in Iran. Okokrim also fined Richard Hubbard NOK 200,000 (approximately US \$30,300). See related case at item (46) below.
- Source: *United States v. Statoil ASA*, (No. 06-cr-00960-RJH-1) (S.D.N.Y. October 13, 2006); Statoil 6-K (Oct. 30, 2006).

(8) United States v. Head

- Date: June 2006
- Country: Benin
- Allegations: Steven Lynwood Head, the former President of Titan Corporation Africa, Inc. authorized the submission of a false invoice to Titan Corporation, ostensibly for services rendered by a consultant with ties to the President of Benin and the Benin Postal and Telecommunications Office ("OPT"), in violation of Title 15, Sections 78m(b)(2)(A), 78m(b)(5), and 78ff. Under the terms of Titan's agreement to develop and operate a wireless telephone system in Benin, the company was obligated to make payments to certain government ministries for social development projects once the project made a profit. Before Titan Africa was profitable, however, certain members of the Benin government demanded "advance" payments. Defendant Head knew that any paid to the Benin agent for this purpose would likely be used for an improper purpose, probably for the President of Benin's re-election campaign. In order to facilitate those advance payment requests, defendant Head submitted a false invoice for payment by Titan Corp., with the full knowledge that the resulting payments, totaling up to \$2 million, were for an improper purpose. See related cases at items (23) and (53) below.
- Status: On June 23, 2006, Steven Lynwood Head pleaded guilty to one count of falsifying the books and records of an issuer in violation of Title 15, Sections 78m(b)(2)(A), 78m(b)(5), and 78ff. Sentencing has not yet occurred.
- Source: *United States v. Head*, Case No. 06-cr-1380 (S.D. Cal. 2006) (Plea agreement).

(9) United States v. Novak

- Date: March 2006
- Countries: Liberia and Ghana
- Allegations: Richard John Novak paid three Liberian diplomats more than \$43,000 to provide bogus accreditation for an online diploma mill. The money came from the bank accounts of Dixie E. Randock and Stephen K. Randock Sr.,

the principal operators of the diploma mill known as Dixie Randock. In exchange, the diplomats, who were not named in the publicly available court filings, arranged for Liberia's Board of Education to provide "accreditation" for Saint Regis University, described by investigators as a worldwide fraud scheme and one of several diploma mills operated by the Randocks and six others. Diplomats at the Liberian embassy in Ghana were among those receiving bribes.

- Status: The DoJ Charged Novak with violation of the anti-bribery provisions of the FCPA and with conspiracy to violate the anti-bribery provisions of the FCPA as well as the mail and wire fraud statutes. Novak pleaded guilty on March 20, 2006, and is awaiting sentencing. The DoJ also charged seven others with fraud and money laundering violations arising out of the same alleged scheme. Their trial is ongoing.
- Source: *United States v. Novak* (E.D. Wash. 2006) (Plea agreement).

(10) United States v. Salam

- Date: March 2006
- Country: Iraq
- Allegations: Faheem Mousa Salam, a naturalized U.S. citizen working for Titan Corporation as a translator in Iraq, offered a senior official with the Iraqi Police Force a bribe to induce the official to use his position with the Iraqi Police Force to facilitate the proposed procurement of a map printer and 1,000 armored vests.
- Status: Based entirely upon alleged foreign conduct, the DoJ charged Salam in March 2006 with violation of the anti-bribery provisions of the FCPA. He pleaded guilty and has been sentenced.
- Source: *United States v. Salam* (D.D.C. 2006).

(11) United States v. Bloom, Wheeler, and Stein

- Date: November 2005
- Country: Iraq
- Allegations: American businessman, Philip H. Bloom, conspired to violate U.S. money laundering, wire fraud, and interstate transportation of stolen property laws by making payments to Lieutenant Colonel Michael Wheeler, Lieutenant Colonel Debra Harrison and Coalition Provisional Authority ("CPA") Comptroller Robert Stein Jr. in connection with construction contracts for Bloom's companies, Global Business Group, GBG Holdings, and GBG-Logistics Division. Bloom gave three payoffs totaling \$200,000 each. Stein helped secure favorable treatment for bids by Bloom and the three companies Bloom controlled for contracts to do work in Iraq. Similarly, Wheeler, who was responsible for developing and ordering contracts and contract solicitations on which the CPA expended funds in the reconstruction efforts in Iraq, accepted money from Bloom in exchange for granting contracts to Bloom's companies.
- Status: The DoJ filed criminal complaints against Bloom, Stein, and Wheeler in November of 2005. Wheeler has been charged with conspiring to violate the domestic bribery statute, as well as with conversion, wire fraud, and conspiracy to commit money laundering. Stein and Bloom faced similar charges of conspiracy, bribery, money laundering, and other charges. Stein pleaded guilty to the charges against him in February of 2006. Bloom pleaded guilty on March 10, 2006 to conspiracy, bribery, and money laundering. The case against Mr. Wheeler has been dismissed.
- Source: *United States v. Wheeler* (D.D.C. 2005); James Glanz, The Struggle for Iraq: Reconstruction; American Faces Charge of Graft for Work in Iraq, New York Times (Nov. 17, 2005); Julia Preston and Simon Romero, Oilman Charged With Kickbacks to Iraqi Regime (Oct. 22, 2005).

- Note: Although this case does not involve the FCPA, the allegations relate to bribery of an official of the multinational occupying authority. Therefore, for the sake of completeness, the case is listed here.

(12) United States. v. Bodmer, Lewis, Farrell, Kozeny, Bourke, and Pinkerton

- Date: October 2005 (Kozeny, Bourke & Pinkerton), 2003 (Lewis & Farrell)
- Country: Azerbaijan
- Allegations: Bodmer, a Swiss citizen, acted as an agent on behalf of a consortium formed to take a controlling interest in SOCAR, the Azerbaijan national oil company. Several of the members of the consortium were U.S. corporations. The U.S. government alleges that, in connection with the proposed investment, Bodmer facilitated the payment of millions of dollars in cash and wire transfers, shares in SOCAR and investments in the consortium, as well as other gifts and favors to senior officials of Azerbaijan, the oil company and the State Property Committee. Kozeny, a Czech citizen living in the Bahamas, was the mastermind behind the scheme. Thomas Farrell was an employee of investment companies created by Kozeny to partake in the scheme while Lewis managed the consortium of investors. Both are participated in making the illicit payments. Americans Bourke and Pinkerton are investors who invested in the scheme with knowledge of the illicit payments. Bourke is an individual investor while Pinkerton is a Managing Director of AIG Global Investment Corp., a subsidiary of American International Group, Inc. Mr. Pinkerton is on administrative leave pending resolution of these charges.
- Status: Bodmer was charged with one count of conspiracy to violate the FCPA anti-bribery prohibition and one count of conspiracy to launder money. In July 2004, the District Court for the Southern District of New York dismissed the conspiracy to violate the FCPA charge against Bodmer, questioning whether he had fair notice that the criminal sanctions of the FCPA applied to him. He pleaded guilty to the charge of conspiracy to launder money. In October 2005, Kozeny, Bourke and Pinkerton were charged with violating the anti-bribery provisions of the FCPA and anti-money laundering laws, conspiracy to violate the anti-bribery provisions of the FCPA and anti-money laundering laws, violation of the Travel Act, and making false statements. Kozeny has been arrested in the Bahamas and the U.S. government is seeking his extradition. Farrell and Lewis pleaded guilty in March and February of 2003 to charges of violating and conspiring to violate the anti-bribery provisions of the FCPA.
- Source: *United States v. Bodmer*, 342 F. Supp. 2d 176 (S.D.N.Y. 2004); Press Release from U.S. Att’y, S.D.N.Y., Oct. 6, 2005; *United States v. Kozeny et al.*, (S.D.N.Y. 2005); U.S. Attorney’s Mem. In Re Grand Jury Proceeding (S.D.N.Y. Nov. 14, 2005) (requesting that the Court order the unsealing of the Order, the Application, and the Affidavit); AIG Statement in Response to Indictment of David Pinkerton (Oct. 6, 2005).

(13) United States v. DPC (Tianjin) Ltd.

- Date: August 2005
- Country: China
- Allegations: U.S.-based corporation Diagnostic Products Corporation’s (“DPC”) Chinese subsidiary, DPC (Tianjin) Co. Ltd., formerly Tianjin Depu Biotechnological and Medical Products, Inc. (Tianjin), made more than \$1.6 million in payments to senior to hospital officials in China in exchange for contracts to retain Tianjin’s medical supplies.
- Status: In May 2005, the DoJ charged DPC Tianjin, the Chinese subsidiary, with criminal violation of the anti-bribery provision of the FCPA. In August 2005, DPC Tianjin reached a settlement with the DoJ in which it agreed to pay a criminal penalty of \$2 million to the DoJ. DPC Tianjin also agreed to hire a

compliance monitor to review DPC Tianjin's compliance program and compliance with its settlement agreement. The SEC also brought on enforcement action against the parent company. See related case at item (51) below.

- Source: Plea Agreement, *United States v. DPC (Tianjin) Ltd.* (C.D. Cal. 2005).

(14) United States v. Yakovlev

- Date: August 2005
- Countries: Iraq, Sierra Leone, Kosovo, and Haiti
- Allegations: Alexander Yakovlev, a former procurement officer with the United Nations, received at least several hundred thousand dollars from foreign companies in exchange for food contracts in Iraq and other countries including Sierra Leone, Kosovo, and Haiti.
- Status: The DoJ charged the defendant with conspiracy, wire fraud, and money laundering. Yakovlev pleaded guilty to the charges the same day the criminal information was filed and the United Nations waived his diplomatic immunity. See related case at item (15) below.
- Source: DoJ Press Release (Aug. 8, 2005); *ES-KO Int'l, Inc. v. Compass Group PLC*, (S.D.N.Y. 2006); *Supreme Foodservice AG v. Compass Group PLC*, (S.D.N.Y. 2006).

(15) United States v. Kuznetsov

- Date: August 2005
- Countries: Iraq, Sierra Leone, Kosovo, and Haiti
- Allegations: Vladimir Kuznetsov, former chairman of the United Nations budget advisory committee, was indicted for laundering hundreds of thousands of dollars in criminal proceeds obtained by a former procurement officer with the United Nations, Alexander Yakovlev, from foreign companies in exchange for food contracts in Iraq and other countries including Sierra Leone, Kosovo, and Haiti.
- Status: The DoJ charged the defendant with conspiracy, wire fraud, and money laundering. Kuznetsov has yet to be arraigned. See related case at item (14) above.
- Source: DoJ Press Release (Aug. 8, 2005); *ES-KO Int'l, Inc. v. Compass Group PLC*, (S.D.N.Y. 2006); *Supreme Foodservice AG v. Compass Group PLC*, (S.D.N.Y. 2006).

(16) United States v. Amoako

- Date: June 2005
- Countries: Nigeria, Rwanda, and Senegal
- Allegations: Amoako arranged more than \$165,000 in payments to Nigerian officials including an official at Nigerian Telecommunications Limited, (NITEL). In exchange, the state-owned telephone company was to provide lucrative telephone contracts to ITXC Corp., which employed Amoako.
- Status: Based principally upon foreign conduct, the DoJ charged Amoako with criminal violation of the anti-bribery prohibition of the FCPA. In 2006, Mr. Amoako pleaded guilty to one count of conspiracy to violate both the anti-bribery provisions of the FCPA and the Travel Act (based upon alleged violation of the New Jersey statute against commercial bribery); his sentencing is pending. Mr. Amoako admitted to a role in a conspiracy allegedly involving \$270,000 in payments between 2001 and 2004 to employees of wholly- or partly-state-owned telecommunications enterprises in Nigeria, Rwanda, and Senegal. See related case at item (52) below.
- Source: *United States v. Amoako* (D.N.J. 2005).

(17) United States v. Micrus Corporation

- Date: March 2005
- Countries: France, Turkey, Spain, and Germany
- Allegations: Certain officers, employees, agents, and salespeople of Micrus Corporation paid more than \$105,000 to doctors at state-run hospitals in France, Turkey, Spain, and Germany. In exchange for these payments, the hospitals purchased Micrus products. Micrus disguised the payments as stock options, honorariums, and commissions.
- Status: DoJ and Micrus entered into a non-prosecution agreement in March 2005 in which the DoJ asserted that Micrus had violated the FCPA anti-bribery provisions. Among other things, the company agreed to pay a fine of \$450,000, cooperate with the DoJ, and retain an independent compliance expert for a period of three years.
- Source: DoJ-Micrus Non-Prosecution Agreement (Mar. 2005); Micrus 10-Q (Feb. 14, 2006).

(18) United States v. Monsanto Company

- Date: January 2005
- Country: Indonesia
- Allegations: Monsanto Company ("Monsanto") hired an Indonesian consulting company to assist it in obtaining various Indonesian governmental approvals and licenses necessary to sell its products in Indonesia. At the time, the Indonesian government required an environmental impact study before authorizing the cultivation of genetically modified crops. Monsanto sought, unsuccessfully, to have the new Indonesian government amend or repeal the requirement for the environmental study. Having failed to obtain a senior environmental official's agreement to amend or repeal this requirement, in 2002 a Monsanto employee authorized and directed the Indonesian consulting firm to make an illegal payment totaling \$50,000 to the official to "incentivize" him to agree to do so. The Monsanto employee also directed representatives of the Indonesian consulting company to submit false invoices to Monsanto for "consultant fees" to obtain reimbursement for the bribe.
- Status: Monsanto voluntarily notified the DoJ and SEC after a routine audit showed irregularities. The DoJ charged Monsanto with violating the anti-bribery and books and records provisions of the FCPA. Monsanto entered into a Deferred Prosecution Agreement in which it agreed to accept responsibility for the conduct of its employees, pay a monetary penalty of \$1 million, adopt internal compliance measures, cooperate with ongoing criminal and SEC civil investigations, and hire an independent compliance expert to audit the Company's compliance program and monitor its implementation of and compliance with new internal policies and procedures. See related cases at items (41) and (54) below.
- Source: DoJ-Monsanto Deferred Prosecution Agreement *United States v. Monsanto Company* (D.D.C. Jan. 2005).

(19) United States v. InVision Technologies, Inc.

- Date: December 2004
- Countries: Thailand, China, and the Philippines
- Allegations: InVision Technologies, Inc., ("InVision"), which was acquired by General Electric Company in December 2004, is based in Silicon Valley, California, and is a maker of explosives detection products. InVision paid \$95,000 to a distributor in China and continued to make payments to other third parties in Thailand and the Philippines while aware that the third parties intended to make payments to foreign officials to help retain or secure business in the

form of sales of explosive detection machines for InVision.

- Status: The DoJ believed InVision willfully blind to a “high probability” that its payments would be passed to officials, and thus to have criminally violated the anti-bribery provisions of the FCPA and to have lacked adequate internal controls required by the FCPA. The DoJ and InVision entered into a non-prosecution agreement in December 2004. Under the terms of the agreement, InVision agreed to pay a criminal fine of \$800,000, accept responsibility for its misconduct, continue to cooperate with the DoJ, and adopt an FCPA compliance program and internal controls to prevent future misconduct. In addition the company was ordered to cease and desist from its misconduct and retain an independent consultant to ensure the effective integration of its new parent, General Electric's, FCPA compliance programs into its own. InVision also settled claims brought by the SEC. See related case at item (55) below.
- Source: DoJ-InVision Non-Prosecution Agreement (Dec. 2004).

(20) United States v. Kay and Murphy

- Date: December 2004
- Country: Haiti
- Allegations: Douglas Murphy and David Kay, President and Vice-President of American Rice, Inc., authorized payments to customs officials in Haiti to induce the officials to accept false documents underestimating by one-third the quantity of rice shipped, such that customs duties and sales taxes owed by the company were reduced.
- Status: The DoJ charged Messrs. Kay and Murphy with several violations of the anti-bribery provisions of the FCPA. The two defendants and others were also subjects of a civil enforcement proceeding. After the Fifth Circuit found, on appeal, that payments to reduce customs duties could fall within the scope of the FCPA, a federal jury found Murphy and Kay guilty of the charges. Mr. Murphy was sentenced to sixty-three months in prison followed by three years of supervised release and ordered to pay \$1,400 in penalties. Mr. Kay was sentenced to thirty-seven months in prison followed by two years of supervised release and ordered to pay a fine of \$1,300. Messrs. Kay and Murphy are appealing their convictions. See related case at item (59) below.
- Source: *United States v. Kay and Murphy*, 359 F.3d 738 (5th Cir. 2004) reversing and remanding *United States v. Kay and Murphy*, 200 F. Supp. 2d 681 (S.D. Tex. 2002); *United States v. Kay*, 359 F.3d 738 (5th Cir. 2004).

(21) United States v. Thomson and Reilly

- Date: July 2004
- Country: Saudi Arabia
- Allegations: Thomson, the former president and Chief Operating Officer of HealthSouth Corporation's In-Patient Division, and Reilly, former HealthSouth Group vice president of legal services, participated in a bribery scheme to win a services contract with a Saudi hospital. The director general of the Saudi charity running the hospital solicited a \$1 million “finder's fee” in exchange for securing the \$10 million, five-year contract for HealthSouth. Officers of HealthSouth, including Thomson and Reilly, arranged for the director general to receive a false consulting contract with an Australian affiliate of HealthSouth, although they had been specifically advised by counsel that such conduct would be illegal.
- Status: The DoJ brought charges of conspiracy, criminal violation of the books and records provisions of the FCPA, and violation of the Travel Act based upon violation of the Alabama State commercial bribery law. A federal jury acquitted the two former executives in May 2005.
- Source: *United States v. Reilly and Thomson* (N.D. Ala. 2004); “Two Former

HealthSouth Execs Are Acquitted,” available at <<http://www.NYSSCPA.org>>.

(22) United States v. ABB Vetco Gray, Inc. and ABB Vetco Gray UK, Ltd.

- Date: July 2004
- Countries: Nigeria, Angola, and Kazakhstan
- Allegations: Between 1998 and 2001, in connection with bids by the ABB Group for contracts in the energy sector in Nigeria, two ABB Group subsidiaries, ABB Vetco Gray, Inc. and ABB Vetco Gray UK, Ltd., made more than \$1.1 million in payments to officials of NAPIMS, the Nigerian government agency responsible for evaluating and approving such bids. In Angola, the Vetco Gray companies made payments to engineers at Sonangol, the Angolan state-owned oil company, who were responsible for technical evaluation of bids submitted to Sonangol, paying up to \$200 per-day for Sonangol engineers in the context of training trips sponsored by the company from 2000 to 2002. In Kazakhstan, the ABB Kazakh subsidiary made payments totaling approximately \$125,000 to an official employed in the state oil and gas company of Kazakhstan.
- Status: In July 2004, ABB Vetco Gray, Inc. and ABB Vetco Gray UK, Ltd. were criminally charged with violation of the anti-bribery provisions of the FCPA in relation to improper payments to Nigerian energy sector officials. Each agreed to plead guilty and pay criminal fines totaling \$10.5 million between them. In July 2004, ABB sold the Vetco companies to a private equity syndicate comprising Candover, 3i and JPMorgan Partners. See related cases at items (3) above and (48) and (56) below.
- Source: Plea Agreements in *United States v. ABB Vetco Gray, Inc. and ABB Vetco Gray UK, Ltd.*, (S.D. Tex. 2004); ABB Press Release (Feb. 8, 2006).

(23) United States v. Titan Corp.

- Date: April 2004
- Countries: Various, including Saudi Arabia, Benin, and countries in East Asia
- Allegations: Titan made payments to foreign consultants in connection with the sale of radio systems to foreign military and security services. In Benin, Titan also made payments to the re-election campaign of Benin’s incumbent president in order to enable Titan to develop a telecommunications project there. In doing so, Titan made payments to an agent who was a close advisor to the President of Benin upon whom Titan had not conducted significant due diligence. Titan paid the agent a total of \$2.1 million on the basis of invoices falsely identified to be for the purposes of “customs exoneration.”
- Status: DoJ charged Titan Corporation with criminal violation of the anti-bribery provisions of the FCPA, criminal falsification of its books and records, and criminal aiding and assisting the preparation of a false or fraudulent tax return. Titan settled with DoJ, and agreed to pay a \$13 million criminal fine as well as three years of supervised probation, conditioned upon implementation of a rigorous FCPA compliance program. See related cases at items (8) above and (53) below.
- Sources: DoJ Criminal Information and Judgment, *United States v. Titan Corporation* (S.D. Cal. 2005); Titan Disclosure (June 2, 2005).

(24) United States v. Giffen and United States v. Williams

- Date: March 2003
- Country: Kazakhstan
- Allegations: James Giffen, chairman of New York-based merchant bank Mercator and Kazakhstan’s representative in the sale of interests in its oil fields and pipelines, made payments to senior Kazakh officials through the accounts of foreign “shell” organizations. Bryan Williams, an attorney in Virginia who was at the time a former executive at Mobil Oil Corporation, arranged for Mobil to

acquire an interest in the Tengiz oil field in exchange for a \$2 million kickback from Giffen. Kazakh government officials received millions of dollars in payments through the accounts of foreign “shell” organizations set up by Giffen and Williams.

- Status: Mr. Giffen was charged with criminal violations of the anti-bribery provision of the FCPA, money laundering, wire fraud, and filing false tax returns. Giffen was indicted on March 28, 2003 and the case is currently pending, scheduled for trial. On September 18, 2003, Williams pleaded guilty to conspiracy and tax evasion and was sentenced to 46 months in prison. Williams was also ordered to pay a \$25,000 fine and is required to pay taxes on the \$2 million kickback he received.
- Source: *United States v. Giffen* (S.D.N.Y. 2003); *United States v. Williams* (S.D.N.Y. 2003).

(25) United States v. Pitchford

- Date: September 2002
- Country: Turkmenistan
- Allegations: Richard Pitchford was the vice president of the Central Asia American Enterprise Fund when he diverted over \$600,000 from a fund established by Congress to develop the private sector in Central Asia. In the process of receiving illegal kickbacks in the context of his administration of the fund, Mr. Pitchford provided a British government official confidential bid information on a contract in Turkmenistan that enabled a British company to underbid its competitors.
- Status: After he was charged with conspiracy to defraud the United States, theft from a U.S. government program, and criminal violation of the anti-bribery provisions of the FCPA, Mr. Pitchford pleaded guilty to the above charges and was sentenced to one year and one day in prison, followed by three years supervised release, 200 hours of community service, a fine of \$400,000, and forfeiture of \$142,797.95 and his yacht.
- Source: *United States v. Pitchford* (D.D.C. 2002); USAID Press Release (Sept. 18, 2002).

(26) United States v. Sengupta

- Date: January 2002
- Country: Kenya
- Allegations: Guatam Sengupta, a former Task Manager with the World Bank’s offices in Washington, D.C., entered into an agreement to cause World Bank-funded business in Kenya to be awarded to a Swedish consultant in return for a kickback. A Kenyan government official heading one of the projects contacted the defendant and requested a bribe. Sengupta relayed the request to the Swedish consultant, which paid the Kenyan official.
- Status: Mr. Sengupta was charged with conspiracy to commit wire fraud and criminal violation of the FCPA anti-bribery provisions. Sengupta pleaded guilty to the two counts. The plea agreement requires him to pay \$127,000 in restitution. He has been sentenced to two months imprisonment and one year of supervised release, and a \$6,000 fine. See related case at item (27) below.
- Source: *United States v. Sengupta* (D.D.C. 2002); Africa News (Feb. 6, 2004).

(27) United States v. Basu

- Date: November 2002
- Country: Kenya
- Allegations: Ramendra Basu, an Indian national and former Task Manager with the World Bank’s offices in Washington, D.C., admitted to facilitating the

payment of a \$50,000 bribe to a Kenyan government official via an American and a Swedish consultant.

- Status: Mr. Basu was charged with conspiracy to commit wire fraud and conspiracy to violate the FCPA anti-bribery provisions. After pleading guilty and agreeing to pay \$127,000 in restitution, Mr. Basu has moved to withdraw his plea. See related case at item (26) above.
- Source: *United States v. Basu* (D.D.C. 2002).

(28) United States v. Syncor Taiwan, Inc.

- Date: Dec. 2002
- Country: Taiwan
- Allegations: Syncor Taiwan made payments to physicians employed by state-owned hospitals in Taiwan in order to secure sales and obtain referrals of patients to medical imaging centers owned and operated by the company. The improper payments totaled \$457,117 and were authorized by the Chairman of the Board. Parent company Syncor International Corporation voluntarily disclosed that it had found evidence of the improper payments in the course of due diligence for its planned merger with Cardinal Health, Inc. See related case at item (61) below.
- Status: Syncor Taiwan pleaded guilty to criminal violation of the FCPA anti-bribery provisions and agreed to pay a \$2 million fine.
- Source: *United States v. Syncor Taiwan, Inc.* (C.D. Cal. 2002).

(29) United States v. Halford

- Date: August 2001
- Country: Costa Rica
- Allegations: Halford, the CFO of Owl Securities and Investment Ltd (“OSI”), conspired in the payment of at least \$1.5 million to Costa Rican officials and candidates for public office to obtain beneficial changes in Costa Rican law related to a land development project by OSI.
- Status: Charged with conspiracy to violate the anti-bribery provisions of the FCPA and with tax evasion, Halford pleaded guilty and was placed on a five-year probation with special conditions that he provide requested financial information, cooperate with U.S. tax authorities for repayment of funds and complete 1,000 hours of community service. See related cases at items (30)-(32) below.
- Source: *United States v. Halford* (W.D. Mo. 2001).

(30) United States v. Reitz

- Date: August 2001
- Country: Costa Rica
- Allegations: Reitz, as the vice president and secretary of OSI responsible for solicitation of investors, conspired in Costa Rican payments described in item (27) above.
- Status: Mr. Reitz was charged with conspiracy to violate the anti-bribery provisions of the FCPA, mail fraud and using a fictitious name and address, making false and fraudulent statements to an investigating agent of the U.S. Government, and making fraudulent and false statements on a federal tax return. Reitz pleaded guilty to all charges except the false statements charge. He was sentenced to five years probation, home detention for six months, 1,000 hours of community service and a fine of \$400. He additionally agreed to cooperate in repaying the U.S. tax authorities and providing requested financial information. See related cases at items (29) above and (31)-(32) below.
- Source: *United States v. Reitz* (W.D. Mo. 2001).

(31) United States v. King

- Date: June 2001
- Country: Costa Rica
- Allegations: King, who was an employee of OSI responsible for solicitation of American investors for the Costa Rican project, acted in connection with the illegal Costa Rican payments described in item (27) above.
- Status: King was convicted of criminal FCPA anti-bribery violations and conspiracy to defraud the United States, and was sentenced to 30 months in prison and two years of supervised release and a fine of \$60,000. His motion for a new trial was denied. See related cases at items (29)-(30) above and (32) below.
- Source: *United States v. King and Barquero-Hernandez* (W.D. Mo. 2001).

(32) United States v. Barquero-Hernandez

- Date: June 2001
- Country: Costa Rica
- Allegations: Barquero-Hernandez, a Costa Rican national, was employed by OSI and acted as the intermediary for the illegal payments to Costa Rican officials for OSI's development project, as noted in items (29)-(31) above.
- Status: Mr. Barquero-Hernandez was charged with conspiracy and FCPA anti-bribery violations. As of December 2003, Barquero-Hernandez is a fugitive and there is a warrant for his arrest. The United States has requested his extradition or prosecution by Costa Rican authorities.
- Source: *United States v. King and Barquero-Hernandez* (W.D. Mo. 2001); The Associated Press State & Local Wire (Dec. 15, 2003).

(33) United States v. Rothrock

- Date: June 2001
- Country: Russia
- Allegations: In connection with an illegal payment in Russia to the Director General of a government-owned organization engaged in oil-field equipment sales, Daniel Ray Rothrock delivered a false invoice for \$300,000 for consulting services by the government-owned organization. Rothrock knew that there were no consulting services and that the invoice would be used as a cover for the illegal payment which Rothrock's employer, Allied Products Corporation, made in connection with the award of a Russian government contract to sell work-over rigs.
- Status: Charged with violating the books and records provisions of the FCPA, Rothrock pleaded guilty and was sentenced to one-year unsupervised probation and required to pay a \$100 special assessment.
- Source: *United States v. Rothrock* (W.D. Tex. 2001).

(34) United States v. Cantor

- Date: June 2001
- Country: Saudi Arabia
- Allegations: Joshua Cantor was the former Executive Vice President and General Manager, and later President and a director of American Bank Note Holographics ("ABNH"), which bribed a Saudi government official to win a contract for the production of holograms. Cantor and Chairman of the Board and CEO Morris Weissman caused ABNH to pay \$239,000 to a Swiss bank account for the purpose of influencing or affecting the acts or decisions of one or more Saudi Arabian officials to assist ABNH in obtaining or retaining business with that government. The payment was made through a foreign agent who deposited the amount in the bank account.

- Status: Cantor was charged with criminal violation of the FCPA anti-bribery provisions and conspiracy to commit securities fraud, to falsify books and records in violation of the FCPA, and to make false statements to auditors. Cantor pleaded guilty to conspiracy to violate the FCPA and securities fraud charges. As of May 2006, he had not yet been sentenced. See related cases at items (35), (60), and (65) below.
- Source: *United States v. Cantor* (S.D.N.Y. 2001); *The Guardian* (London, July 10, 2003), p. 18.

(35) United States v. Weissman

- Date: July 2001
- Country: Saudi Arabia
- Allegations: Morris Weissman was the Chairman of the Board and CEO of American Bank Note Holographics (“ABNH”), and former chairman, CEO and director of American Banknote Corporation (“ABN”), the parent company of ABNH. As noted at item (34) above, Weissman and former executive vice president and general manager Joshua Cantor caused ABNH to pay \$239,000 to a Swiss bank account for the purpose of influencing or affecting the act or decisions of one or more Saudi officials, or the Saudi Arabian Government, to assist ABNH in obtaining or retaining business with that government.
- Status: Charged with criminal violations of the anti-bribery provisions of the FCPA and other securities laws, Weissman was convicted of violating the securities laws and with conspiracy to violate the securities laws, and faced a maximum sentence of 30 years in prison, a fine of up to \$1 million, and mandatory restitution. After delaying sentencing due to a medical condition, Weissman filed a motion for a new trial on July 8, 2004. See related cases at item (34) above and items (60) and (65) below.
- Source: *United States v. Weissman* (S.D.N.Y. 2001).

(36) United States v. International Material Solutions Corporation

- Date: February 1999
- Country: Brazil
- Allegations: International Material Solutions made a payment of \$67,563 to a Brazilian Air Force officer in connection with a bid to sell ten forklifts.
- Status: Charged with criminal violation of the anti-bribery provisions of the FCPA and conspiracy to violate the FCPA, the company, which was defunct at sentencing, paid a fine of \$500 and received a sentence of one-year probation. See related case at item (37) below.
- Source: *United States v. International Material Solutions Corporation and Thomas K. Qualey* (S.D. Ohio 1999).

(37) United States v. Qualey

- Date: February 1999
- Country: Brazil
- Allegations: Qualey was the president of International Material Solutions when it made a payment of \$67,563 to a Brazilian Air Force officer in connection with a bid to sell ten forklifts.
- Status: Qualey was charged with criminal violation of the anti-bribery provisions of the FCPA and conspiracy to violate the FCPA. Qualey was fined \$2,500 and was sentenced to three years probation, four months home confinement, and 150 hours of community service. See related case at item (36) above.
- Source: *United States v. International Material Solutions Corporation and Thomas K. Qualey* (S.D. Ohio 1999).

CIVIL ACTIONS BROUGHT JOINTLY BY THE U.S. DEPARTMENT OF JUSTICE AND THE U.S. SECURITIES AND EXCHANGE COMMISSION ("SEC")

(38) United States & SEC v. KPMG-Siddharta, Siddharta & Harsono and Harsono

- Date: September 2001
- Country: Indonesia
- Allegations: Baker Hughes Incorporated ("BHI"), a Texas oilfield services company, paid \$75,000 to an Indonesian tax official to reduce by almost \$3 million a tax assessment on an Indonesian company beneficially owned by BHI. KPMG-Siddharta, Siddharta & Harsono ("SSH"), was BHI's accountant and facilitated the payment to the tax official. Harsono was a partner at KPMG-SSH who was directly involved in the payment.
- Status: SSH and Harsono consented to the entry of a civil injunction enjoining them from violation of the anti-bribery provisions of the FCPA and the internal controls and books and records provisions of the Securities Exchange Act. This was the first FCPA prosecution jointly prosecuted by the DoJ and SEC. See related cases at item (64) below.
- Source: *United States & SEC v. KPMG-SSH and Sonny Harsono* (S.D. Tex. 2001); SEC Lit. Rel. No. 17127 (Sept. 12, 2001).

CIVIL ACTIONS BROUGHT BY THE U.S. DEPARTMENT OF JUSTICE

(39) United States v. Metcalf & Eddy

- Date: 1999
- Country: Egypt
- Allegations: The defendant provided travel advances and hotel upgrades for two trips to the United States and Europe by the Chairman of an Egyptian municipal sanitation and drainage organization, and his wife and two children. The company sought the chairman's influence for the review of bids for a project with the U.S. Agency for International Development.
- Status: Charged with violations of the anti-bribery provisions of the FCPA, Metcalf & Eddy paid a civil penalty of \$400,000 and reimbursed the costs of the investigation for \$50,000. The company also agreed to implement a compliance program, financial and accounting controls, and conduct periodic reviews of these programs at least every five years. Metcalf & Eddy further consented to cooperate with continued investigation, promptly investigate and report any alleged FCPA violations, and include in future joint venture agreements a representation and undertaking by each partner on FCPA matters. Finally, the company was permanently enjoined from future FCPA violations.
- Source: *United States v. Metcalf & Eddy* (D. Mass. 1999).

CIVIL ACTIONS BROUGHT BY THE U.S. SEC

(40) SEC v. Baker Hughes Incorporated and Roy Fearnley

- Date: April 2007
- Countries: Kazakhstan, Indonesia, Nigeria, and Angola
- Allegations: Despite a 2001 cease and desist Order issued by the SEC prohibiting violations of the books and records and internal controls provisions of the FCPA, Baker Hughes Incorporated ("Baker Hughes") paid approximately \$5.2 million to two agents in Kazakhstan, while knowing that some or all of the money was intended to bribe officials of State-owned companies, in order to

obtain an oil services contract that eventually generated more than \$219 million in gross revenues from 2001 to 2006, as well as a chemical contract. Roy Fearnley, a former business development manager for Baker Hughes, apparently urged Baker Hughes to hire one of the agents because failure to do so would risk losing the company's business with the Kazakh national oil company. Baker Hughes also made payments of \$10.3 million to an agent in Angola agent and payments of nearly \$5.3 million to an agent who worked in Kazakhstan, Russia, and Uzbekistan without determining whether such payments were passed on to officials with discretion to affect the company's business. Similarly, Baker Hughes made payments to freight forwarders in Indonesia and customs brokers in Nigeria without determining whether such payments were passed on to Indonesian and Nigerian customs officials to obtain improper benefits for the company.

- Status: In April 2007, The SEC charged Baker Hughes with violating the FCPA's antibribery provisions by making payments to the two agents in Kazakhstan, and with violating the statute's books and records and internal controls provisions in relations to the payments it made to the agent working in Kazakhstan, Russia and Uzbekistan; the agent working in Angola; freight forwarders in Indonesia; and customs brokers in Nigeria. Baker Hughes agreed to pay more than \$23 million in disgorgement and prejudgment interest for these violations and to pay a civil penalty of \$10 million for violating the 2001 cease and desist Order. Baker Hughes also consented to a permanent injunction against violation of the antibribery provisions of the FCPA. The SEC also filed a contested action against Roy Fearnley seeking to permanently enjoin Fearnley from violating the FCPA and seeking disgorgement, prejudgment interest, and civil penalties. In September 2001, Baker Hughes consented with an SEC cease and desist Order for violations of Section 13 of the Exchange Act for improper payments made to an Indonesian tax official. See related case at item (1) above.
- Source: *SEC v. Baker Hughes Incorporated, et. al.*, Case No. H-07-1408, (S.D. Tex.) (Filed April 26, 2007) (Complaint); SEC Lit. Rel. No. 20094 (April 26, 2007); Baker Hughes 10-K (Feb. 23, 2007)

(41) SEC v. Martin

- Date: March 2007
- Country: Indonesia
- Allegations: In 2002, Charles Martin, the former Government Affairs Director for Asia for Monsanto Company, authorized and directed an Indonesian consulting firm to pay a bribe of \$50,000 to a senior official of the Indonesian Ministry of Environment. The payment was made to influence the official to repeal language in a decree unfavorable to Monsanto's business in Indonesia. Martin directed the consulting firm to issue false invoices to Monsanto which would lead Monsanto to pay additional funds used to make the improper payment.
- Status: The SEC alleged Martin violated the anti-bribery, books and records, and internal controls provisions of the FCPA. Martin consented to a cease-and-desist order and to a civil penalty of \$30,000. See related cases at items (18) above and (54) below.
- Source: *SEC v. Martin*, Case No. 1:07-cv-0434 (D.D.C. 2007).

(42) SEC v. The Dow Chemical Company

- Date: February 2007
- Country: India
- Allegations: This action relates to an estimated \$200,000 in improper payments made by a fifth-tier foreign subsidiary of Dow to Indian government

officials from 1996 through 2001. The Dow subsidiary, DE-Nocil Crop Protection Ltd. ("DE-Nocil"), headquartered in Mumbai, India, manufactured and marketed pesticides and other products primarily for use in the Indian agriculture industry. Beginning in 1996, DE-Nocil made approximately \$39,700 in improper payments to an official in India's Central Insecticides Board to expedite the registration of three DE-Nocil products. Most of these payments were made through agreements with contractors which added fictitious charges on its bills, or issued false invoices, to DE-Nocil. The contractors then disbursed these extra funds, at DE-Nocil's direction, to the CIB official. The complaint also alleges that from 1996 and to 2001, DE-Nocil made \$87,400 in improper payments to state officials in order to distribute and sell its products. In addition to these payments, DE-Nocil also made improper payments to Indian government officials consisting of an estimated \$37,600 for gifts, travel, entertainment and other items; \$19,000 to government business officials; \$11,800 to sales tax officials; \$3,700 to excise tax officials; and \$1,500 to customs officials. In sum, over a six-year period, DE-Nocil distributed an estimated total of \$200,000 in improper payments through federal and state channels. None of these payments were accurately reflected in Dow's books and records, and Dow's system of internal accounting controls failed to prevent the payments.

- Status: To settle allegations that it violated the books and records and internal controls provisions of the FCPA, Dow consented to a civil injunction against violation of those provisions and agreed to pay a \$325,000 civil penalty.
- Source: *SEC v. The Dow Chemical Company* (D.D.C. 2007); *In re: The Dow Chemical Company*, SEC Admin. Proc. File No. 3-12567 (Feb. 13, 2007).

(43) SEC v. El Paso Corporation

- Date: February 2007
- Country: Iraq
- Allegations: Between June 2001 and June 2002, El Paso purchased Iraqi crude oil from third parties who had allegedly paid nearly \$5.5 million in illegal surcharges to accounts in Jordan and Lebanon controlled by Iraq's State Oil Marketing Organization ("SOMO"), at a time when UN sanctions and US law prohibited payments to Iraq. These surcharges were factored into the price of the oil paid by El Paso by the inclusion of a premium. El Paso booked the entire purchase price as "cost of goods sold". El Paso allegedly knew, or was reckless in not knowing, that between 25 and 30 cents per barrel of crude oil purchased from Iraq during that time period was "kicked back" to the Iraqi government as a surcharge. Written certifications El Paso had obtained from third party sellers representing that surcharges had not been paid allegedly were contradicted by statements made in recorded telephone conversations with El Paso oil traders.
- Status: Based on the foregoing conduct, the SEC charged El Paso with violation of the books and records and internal controls provisions of the FCPA. The company settled allegations with the SEC, consenting to a permanent injunction against violation of these FCPA provisions and agreeing to pay a civil penalty of \$2.25 million and to pay disgorgement of \$5.4 million, which will be deemed satisfied by the payment of a settlement amount agreed with the DoJ.
- Source: *SEC v. El Paso Corporation* (S.D.N.Y. 2007); SEC Lit. Rel. No. 19991 (Feb. 7, 2007); Warren Hoge, El Paso Corp. to Pay \$7 Million as Settlement in Oil-for-Food Case, *N.Y. Times* (Feb. 8, 2007).

(44) SEC v. Brown

- Date: October 2006
- Countries: Nigeria and Ecuador
- Allegations: Jim Bob Brown, a former supervisory employee of a subsidiary of Willbros Group, Inc., participated in three conspiracies to make improper

payments relating to Willbros' Nigerian and Ecuadorian operations. Brown participated in a scheme to deliver \$1 million in cash to Nigerian government officials to settle previously made "commitments" designed to help the company obtain one or more projects. Brown also participated in a scheme in which Willbros affiliates in Nigeria fabricated invoices to procure petty cash to bribe Nigerian tax and court officials in order to reduce Willbros tax obligations and assure Willbros favorable treatment in Nigerian courts. Finally, Brown assisted a scheme to pay \$300,000 to officials of an oil and gas company owned by the government of Ecuador to obtain a contract that ultimately generated total revenues of \$3.4 million. Brown participated in these schemes despite the fact that he and other employees of Willbros affiliates had been specifically prohibited, in the context of a Willbros Group internal investigation into corrupt payments in Bolivia, from making any further payments to the outside consultant whose invoices were used as a sham for corrupt payments to Nigerian officials. Brown also assisted in the inaccurate recording of these payments in Willbros' books and records.

- Status: The SEC settled a civil action against Brown alleging that he violated and aided and abetted violations of the antibribery, books and records, and internal controls provisions of the FCPA. Brown was enjoined from future violations of the FCPA. No action has yet been brought against Willbros. See related case at item (5) above.
- Source: *SEC v. Brown*, Case No. 06-CV-2919 (S.D. Tex. 2006); SEC Lit. Rel. No. 19832 (Sep. 14, 2006).

(45) In the Matter of Schnitzer Steel

- Date: October 2006
- Countries: Korea and China
- Allegations: From 1999 through 2004, using off-the-books bank accounts in South Korea, Schnitzer Steel had paid approximately \$205,000 to managers of wholly- or partly-government-owned customers in China in order to induce purchases of scrap steel. These payments allegedly related to 30 transactions on which Schnitzer Steel earned more than \$6.25 million in profit. The company also allegedly made payments to managers of government customers on behalf of a Japanese supplier, resulting in approximately \$20,000 in profits. In addition, Schnitzer Steel paid approximately \$1.68 million to managers of private customers in China and South Korea. The company allegedly falsely described these payments in its books and records using more than a dozen different descriptions. Schnitzer Steel further stipulated that the company had spent approximately \$138,000 on gifts and entertainment for managers of customers over the five-year time period. The agreement noted that pens, perfume, and jewelry were provided as adornments to some of the payments to managers, adding that "[t]he value of those gifts was generally less than \$350. However, more substantial gifts, ranging in value from \$400 to \$8,000, were also given." For example, the company allegedly gave officials access to SSI-Korea's golf club and corporate condominium, \$10,000 in gift certificates and a \$2,400 luxury watch.
- Status: In addition to agreeing to retain a compliance monitor for three years, Schnitzer Steel consented to an SEC cease-and-desist order, agreeing to disgorge \$6.27 million in profits on the sales to government-owned customers and to pay \$1.45 million in prejudgment interest. See related case at item (6) above.
- Source: *In re: Schnitzer Steel Industries, Inc.*, SEC Admin. Proc. File No. 3-12456 (Oct. 16, 2006).

(46) In the Matter of Statoil ASA

- Date: October 13, 2006
- Country: Iran
- Allegations: Statoil ASA ("Statoil"), the state-owned oil company of Norway, has acknowledged making bribe payments in 2002 totaling \$5.2 million to an Iranian official heading the Iranian Fuel Consumption Optimizing Organization ("IFCOO") to secure oil and gas contracts in Southern Iran, namely the South Pars project. The payments were made in the context of a vaguely defined consulting contract for \$15.2 million with Horton Investment Services ("Horton"), a Turks and Caicos consultancy engaged by Statoil to provide advice for securing oil contracts in Iran. Statoil improperly characterized the payments as "consulting fees for special consultants and analysis related to technical, administrative, tax, and financial matters" and improperly characterized the contract with Horton as an ordinarily consulting agreement.
- Status: The SEC stated that Statoil had committed violations of the books and records provisions of the FCPA. The SEC also stated that Statoil's employees circumvented the few internal controls and procedures in place to prevent illegal payments, and that Statoil's lack of sufficient internal controls enabled executives responsible for the contract to conceal the illegal payments. Statoil consented to the entry of an administrative order requiring it to cease and desist from committing future violations of the FCPA, and pay a disgorgement of \$10.5 million. Statoil also agreed to the appointment of an independent compliance consultant and to cooperate fully with ongoing inquiries concerning corrupt payments, false books and records, and inadequate internal controls. The fine of approximately 3 million (NOK 20 million) Statoil paid to the Norwegian National Authority of Investigation and Prosecution of Economic and Environmental Crime ("Okokrim") for committing an economic crime under Norwegian law will be deducted from that amount. Statoil former Chairman Leif Terje Loeddesole, Chief Executive Officer Olav Fjell, and Executive Vice President Richard Hubbard resigned from the company after a Norwegian newspaper ran a story in September 2003 alleging that Statoil was involved in the bribery scheme in Iran. Okokrim also fined Richard Hubbard NOK 200,000 (approximately US \$30,300). See related case at item (7) above.
- Source: *In the Matter of Statoil ASA*, SEC Admin. Proc. File No. 3-12453 (S.D.N.Y. October 13, 2006); Statoil 6-K (Oct.30, 2006).

(47) SEC v. Pillor

- Date: August 2006
- Countries: China, Philippines, and Thailand
- Allegations: From 2001 to 2004, David M. Pillor, employed as Senior Vice President for sales and marketing and a member of the board of InVision Technologies, Inc., a manufacturer of explosive detection machines for use in airport security screening, aided and abetted InVision Technologies' failure to establish internal controls to prevent the company from violating the FCPA, in violation of Section 13(b)(2)(B) of the Securities and Exchange Act of 1934, and indirectly caused the falsification of the company's books and records, in violation of Rule 13b2-1 of the Exchange Act. During 2001 to 2004, InVision made substantial sales of its explosive detection machines to government-owned or controlled airports in China, the Philippines and Thailand. While those transactions were being negotiated, Pillor received e-mail messages suggesting that the company's sales agents and distributors in those countries intended to make improper payments or other gifts to government officials in order to secure those sales, in violation of the FCPA. Pillor took no action on those e-mails. Because of his position of responsibility within the company, and InVision's failure to establish sufficient internal controls to prevent improper payments, Pillor was responsible under the FCPA for aiding and abetting the company's

failure to establish sufficient internal controls. Likewise, the SEC alleged that Pillor had indirectly caused the falsification of the company's books and records by submitting payment requests from its Filipino and Chinese distributors for payment, while InVision was aware that such payments were highly likely to be for an improper purpose. Such payments allegedly were recorded as legitimate business expenses.

- Status: In February 2005, InVision Technologies settled a related SEC enforcement action by paying US\$1.1 million in disgorgement and fines, and by agreeing to a cease-and-desist order from future FCPA violations. The Company also paid \$800,000 to settle separate criminal charges associated with the above-described conduct in December 2004. To settle the individual enforcement action against him, Pillor agreed, without admitting or denying the allegations against him, to pay a \$65,000 civil penalty, and to the entry of a permanent injunction against future FCPA violations.
- Source: *SEC v. Pillor*, Case No. 06-4906 (S.D.N.Y. 2006) (Complaint).

(48) SEC v. Samson, Munro, Campbell, and Whelan

- Date: July 2006
- Country: Nigeria
- Allegations: Four former employees of ABB Ltd. ("ABB") subsidiaries – John Samson, a former regional sales manager for West Africa; John G. A. Munro, a former senior vice president of operations; Ian N. Campbell, a former vice president of finance; and John H. Whelan, a former vice president of sales – each participated in a bribery scheme in which approximately \$1 million in illicit payments and gifts was provided to the National Petroleum Investment Management Services ("NAPIMS"), the Nigerian state-owned agency responsible for overseeing oil exploration and production in Nigeria, in furtherance of ABB's bid to obtain a \$180 million contract to provide equipment for an oil drilling project in Nigeria's offshore Bonga Oil Field, a contract which was ultimately awarded to ABB in early 2001. The defendants were also involved in disguising the payments as legitimate expenses through the creation of false business records. ABB Ltd. and two of its former subsidiaries settled an enforcement action related to the same improper payments in July 2004. See related cases at items (3) and (22) above and (56) below.)
- Status: The SEC brought settled enforcement actions against Samson, Munro, Campbell, and Whelan for violating the antibribery, books and records, and internal controls provisions of the FCPA. Each individual was permanently enjoined from future violations of the FCPA and ordered to pay a civil monetary penalty (\$50,000 as to Samson, and \$40,000 each as to Munro, Campbell, and Whelan). John Samson, who had personally profited from the scheme by receiving \$50,000 in kickbacks from one of the NAPIMS officials receiving bribes, was ordered to pay \$64,675 in disgorgement and prejudgment interest, a relatively new development in FCPA cases against individuals.
- Source: *SEC v. Samson, et. al.* Case No. 1:06CV0127 (D.D.C. 2006); SEC Lit. Rel. No. 19754 (July 5, 2006).

(49) In the Matter of Oil States International

- Date: April 2006
- Country: Venezuela
- Allegations: From December 2003 to November 2004, Oil States International, Inc., a Houston-based specialty provider to oil and gas drilling and production companies, through certain employees of its wholly-owned subsidiary Hydraulic Well Control, LLC ("HWC"), provided approximately \$348,350 in improper payments to employees of Petróleos de Venezuela, S.A. ("PDVSA"), an energy company owned by the government of Venezuela. In December

2003, a consultant for HWC in Eastern Venezuela was approached by three employees of PDVSA about a proposed kickback scheme. The PDVSA employees proposed that the consultant submit inflated bills to HWC for his services and kickback the excess to the PDVSA employees. At the same time, HWC would improperly bill PDVSA for services on jobs. If HWC did not comply with the proposed scheme, the PDVSA employees were capable of stopping or delaying HWC's work. After learning of the proposed scheme from the consultant, three HWC Venezuela employees acceded to and facilitated the improper activity. The consultant provided inflated invoices for his services and other documents inaccurately reflecting the services billable to PDVSA. HWC employees incorporated these documents into HWC's books and records and HWC passed on an undetermined amount of the improper payments in inflated invoices to PDVSA. Because HWC improperly recorded the payments to the PDVSA employees as ordinary business expenses, its books, records and accounts did not, in reasonable detail, accurately and fairly reflect its transactions and dispositions of assets. HWC failed to take steps to ensure that the Consultant complied with the FCPA and to ensure that the nature and purpose of the payments to the PDVSA employees were accurately reflected in HWC's books and records.

- Status: To settle allegations that it violated the books and records and internal controls provisions of the FCPA, the company agreed to the entry of an administrative order mandating that it cease-and-desist from violation of these provisions.
- Source: *In re: Oil States Int'l, Inc.*, SEC Admin. Proc. File No. 3-12280 (Apr. 27, 2006).

(50) SEC v. Tyco International, Ltd.

- Date: April 2006
- Countries: Brazil and South Korea
- Allegations: From 1999 to 2002, Earth Tech Brasil Ltda. ("Earth Tech Brasil"), a subsidiary Tyco acquired in 1998 and which is engaged in constructing water, sewage, and irrigation systems for the government entities in Brazil, made improper payments to Brazilian government officials for the purpose of obtaining or retaining business. At least 60 percent of Earth Tech Brasil's contracts involved payments to government officials, which were specifically referenced in communications with executives at Earth Tech corporate offices in California. These payments were accomplished through a scheme of false or inflated invoicing by companies controlled by Earth Tech Brasil employees and by lobbyists. In addition, on at least one occasion, company books were falsified to conceal illicit payments and entertainment. Between 1999 and 2002, Dong Bang Industrial Co. Ltd. ("Dong Bang"), a South Korean entity acquired engaged in fire protection services which Tyco acquired in 1999, made improper payments and provided entertainment to South Korean officials. Dong Bang executives funded this scheme using payments issued to fictitious employees.
- Status: The SEC complaint alleged that Tyco violated the anti-bribery as well as the books and records and internal controls provisions of the FCPA. Tyco entered into a settlement without admitting or denying the allegations of securities laws violations, and agreeing to pay \$50 million in civil penalties plus \$1 in disgorgement for all of the alleged violations of securities laws (including but not limited to FCPA violations). The penalties were aggregated such that the penalty for FCPA violations was not specified.
- Source: *SEC v. Tyco Int'l* (S.D.N.Y. 2006).

(51) In the Matter of Diagnostic Products Corporation

- Date: August 2005

- Country: China
- Allegations: Diagnostic Products Corporation (“DPC”), a U.S.-based corporation and DPC Co. Ltd., formerly Tianjin Depu Biotechnological and Medical Products, Inc. (“Tianjin”), DPC’s Chinese subsidiary, made payments to senior to hospital officials in China in exchange for contracts to retain Tianjin’s products and services. In most cases, the commissions were paid in cash and hand-delivered by DPC salespersons to the person who controlled purchasing decisions in the particular hospital department.
- Status: The SEC charged the parent with violation of the anti-bribery provisions of the FCPA and the books and records and internal controls provisions of the FCPA. In August 2005, DPC reached a settlement with the SEC and DoJ in which it agreed pay \$4.8 million in fines, including a criminal penalty of \$2 million to the DoJ, a disgorgement of \$2.04 million to the SEC, and \$750,000 in prejudgment interest to the SEC. See related case at item (13) above.
- Source: *In the Matter of Diagnostic Products Corporation*, Admin. Proc. 3-11933 (May 20, 2005).

(52) SEC v. Amoako, Ott, and Young

- Date: June 2005 (Amoako) and September 2006 (Ott and Young)
- Countries: Nigeria, Rwanda and Senegal
- Allegations: ITXC was a publicly-held international telecommunications carrier based in Princeton, New Jersey that sought to do business in Africa. Yaw Amoako, its former Regional Director for Africa, paid a senior official of the government-owned telephone company in Nigeria, known as Nigerian Telecommunications Ltd. (“Nitel”), in order to obtain a lucrative contract for ITXC. The contract was for ITXC to transmit telephone calls to individuals and businesses in Nigeria. Amoako paid the Nitel official a total of \$166,541.31 in bribes between November 2002 and May 2004, and ITXC made \$1,136,618 in net profits from the contract. Steven Ott and Michael Young, former ITXC Corp. executives, approved, and in some cases negotiated, payments that ITXC made to senior officials of government-owned telephone companies in Nigeria, as well as in Rwanda and Senegal, in order to obtain contracts for ITXC to transmit telephone calls to individuals and businesses in those countries. Ott and Young were responsible for \$267,468.95 in such payments ITXC made between August 2001 and May 2004. ITXC made \$11,509,733 in net profits from the contracts. In 2004, ITXC merged with Teleglobe International Holdings Ltd., which was subsequently acquired by Videsh Sanchar Nigam Ltd. in 2006.
- Status: The SEC has alleged that Messrs. Ott and Young violated the FCPA anti-bribery and accounting provisions (books and records and internal controls) and aided and abetted ITXC’s violation of those provisions. The SEC has alleged that Mr. Amoako violated the anti-bribery provisions of the FCPA. As to all three former ITXC employees, the SEC is seeking an injunction against FCPA violations, unspecified civil penalties, and disgorgement of profits obtained from the scheme. The case against Amoako has been delayed pending resolution of the criminal prosecution against him. See related case at item (16) above. The case against Ott and Young also appears to be on hold pending resolution of that case.
- Source: *SEC v. Amoako* (D.N.J. 2005); *SEC v. Ott & Young* (D.N.J. 2006); VSNL 20-F (Oct. 12, 2006).

(53) SEC v. Titan Corporation

- Date: March 2005
- Countries: Benin, France, Japan, Nepal, Bangladesh, and Sri Lanka
- Allegations: Under the direction of a senior Titan official based in the United

States (who is no longer with the company), Titan funneled funds into the re-election campaign of Benin's incumbent president at least in part to develop Titan's telecommunications project in Benin. Titan's internal controls were generally deficient, and the company falsified documents filed with the United States government and misreported commission payments in its business dealings with France, Japan, Nepal, Bangladesh, and Sri Lanka.

- Status: The SEC charged that Titan violated the anti-bribery as well as the books and records provisions of the FCPA. Titan pleaded guilty on March 1, 2005 and agreed to pay a civil penalty and disgorgement to the SEC in the amount of approximately \$15.5 million, as well as a criminal fine of \$13 million. Titan agreed to retain an independent consultant to review and implement FCPA compliance procedures. Titan's combined penalty of \$28.5 million is the largest fine imposed in the history of the FCPA. See related cases at items (8) and (23) above.
- Source: *SEC v. Titan Corporation* (S.D. Cal. 2005).

(54) SEC v. Monsanto Company

- Date: January 2005
- Country: Indonesia
- Allegations: In 2002, a senior Monsanto manager, based in the United States, authorized and directed an Indonesian consulting firm to make an illegal payment totaling \$50,000 to a senior Indonesian Ministry of Environment official to influence him to repeal a government decree requiring that an environmental impact study be done before the cultivation of genetically modified crops could be authorized. Although the payment was made, the requirement was not repealed. The Monsanto employee also directed representatives of the Indonesian consulting company to submit false invoices to Monsanto for "consultant fees" to obtain reimbursement for the bribe. In addition, from 1997 to 2002, Monsanto inaccurately recorded, or failed to record, in its books and records a series of at least \$700,000 in illegal or questionable payments made to at least 140 current and former Indonesian government officials and their family members. The funds were derived from a bogus product registration scheme undertaken by two Indonesian entities owned or controlled by Monsanto.
- Status: The SEC charged Monsanto with violations of the anti-bribery and books and records provisions of the FCPA, due to the company's failure to keep complete and accurate records and falsification of existing records. Monsanto consented to the entry of a final judgment and agreed to pay a \$500,000 civil penalty. Monsanto also agreed to retain for a period of three years an independent compliance consultant to review and evaluate the Company's policies and procedures to ensure compliance with the FCPA. See related cases at items (18) and (41) above.
- Source: *SEC v. Monsanto* (D.D.C. 2005) and SEC Litigation Release No. 19023, Jan. 6, 2005.

(55) SEC v. GE InVision, Inc.

- Date: December 2004
- Countries: Thailand, China, and the Philippines
- Allegations: InVision's regional sales managers covering China, the Philippines and Thailand, and an InVision senior sales executive were aware of the high probability that distributors in China and Thailand, and a sales agent in the Philippines, were intending to use funds provided by InVision or profits from the sales of InVision equipment to make gifts or payments to officials in the three countries in order to avoid late delivery penalties or encourage future purchases. Despite this, InVision allowed the agents or distributors to proceed on its behalf, in violation of the FCPA.

- Status: InVision was charged with violation of the anti-bribery and books and records provisions of the FCPA. InVision agreed to disgorge \$589,000 in profits from the sale of equipment plus prejudgment interest of \$28,703.57 for a total of \$617,703.57, and to pay a \$500,000 civil penalty. See related case at item (19) above.
- Source: U.S. Department of Justice Press Release 04-780, Dec. 6, 2004; *In the Matter of GE InVision, Inc.*, SEC Administrative Proceeding Filing No. 3-11827.

(56) SEC v. ABB Ltd.

- Date: July 2004
- Countries: Nigeria, Angola, and Kazakhstan
- Allegations: ABB's U.S. and foreign subsidiaries offered and made improper payments of over \$1.1 million to foreign government officials in Nigeria, Angola and Kazakhstan between 1998 and 2003. The payments were made to influence the decision by officials to award government contracts and were made with the knowledge and approval of management-level personnel of the relevant ABB subsidiaries. Between 1998 and 2001, in connection with bids by the ABB Group for contracts in the energy sector in Nigeria, two ABB Group subsidiaries, ABB Vetco Gray, Inc. and ABB Vetco Gray UK, Ltd., made more than \$1.1 million in payments to officials of NAPIMS, the Nigerian government agency responsible for evaluating and approving such bids. In Angola, the Vetco Gray companies made payments to engineers at Sonangol, the Angolan state-owned oil company, who were responsible for technical evaluation of bids submitted to Sonangol, paying up to \$200 per-day for Sonangol engineers in the context of training trips sponsored by the company from 2000 to 2002. In Kazakhstan, the ABB Kazakh subsidiary made payments totaling approximately \$125,000 to an official employed in the state oil and gas company of Kazakhstan.
- Status: The SEC charged ABB with violations of the anti-bribery, books and records and internal control provisions of the FCPA. ABB consented to the entry of a final judgment enjoining it from further FCPA violations and agreed to pay \$5.9 million in disgorgement and prejudgment interest, to pay \$10.5 million in fines, and to retain an independent consultant to review FCPA compliance. The \$10.5 million fine could be offset by the criminal fines of the same amount imposed on ABB's subsidiaries in *United States v. ABB Vetco Gray, Inc. and ABB Vetco Gray UK, Ltd.* (S.D. Tex. 2004). See related cases at items (3), (22) and (48) above.
- New Developments: See Part 1.C of this report for information on recent disclosures.
- Source: *SEC v. ABB* (D.D.C. 2004); SEC Accounting and Auditing Enforcement Release No. 2049 (July 6, 2004); ABB Press Release (Feb. 8, 2006).

(57) SEC v. Schering-Plough Corporation

- Date: June 2004
- Country: Poland
- Allegations: The company made payments of \$76,000 between 1999 and 2002 to a Polish charity headed by the Director of the Silesian Health Fund, in exchange for influence in the decision to purchase Schering-Plough products for the health fund. Some of the payments were structured such that they fell below approval levels for the purpose of concealing the nature of the payments, which were recorded as medical donations. Schering-Plough's system of internal accounting controls failed to detect or prevent the improper payments.
- Status: The SEC charged the company with violation of the FCPA books and

records and internal control provisions. Schering-Plough settled and agreed to a cease and desist order and a civil penalty of \$500,000.

- Source: *In the Matter of Schering-Plough Corp.*, SEC Administrative Proceeding Filing No. 3-11517 (June 9, 2004).

(58) In the Matter of BJ Services Company

- Date: March 2004
- Country: Argentina
- Allegations: BJ Services made illegal payments of about 72,000 pesos to Argentinean customs officials during 2001, improperly characterized other payments, totaling 151,000 pesos, to customs officials between 1998 and 2002, and experienced breaches in accounting policies, controls and procedures in certain areas of the company's Latin American Region during the same period.
- Status: The company was charged with violation of the FCPA books and records and internal control provisions. BJ Services settled and agreed to a cease and desist order in March 2004.
- Source: *In the Matter of BJ Services Co.*, SEC Administrative Proceeding Filing No. 3-11427 (Mar. 10, 2004).

(59) SEC v. Kay, Murphy, Theriot; In the Matter of American Rice, Schwartz, Malebranche, and Sturdivant

- Date: January 2003
- Country: Haiti
- Allegations: Douglas Murphy and David Kay, president and vice-president of American Rice, Inc., and Lawrence Theriot, a consultant for the company, were involved in a bribery scheme in Haiti to reduce customs charges and sales taxes owed. Murphy knew of the scheme but took no action to stop it and is liable as a "control person" for Kay's actions. Joseph Schwartz, Joel Malebranche, and Allen Sturdivant are American Rice employees who made the payments and prepared fake books and records to cover up the payments.
- Status: On August 1, 2002, the SEC charged Messrs. Murphy and Kay with authorizing bribery payments and Mr. Theriot of assisting in the bribery scheme in violation of the FCPA. Mr. Kay was also charged with failing to implement a system of internal controls and knowingly falsifying the books and records of American Rice. The SEC also charged American Rice and Messrs. Schwartz, Malebranche and Sturdivant with FCPA books and records and internal control violations for falsifying records. Mr. Theriot settled with the SEC on December 30, 2004, agreeing to pay a \$11,000 civil penalty and to be enjoined from future FCPA violations. American Rice, Messrs. Schwartz, Malebranche, and Sturdivant consented to the cease and desist order and entered into a settlement agreement with the SEC on January 30, 2003. Messrs. Kay and Murphy were ordered to pay \$187,000 each in civil penalties, were enjoined from future violations, and are appealing their criminal convictions. See related case at item (20) above.
- Source: *SEC v. Kay, Murphy, and Theriot* (S.D. Tex. 2002); SEC Accounting and Auditing Enforcement Release No. 1607 (2002). SEC Litigation Release Nos. 19293, (Jul. 6, 2005); 19026 (Jan. 7, 2005); 18925 (Oct. 7, 2004); 17651 (Aug. 1, 2002); SEC Complaint Against Douglas A. Murphy, David G. Kay, and Lawrence H. Theriot (Aug. 1, 2002); SEC Cease and Desist Order against American Rice, Inc., Joseph A. Schwartz, Jr., Joel R. Malebranche, and Allen W. Sturdivant (Jan. 30, 2003); SEC Final Judgment Against Lawrence H. Theriot (Dec. 30, 2004); *In the Matter of American Rice, Schwartz, Malebranche, and Sturdivant*, SEC Admin. Proc. File No. 3-11024 (Jan. 20, 2003).

(60) SEC v. Weissman, Cantor, Gorman and Gentile

- Date: August 2003
- Country: Saudi Arabia
- Allegations: American Bank Note Holographics (“ABNH”), a Delaware corporation, bribed a Saudi government official in order to obtain influence in winning a contract to produce holograms for a foreign government. Joshua Cantor, the former Executive Vice President and General Manager and Chairman of the Board and CEO Morris Weissman caused ABNH to pay \$239,000 to a Swiss bank account for the purpose of influencing or affecting the acts or decisions of one or more Saudi Arabian officials to assist ABNH in obtaining or retaining business with that government. The payment was made through a foreign agent who deposited the amount in the bank account. Gorman was the former executive vice president and chief financial officer of ABN, the parent company of ABNH. Gentile was the vice president and chief accounting officer of ABN and formerly ABN’s corporate controller.
- Status: Weissman, Cantor, Gorman, and Gentile were charged with violations of the anti-bribery, antifraud, periodic reporting, recordkeeping and internal control provisions of the FCPA. The action was dismissed without prejudice in November 2001, but the SEC then pursued a separate action against Cantor in 2003 for the same charges described in the previous action. In a settlement agreement, without admitting or denying the allegations, Cantor consented to a 10-year prohibition from holding an officer or director position in a public company and to an order permanently enjoining him from violation and aiding and abetting violation of the FCPA and the SEC laws. The Department of Justice pursued related criminal actions against Weissman and Cantor. See related cases at items (34)-(35) above and (64) below.
- Source: *SEC v. Weissman, Cantor, Gorman and Gentile* (S.D.N.Y. 2001); SEC Litigation Release No. 17068 (July 18, 2001); and *SEC v. Joshua Cantor* (S.D.N.Y. 2003); SEC Litigation Release No. 18081 (April 10, 2003); SEC Litigation Release No. 18283 (Aug. 12, 2003).

(61) SEC v. Syncor International Corporation

- Date: December 2002
- Country: Taiwan
- Allegations: Syncor International’s foreign subsidiaries made payments of at least \$600,000 to physicians employed by state-owned hospitals in several countries, including Taiwan, Mexico, France, Luxembourg, and Belgium. The payments were made to obtain business from the hospitals in the form of radio pharmaceutical contracts and referrals of patients to medical imaging centers owned by Syncor. The company voluntarily disclosed that it found evidence of the improper payments in the course of due diligence for its planned merger with Cardinal Health.
- Status: Violation of the FCPA anti-bribery, books and records and internal control provisions. Syncor International Corp. entered into a consent decree with the SEC for a cease-and-desist order and agreed to pay a \$500,000 fine. See related case at item (28) above.
- Source: *SEC v. Syncor International Corporation* (D.D.C. 2002); *In the Matter of Syncor Int’l Corp.*, SEC Administrative Proceeding Filing No. 3-10969 (Dec. 10, 2002); SEC Accounting and Auditing Enforcement Release No. 1687 (Dec. 10, 2002).

(62) SEC v. BellSouth Corporation

- Date: January 2002
- Countries: Venezuela and Nicaragua
- Allegations: BellSouth’s Venezuelan subsidiary made payments, based on fictitious invoices, totaling \$10.8 million to six offshore companies; and its

Nicaraguan subsidiary made payments to the wife of the Nicaraguan legislator who was chairman of the committee with telecommunications oversight. The payments were made in order to influence Nicaraguan lawmakers to repeal a law prohibiting foreign companies from obtaining a majority interest in Nicaraguan telecommunication companies.

- Status: BellSouth was charged with violations of the books and records and internal control provisions of the FCPA. The company consented to a \$150,000 civil penalty and a cease-and-desist order.
- Source: *SEC v. BellSouth Corporation* (N.D. Ga. 2002); SEC Accounting and Auditing Enforcement Release No. 1495 (Jan. 15, 2002).

(63) SEC v. Chiquita Brands International, Inc.; In the Matter of Chiquita Brands International, Inc.

- Date: October 2001
- Country: Colombia
- Allegations: Chiquita, through the customs broker of the company's wholly owned Colombian subsidiary, C. I. Bananos de Exportación, S.A. ("Banadex"), made illegal payments amounting to \$30,000 to Colombian customs officials to renew a port facility's customs license. Banadex's chief executive officer authorized the payments, which were made through Banadex's agent, Comercio Exterior Asesores Limitada ("CEA"). The payments were incorrectly recorded in Banadex's books and records.
- Status: Chiquita was charged with a violation of the FCPA books and records provisions. Chiquita settled the case by consenting to a cease and desist order. The settlement required Chiquita to pay a civil penalty of \$100,000.
- New Developments: In early September 2004, Chiquita voluntarily disclosed to the SEC and the Justice Department that in 2003 its Greek subsidiary made an improper payment.
- Source: *SEC v. Chiquita Brands International, Inc.* (D.D.C. 2001); *In the Matter of Chiquita Brands International, Inc.*, SEC Admin. Proc. File No. 3-10613 (Oct. 3, 2001); Chiquita 424B3 (December 15, 2005).

(64) SEC v. Mattson and Harris; In the Matter of Baker Hughes Incorporated

- Date: September 2001
- Country: Indonesia
- Allegations: Baker Hughes Incorporated ("BHI"), a Texas oilfield services company, paid \$75,000 to an Indonesian tax official to reduce the tax assessment on an Indonesian company beneficially owned by BHI. Mattson was BHI's former CFO and Harris the controller. BHI senior managers also authorized payments to agents in India and Brazil in 1998 and 1995 without making adequate assurances that those payments were not forwarded to foreign government officials.
- Status: BHI was charged with violation of the anti-bribery provisions of the FCPA, and violation of the books and records and internal control provisions of the FCPA. The SEC charged Mattson and Harris with aiding and abetting BHI's violations. BHI consented to a cease and desist order for the books and records and accounting control provisions of the FCPA but did not pay a fine. Mattson and Harris challenged the SEC and succeeded at the district court, which followed the decision in *U.S. v. Kay* (S.D. Tex. 2001) (See item (20) above) to rule that the payments in question did not help BHI "obtain or retain business" and therefore did not contravene the FCPA. The SEC's motion to appeal that decision was dismissed in July 2004. See related case at item (38) above.
- Source: *SEC v. Mattson and Harris* (S.D. Tex. 2001); SEC Accounting and Auditing Enforcement Release No. 1445 (Sept. 12, 2001); *In the Matter of Baker Hughes Incorporated*, SEC Administrative Proceeding File No. 3-10572 (Sept.

12, 2001).

(65) SEC v. American Bank Note Holographics, Inc.; In the Matter of American Bank Note Holographics, Inc.

- Date: 2001
- Country: Saudi Arabia
- Allegations: American Bank Note Holographics, Inc. (“ABNH”), a Delaware corporation, bribed a Saudi government official by depositing \$239,000 in a Swiss bank account, in order to obtain influence in winning a contract to produce holograms for a foreign government.
- Status: ABNH was charged with violations of the anti-bribery, antifraud, periodic reporting, recordkeeping and internal control provisions of the FCPA. ABNH paid a \$75,000 civil penalty for violation of the anti-bribery provisions and consented to a cease-and-desist order for committing or causing any violation or future violations of the FCPA accounting provisions. See related cases at items (34)-(35) and (60) above.
- Source: *SEC v. American Bank Note Holographics, Inc.* (S.D.N.Y. 2001); *In the Matter of American Bank Note Holographics, Inc.*, SEC Administrative Proceeding Filing No. 3-10532 (June 18, 2001).

(66) SEC v. Montedison, S.p.A.

- Date: 2001
- Country: Italy
- Allegations: The defendant disguised hundreds of millions of dollars of payments that were used, among other things, to bribe politicians in Italy and other persons to secure political backing to either change the terms of a contract or overturn the decision of a judge.
- Status: Montedison was charged with violations of the FCPA books and records and internal control provisions. Montedison settled the charges and paid a civil fine of \$3 million.
- Source: *SEC v. Montedison, S.p.A.* (D.D.C. 2001); SEC Accounting and Auditing Enforcement Release No. 1380 (2001).

(67) SEC v. International Business Machines Corporation

- Date: December 2000
- Country: Argentina
- Allegations: International Business Machines (“IBM”) consolidated the financial results of an Argentinean subsidiary in its SEC reports. That subsidiary, IBM-Argentina, made payments of at least \$4.5 million to several directors of Banco de La Nación Argentina, a state-owned bank, through an intermediary, to enter into a systems integration contract with the bank. There were no allegations that IBM itself had inadequate accounting controls or knowledge of the payments, or that IBM had authorized the payments or made false entries into books and records.
- Status: The SEC charged IBM with violations of the books and records provisions of the FCPA. IBM paid a civil fine of \$300,000 and consented to a cease and desist order for the books and records provisions of the FCPA. Separate proceedings are underway in Argentina and Switzerland to recover the \$4.5 million payment.
- Source: *SEC v. International Business Machines Corp.* (D.D.C. 2000); SEC Litigation Release No. 16839 (Dec. 21, 2000).

B. Investigations under way

Please provide available information on government investigations of allegations of bribery of foreign public officials which were commenced since the OECD Convention became effective in your country. The list should cover as far as possible all investigations relating to bribery of foreign public officials, whether brought under laws dealing with corruption, or under other laws, such as laws dealing with fraud, money laundering, and tax evasion or accounting violations.

If information unavailable, please indicate: _____

Total number of known investigations: 60

For each investigation, where possible, please list the following:

- (1) Names of parties (Please indicate if major multinationals are involved)
- (2) Date when investigation started
- (3) Name of country whose officials were allegedly bribed
- (4) Current status, including likelihood case will be brought

PLEASE NOTE: We would like to list separately the total number of investigations started since January 2006 and the total number of investigations since 1999. Thus it is important for you to list the date of when the investigation started.

Official information on current investigations is unavailable; the following summaries of apparent U.S. government probes are collected from the published press reports and company disclosures in filings to the SEC.

Total Number of Apparent Investigations: 60 reported

- (1) Delta & Pine Land Company
 - Date of First Known Disclosure: January 8, 2007
 - Country: Unknown
 - Allegations: A foreign subsidiary of Delta & Pine Land Company ("Delta & Pine") allegedly made improper payments totaling less than \$10,000 per year to low-level local officials. The company learned of these improper payments in 2004 and took corrective measures to assure that there was not a violation of the FCPA. Throughout the Company's merger with Monsanto, the issue of improper payments has arisen and been addressed with due diligence.
 - Status: Delta & Pine is currently conducting an internal investigation of the payments made by certain employees and third-party contractors of the foreign office of a wholly owned subsidiary of Delta & Pine. The company has informed the DoJ and SEC that it has identified these issues and is addressing them. The status, however, of any investigation by US authorities is unclear.
 - Source: Delta & Pine 10-Q (Jan. 8, 2007).
- (2) Smartmatic
 - Date of First Known Disclosure: December 1, 2006
 - Country: Venezuela
 - Allegations: The Venezuelan owners of Smartmatic, an international company incorporated in Delaware, with offices in Boca Raton, Florida, has been accused of making improper payments totaling \$91 million to secure a contract to supply electronic voting machines to the country.

- Status: Smartmatic denies improper payments. The DoJ is investigating Smartmatic. The status of any investigation by the SEC is unclear.
- Source: Wall Street Journal (Dec. 1, 2006); Miami Herald (Dec. 2, 2006).

(3) Rockwell Automation Inc.

- Date of First Known Disclosure: November 2006
- Country: Unknown
- Allegations: A group of employees in one of Rockwell Automation's jurisdictions, which conducts business with government-owned enterprises, was allegedly involved in making payments for non-business travel expenses and certain other business arrangements involving potentially improper payment mechanisms for legitimate business expenses.
- Status: Rockwell Automation voluntarily disclosed these actions to the DoJ and SEC in September 2006. The company is cooperating with the DoJ and SEC and updating them periodically with further developments as the investigation continues.
- Source: Rockwell Automation 10-K (Nov. 9, 2006).

(4) Millipore Corporation

- Date of First Known Disclosure: August 10, 2006
- Country: India
- Allegations: As a result of Millipore's internal control procedures, when the company consolidated the results of its 40%-owned India Joint Venture ("India JV") in January 2006, it learned that certain payment and commission practices of India JV potentially violated the FCPA.
- Status: Millipore's Audit and Finance Committee engaged outside counsel and commenced an investigation into India JV's payment and commission practices. Certain corrective measures have been implemented and Millipore has notified the DoJ and SEC of the matter.
- Source: Millipore Corp. 10-Q (Aug. 10, 2006); Millipore Corp. 10-Q (Nov. 9, 2006).

(5) ERHC Energy Inc.

- Date of First Known Disclosure: June 28, 2006
- Countries: São Tomé and Nigeria
- Allegations: ERHC Energy Inc. ("ERHC"), a Houston oil company, approached the island-country of São Tomé in 1997 and negotiated a highly advantageous deal with the government of São Tomé. ERHC established a relationship with a wealthy Nigerian businessman, Emeka Offor. Offor had close ties to Nigeria's former dictator, General Sani Abacha, and the country's current President, and vice-presidential candidates. Offor assisted ERHC in resolving a long-running border dispute between Nigeria and São Tomé. In addition to resolving the border-dispute, the two countries created an offshore joint-development zone ("JDZ"). At several stages of the negotiations, there may have been improper payments to government officials.
- Status: A search warrant was issued by the US District Court for the Southern District of Texas, Houston Division, on May 4, 2006. The warrant sought various records including any correspondence with foreign government officials or entities in São Tomé and Nigeria. In June of 2006, ERHC filed suit in federal district court in Texas seeking to protect the company's attorney-client privileged documents and to allow ERHC to determine the factual basis for the DoJ's search warrant affidavit. ERHC's outside counsel is also assisting it with its responses to the subpoenas issued by the SEC on May 9, 2006, and August 26, 2006. The subpoenas requested a range of documents, including any correspondence with foreign government officials or entities in São Tomé or

Nigeria and the personnel records for former CFO Franklin Ihekwoaba.

- Source: ERHC 8-K (June 29, 2006); ERHC 10-K (Dec. 14, 2006).

(6) Alfa Group & Alfa Capital Markets, Inc.

- Date of First Known Disclosure: June 8, 2006
- Country: Ukraine
- Allegations: Ukrainian New Technology, an Alfa affiliate owned in part by a publicly traded American company, improperly paid or promised to pay Ukrainian officials to obtain a 3.5GHz frequency that was already in use by state and private companies. Due to the alleged improper payments, Ukrainian New Technology was able to secure the 3.5GHz frequency for 2.6 million Hryvnia less than market value.
- Status: The conduct of the Ukrainian offices is under investigation by Ukrainian authorities, pursuant to Article 364 of the Ukrainian Criminal Code for Misuse of Authority or Office. The status of any investigation by US authorities is unclear.
- Source: IPOC International Growth Fund, Ltd. v. Rozhetskin, et al.

(7) UTStarcom, Inc.

- Date of First Known Disclosure: June 1, 2006
- Country: Mongolia
- Allegations: UTStarcom invested in a company considered a variable interest entity (“VIE”) in 2005. The purpose of this company was to install, develop, and operate a personal wireless access system (“PAS”) network in Mongolia. The creditors of this VIE had no recourse to the company. In December of 2005, the Embassy of Mongolia informed the company that it had forwarded allegations to the DoJ that an agent of the joint venture had offered payments to a Mongolian official in violation of the FCPA.
- Status: Initially, the Audit Committee of UTStarcom authorized an independent investigation into this matter. According to UTStarcom’s 10-Q filing, during the second quarter of 2006, the company launched a formal investigation. Upon conclusion of its investigation, the company says that it will take appropriate action. The status of any investigation by US authorities is unclear.
- Source: UTStarcom, Inc. 10-K (June 1, 2006); UTStarcom, Inc. 10-Q (Aug. 9, 2006).

(8) Horizon Offshore, Inc.

- Date of First Known Disclosure: May 3, 2006
- Country: Unspecified in Latin America
- Allegations: As a result of an internal review conducted by Horizon Offshore, Inc. (“Horizon”), the company became aware that one of its subsidiaries authorized an improper payment of \$35,000 to a customs official in a Latin American country in connection with the importation of construction equipment.
- Status: Outside counsel has been engaged to conduct an investigation to determine whether an improper payment occurred. The company has instituted disciplinary action against several employees. Horizon also notified the DoJ and SEC of this matter and is cooperating accordingly.
- Source: Horizon Press Release (May 3, 2006); Horizon 10-Q (Nov. 8, 2006).

(9) Cherokee International Corporation

- Date of First Known Disclosure: April 4, 2006
- Country: India
- Allegations: Cherokee International Corporation’s (“Cherokee”) 10-K filing indicates that employees of its Indian subsidiary manufacturing operations made

improper payments. The subject payments, in the aggregate, amount to approximately \$40,000 in 2004 and 2005 and less than \$10,000 in 2006.

- Status: Cherokee retained outside counsel to conduct an internal investigation of these matters and notified the DoJ and SEC of the aforementioned alleged transactions. According to Cherokee's 10-Q filing, the SEC recently contacted its counsel to schedule a meeting to discuss the matter. Cherokee intends to cooperate fully with any investigation conducted by the DoJ or SEC.
- Source: Cherokee 12b-25 (Apr. 4, 2006); Cherokee 10-K (Apr. 18, 2006); Cherokee 10-Q (Nov. 15, 2006).

(10) Nature's Sunshine Products, Inc.

- Date of first known disclosure: April 2006
- Country: Unknown
- Allegations: In a letter to Kristine Hughes, Chairman of the Board of Directors of Nature's Sunshine Products, Inc. (Nature's Sunshine), KPMG LLP auditors allege that Douglas Faggioli, President and CEO of Nature's Sunshine, had approved payments in violation of the FCPA.
- Status: Nature's Sunshine is conducting an internal investigation of the matter as well as allegations of fraud within the company. Jeff Hill, the former corporate controller of the Company, has been terminated. The status of the internal investigation, as well as any investigation by US enforcement authorities, is unclear.
- Source: Nature's Sunshine 8-K EX-99.2 (Apr. 3, 2006).

(11) Pride International, Inc.

- Date of First Known Disclosure: March 13, 2006
- Countries: Mexico and Venezuela
- Allegations: A press release by Pride International, Inc. ("Pride") indicates that during the course of an internal company audit and investigation pertaining to Pride's Latin American operations, allegations of improper payments to foreign government officials were discovered. Pride's 10-Q suggests that payments, aggregating less than \$1 million, were made from 2003 through 2005 to vendors or government officials to extend drilling contracts, collect receivables for work completed under offshore drilling contracts, and import jackup rigs and various pieces of drilling equipment through customs.
- Status: Pride retained outside counsel to investigate the allegations. The management and Audit Committee believe that certain management personnel were aware of the improper payments to foreign government officials and they have placed them on administrative leave pending the outcome of the investigation. The Former Chief Operating Officer resigned as Chief Operating Officer, effective May 31, 2006, and intends to retire as soon as the investigation has been completed. Pride is cooperating with the DoJ and SEC as they review this matter.
- Source: Pride Press Release (Mar. 13, 2006); Pride 8-K (Mar. 17, 2006); Pride 10-Q (Nov. 2, 2006).

(12) SITEL Corporation

- Date of First Known Disclosure: March 3, 2006
- Country: Brazil
- Allegations: Accounting irregularities, which raised the possibility of FCPA violations by a Brazilian subsidiary of SITEL, were discovered by the company's Audit Committee.
- Status: According to SITEL's press release and 10-Q filing, the company contacted the SEC and reported its accounting irregularities and potential FCPA

violations on March 1, 2006. The SEC requested additional information and SITEL is cooperating with and responding to the SEC.

- Source: SITEL Press Release (Mar. 3, 2006); SITEL 10-K (Sept. 14, 2006); SITEL 10-Q (Nov. 30, 2006).

(13) United Parcel Service

- Date of first known disclosure: March 2006
- Country: Unknown
- Allegations: United Parcel Service's ("UPS") Supply Chain Solutions subsidiary is alleged to have made improper payments in certain locations outside the United States. The company commenced an internal investigation before the subsidiary acquired a freight forwarding business in 2001 that was part of Fritz Companies Inc. According to the company, the monetary value involved in this conduct appears to be immaterial.
- Status: In March of 2006, the company informed the SEC and DoJ of its investigation. The company's March 2006 10-K states that the company's internal investigation is continuing and that the company intends to cooperate fully with any investigation by enforcement authorities into this matter.
- Source: UPS 10-K (Mar. 14, 2006).

(14) Universal Corp.

- Date of first known disclosure: March 2006
- Country: Unknown
- Allegations: Universal Corp. ("Universal") recently announced that its internal investigation, conducted in response to allegations of improper activities involving its tobacco subsidiaries, revealed that improper payments of approximately \$1 million were made over a period of five years.
- Status: Universal reported the findings of its internal investigation to the SEC and DoJ. The company's March 2006 filing states that Universal has initiated and continues to take corrective action and that it continues to cooperate with the authorities in these matters.
- Source: Universal 424B5 (Mar. 17, 2006).

(15) Outback Steakhouse, Inc.

- Date of first known disclosure: March 2006
- Country: South Korea
- Allegations: Outback Steakhouse, Inc. (Outback) has disclosed that employees of Aussie Chung Ltd., its 82% owned subsidiary in South Korea, may have made improper payments to government officials.
- Status: Outback has conducted an internal investigation and reported its results to the SEC and DoJ. In addition, the chief executive officer, chief operating officer and director of treasury of Aussie Chung have resigned as employees and from all offices they hold with that company and, in the case of the chief executive officer and chief operating officer, from its board of directors. The company's March 2006 10-K states that Outback could face sanctions from South Korean authorities. In January 2007, the SEC notified Outback and informed the company that its investigation regarding Outback's potential FCPA violations was terminated without a recommendation for an enforcement action. The status of any investigation by the DoJ is unclear.
- Source: Outback 10-K (Mar. 16, 2006); Outback 10-K (Mar. 1, 2007).

(16) United Industrial Corp.

- Date of first known disclosure: March 2006
- Country: Unknown
- Allegations: United Industrial Corp. (UI) has disclosed that it is conducting an

internal investigation in response to allegations provided to company management of improper payments to foreign government officials and improper invoicing.

- Status: The company has retained outside counsel to conduct the internal investigation. It is unclear whether the US enforcement authorities are conducting an investigation.
- Source: UI 10-K (Mar. 14, 2006).

(17) Apex Silver Mines

- Date of first known disclosure: March 2006
- Country: Unspecified in Latin America
- Allegations: Apex Silver Mines (“Apex Silver”) has determined through an internal investigation that one of its Latin American subsidiaries may have made improper payments to government officials several years ago in connection with an inactive, early stage, exploration property that is not related to any of Apex Silver’s active exploration or development properties.
- Status: In March of 2006, Apex Silver informed the Department of Justice and Securities and Exchange Commission of the internal investigation. Apex Silver has been informed that the Department of Justice and the Securities and Exchange Commission may commence an investigation of the Company with respect to these matters, including possible violations of the Foreign Corrupt Practice Act. The Company is fully cooperating with the internal investigation and any related investigation of these matters by the Department of Justice and Securities and Exchange Commission.
- Source: Apex Silver 10-K (Mar. 31, 2006); Apex Silver 8-K (Mar. 31, 2006).

(18) Faro Technologies, Inc.

- Date of first known disclosure: March 2006
- Country: China
- Allegations: In a press statement released on March 15, 2006, Faro Technologies, Inc. announced that an internal review conducted by the company revealed improper payments in connection with foreign sales activities in China.
- Status: The company is conducting an internal investigation into the matter. The company has voluntarily notified the SEC and DoJ, provided information with regard to its internal investigation, and is cooperating with the enforcement agencies.
- Source: Faro Technologies, Inc. 10-K (Mar. 14, 2006).

(19) Freeport-McMoRan Copper & Gold Inc.

- Date of first known disclosure: January 2006
- Country: Indonesia
- Allegations: Freeport-McMoRan Copper & Gold Inc. is alleged to have violated the FCPA by making excessive payments to Indonesian officials providing security to its gold mine in Indonesia.
- Status: US authorities have launched preliminary investigations with which the company has pledged cooperation.
- Source: Freeport 10-K (May 9, 2006).

(20) McDonalds Corp.

- Date of first known disclosure: December 2005
- Country: Brazil
- Allegations: McDonalds Corp. is alleged to have made improper payments to Internal Revenue Service employees in Brazil in exchange for tax guidance.
- Status: On May 31, 2005 a public civil action was filed in Brazil by the Federal

Attorney's Office for the Federal District against, among others, McDonald's Comercio de Alimentos Ltda, a wholly-owned subsidiary of the Company ("McCal") and three of its former employees. It is unclear whether US authorities have commenced an investigation.

- Source: McDonalds Corp. 10-K (Dec. 31, 2005).

(21) Avery Dennison Corporation

- Date of first known disclosure: November 2005
- Country: China
- Allegations: Avery Dennison Corporation is alleged to have made improper payments in connection with its dealings in China.
- Status: The company's March 2006 filing reports that the company contacted US authorities after conducting an internal investigation into the potential FCPA violations. In addition, the company's filing states that Avery Dennison expects that it may incur fines or penalties.
- Source: Avery Dennison 10-K (Mar. 15, 2006).

(22) Fidelity National Finance

- Date of first known disclosure: November 2005
- Country: China
- Allegations: The Company and its subsidiaries FIS and Fidelity Information Services ("FI") are defendants in a civil lawsuit brought by an organization that formerly acted as a sales agent for Alltel Information Services, the predecessor to FI, in China, in Monterey County, CA, to recover damages for an alleged breach of the agency contract. The plaintiff in the case has made allegations that the Company violated the FCPA in connection with its dealings involving a bank customer in China.
- Status: The Company is cooperating with the SEC and the US Department of Justice in connection with their inquiry into these allegations and is conducting its own internal investigation.
- Source: Fidelity National Finance 10-Q (Nov. 9, 2005).

(23) Wilson's The Leather Experts, Inc.

- Date of first known disclosure: September 2005
- Country: Asia
- Allegations: In late September 2005, Wilson's The Leather Experts, Inc. ("Wilson's") became aware of a possible kickback scheme involving its General Manager for Asia and certain vendors wherein the General Manager received kickbacks from certain vendors over a period of eight years aggregating nearly \$4.0 million.
- Status: The General Manager for Asia has been terminated. The Company has retained outside counsel to investigate the extent of the kickback scheme, whether other employees were involved in or had knowledge of the kickbacks or similar arrangements, and whether any violations of the Foreign Corrupt Practices Act had occurred in connection with the kickback arrangements.
- Source: Wilson's 10-Q (Dec. 8, 2005); Wilson's 10-K (Apr. 12, 2006).

(24) Sealed Air Corp.

- Date of first known disclosure: Fall 2005
- Countries: Various
- Allegations: In late 2005, Sealed Air Corp. identified travel and related expenses that had been paid by certain of the company's foreign subsidiaries between 2003 and 2005 for trips by government officials who oversee the regulation of the company's medical products in a foreign country. The company retained outside counsel and began an internal investigation.

- Status: In March 2006, the Company voluntarily disclosed to the DoJ and the SEC the factual information obtained to date in the Company's internal investigation.
- Source: Sealed Air Corp. 10-K (Mar. 15, 2006).

(25) Companies operating in Iraq, including Baker Hughes Inc.; Daimler Chrysler, AG; Flowserve Corporation; Innospec Inc.; Novo Nordisk A/S; Tyco International Ltd.; Core Laboratories N.V.

- Date of first known disclosure: June 2005
- Country: Iraq
- Allegations: The SEC has issued subpoenas or requests for information to Tyco International Ltd., Baker Hughes Inc., Flowserve Corporation, and Core Laboratories seeking documents relating to the United Nations' oil-for-food program. The companies are alleged to have paid illegal kickbacks or bribes to politicians and/or businessmen in exchange for oil contracts.
- Status: Baker Hughes reported in a September 2005 filing that it had also received a subpoena regarding its transactions within the oil-for-food program between 1995 and 2003. Tyco's February 2006 filing states that it received a request from the SEC for additional documents after it had reported the results of an outside counsel's review of its compliance with the FCPA to the SEC. According to its 10-Q Filing with the SEC on May 11, 2005, Tyco International Ltd. reported improper payments to a foreign Tyco subsidiary of \$40 million. On March 29, 2005, Tyco reported to the SEC and DoJ the investigative steps and remedial measures taken in response to these allegations. The SEC supplemented the formal order of investigation in July 2005 to add DaimlerChrysler to the list of named companies. DaimlerChrysler's filing states that the company has received an order from the SEC to provide a written statement and produce certain documents regarding its own transactions within the oil-for-food program. Innospec's February 2006 8-K filing stated that the SEC was investigating the company's oil-for-food activities as well as those of its Swiss indirect subsidiary, Alcor Chemi Vertriebs GmbH. Novo Nordisk disclosed that it had also received a subpoena from the SEC in its February 2006 6-F. In its 10-K filing, Flowserve Corporation disclosed that it received a subpoena from the SEC on February 7, 2006. Core Laboratories informed the SEC in its 10-K filing that it has a subsidiary that has contracts with the UN to monitor the quantity of oil sold by the Government of Iraq under the oil-for-food program. However, neither Core Laboratories nor its subsidiaries purchased or sold oil destined for Iraq under the oil-for-food program. Press reports allege that several other companies have received subpoenas from the SEC or have been involved in the investigations mentioned above.
- Sources: Tyco 10-Q (Feb. 2, 2006); Baker Hughes 10-Q (Mar. 1, 2006); Daimler Chrysler (Aug. 2005); Novo Nordisk A/S (Feb. 2006); Innospec Inc. 10-K (Mar. 16, 2006); Flowserve 10-K (Feb. 13, 2006); Core Laboratories N.V. 10-K (Feb. 23, 2006).

(26) ENI SPA, Total SA, Norsk Hydro SA

- Date of first known disclosure: May 2005
- Country: Iran
- Allegations: Total SA and Norsk Hydro ASA are alleged to have made improper payments to Iranian officials in connection with contracts for oil.
- Status: Press reports state that the SEC, under the authority granted to it by the Libya Sanctions Act of 1996, and in the context of its general inquiry into the activities of oil companies in Iran, has requested the two companies to disclose documents pertaining to transactions in Iran.
- Source: Dow Jones Newswire (May 17, 2005).

(27) Offshore Logistics Inc. (now Bristow Group Inc.)

- Date of first known disclosure: February 2005
- Country: Nigeria
- Allegations: Two of Offshore Logistics' affiliated entities are alleged to have made improper payments in Nigeria.
- Status: The Company has conducted an internal review and initiated remedial actions such as disciplinary actions against Company personnel deemed to have been responsible for these matters and termination of business relationships with agents and/or parties involved. The SEC's informal inquiry has developed into an investigation. Offshore Logistics' February 2006 filing states that the Company has responded to the SEC's requests for documents and is cooperating with all ongoing investigations and requests for information.
- Source: Offshore Logistics 10-K (Dec. 16, 2005).

(28) Willbros Group, Inc.

- Date of first known disclosure: January 2005
- Countries: Bolivia, Nigeria, and Ecuador
- Allegations: Willbros Group, Inc.'s ("Willbros") subsidiary, Willbros International Inc. ("WII") is alleged to have made improper payments to government officials in Bolivia, Nigeria, and Ecuador, in exchange for construction contracts.
- Status: Willbros' internal investigation revealed that James Tillery, the former president of WII, and about twelve other employees and consultants owned interests in entities with whom WII did business. This allowed them to give and receive improper payments, corporate opportunities, and benefits. Tillery resigned from his post in January of 2005. The Company's November 2005 filing states that Willbros is cooperating with investigations by the DoJ and SEC.
- Source: Willbros 10-K (Nov. 22, 2005); Willbros 10-K (June 16, 2006).

(29) Xerox Corp.

- Date of first known disclosure: January 2005
- Country: India
- Allegations: Xerox Corp. ("Xerox")'s subsidiary in India, Xerox ModiCorp, Ltd., now Xerox India, Ltd., is alleged to have made improper payments in connection with sales to government customers.
- Status: An Indian government probe in January 2005 found that Xerox India's actions amounted to a violation of Indian law, prompting the government to form an inter-agency group to determine proper remedial action. Xerox reported in June 2005 that a private Indian investigator engaged by the Indian Ministry of Company Affairs had investigated the matter and issued a report asserting that Xerox senior officials had been aware of certain improper payments, suggesting possible further investigation of criminal liability. Xerox has reported these developments to the SEC and DoJ.
- Source: Xerox 10-Q (Mar. 31, 2006).

(30) BearingPoint, Inc.

- Date of first known disclosure: December 2004
- Country: China
- Allegations: BearingPoint, Inc. (BearingPoint) has disclosed that its local senior management in China approved improper payments by a former subcontractor.
- Status: In April 2005, the SEC requested that BearingPoint produce certain documents, including documents concerning internal control deficiencies. In September 2005, the SEC issued a formal order of investigation into the matter.

In its January 2006 10-K the company reported that it had subsequently received subpoenas from the SEC seeking documents related to its own internal investigation of the matter.

- Source: Bearing Point 10-K, EX-99.1 (Jan. 31, 2006).

(31) Alltel Corporation

- Date of first known disclosure: December 2004
- Country: China
- Allegations: Alltel Corporation's subsidiary, Alltel Information Services ("AIS"), is alleged to have made possible FCPA violations in connection with contracts to sell software products to the China Construction Bank and its (now former) president, Mr. Zhang Enzhao. In addition, AIS is alleged to have disguised the illegal payments in the form of travel expenses, lump sums disguised as consulting fees, and other miscellaneous expenses.
- Status: Alltel conducted an internal investigation in response to allegations made by Grace & Digital Information, a Chinese consulting firm, in a lawsuit filed in California in December 2004 against Fidelity National Financial, the US based company that bought Alltel in 2003. The SEC and DoJ began investigations into Alltel's activities in China after Alltel disclosed the results of its findings to them. The DoJ has conducted an interview with a former employee regarding this matter. Alltel's November 2005 10-Q filing states that it continues to cooperate with the SEC and DoJ investigations though its own internal investigation has been completed.
- Source: *Grace & Digital Information Technology, Ltd. v. Fidelity National Financial, Inc., et. al.*; Fidelity National Financial 10-K (Mar. 16, 2006).

(32) Immucor, Inc.

- Date of first known disclosure: November 2004
- Country: Italy
- Allegations: Immucor's former president and CEO, Giocchino De Chirico, along with its Italian subsidiary, has been the subject of a criminal investigation by Italian authorities into alleged bribery violations involving payments of EU 13,500 to a physician in exchange for hospital contracts. The company has conducted an internal investigation into the payments as well as deficiencies in accounting and internal controls with respect to the payments. The investigation uncovered and the company has also disclosed other payments totaling approximately \$47,000. The SEC has issued a formal order in these matters and the company has made three voluntary submissions to the SEC. The Italian investigation is also ongoing. According to the company's January 2006 10-Q filing, neither the SEC nor the Italian prosecutor have expressed any conclusions regarding their respective investigations.
- Source: Immucor 10-Q (Jan. 6, 2006).

(33) Bristol Myers Squibb Company

- Date of first known disclosure: October 2004
- Country: Germany
- Allegations: Bristol Myers Squibb Company's German pharmaceutical subsidiaries, employees, and/or agents are alleged to have made improper payments in connection with contracts in Germany.
- Status: On October 25, 2004, the SEC notified the Company that it is conducting an informal inquiry into the activities of certain of the Company's German pharmaceutical subsidiaries and its employees and/or agents. The SEC's informal inquiry encompasses matters currently under investigation by the German prosecutor in Munich, Germany. The Company's March 2006 filing states that Bristol Myers is cooperating with the SEC and German authorities.

- Source: Bristol Myers 10-K (Mar. 14, 2006).

(34) Daimler-Chrysler AG

- Date of first known disclosure: October 2004
- Countries: Various in South America, Africa, Asia, and Eastern Europe
- Allegations: In an October 2004 filing, the company disclosed that it was the subject of an SEC investigation into potential violations of the FCPA. The investigation followed a Department of Labor whistleblower complaint filed by a former Daimler-Chrysler employee who was terminated earlier in the year. The Department of Labor dismissed the complaint in November 2004, finding no reasonable cause to believe that the employee, David Buzzetta, was terminated in violation of the Sarbanes-Oxley Act. The same employee filed a federal complaint in the US District Court in the Eastern District of Michigan alleging identical claims and additional federal and state law claims. According to the complaint, Daimler-Chrysler maintained secret South American bank accounts in order to bribe foreign officials.
- Status: Daimler reported in April 2005 that it had undertaken its own internal investigation that had uncovered certain improper payments made in Africa, Asia, and Eastern Europe. Daimler is currently reviewing those accounts and has voluntarily shared this information with the SEC. The Department of Justice has also launched an investigation. A related case in *Buzzetta v. Daimler-Chrysler Corp.* (E. Dist. Michigan 2004).
- Source: DaimlerChrysler 20-F (Mar. 3, 2006).

(35) Chiquita Brands International, Inc.

- Date of first known disclosure: September 2004
- Country: Greece
- Allegations: Chiquita is alleged to have made questionable payments in connection with the settlement of a tax audit of its Greek subsidiary.
- Status: In 2001, Chiquita reached a settlement for similar violations by its Colombian subsidiary with the SEC. According to the company's November 2005 filing, the status of the investigation remains open. The company has responded to agency requests for information and has taken corrective and disciplinary action against the employees involved. Under a settlement reached with the SEC in 2001, Chiquita consented to a finding that, as a result of similar payments by their former Colombian subsidiary in 1996–97, it violated the books and records and internal controls provisions of the FCPA.
- Source: Chiquita 10-Q (Nov. 7, 2005); Chiquita 424B3 (Dec. 15, 2005).

(36) Dimon Inc. (now Alliance One International)

- Date of first known disclosure: August 2004
- Countries: Various in Southern Europe and Central Asia
- Allegations: Dimon has allegedly made payments from bank accounts in southern Europe and central Asia that may have violated the FCPA.
- Status: Investigations by US enforcement authorities are ongoing. Dimon's February 2005 filing states that the company continues to cooperate with the investigations. Dimon and Standard Commercial Corporation merged to create Alliance One International in May of 2005.
- Source: Dimon 10-Q (Aug. 3, 2004).

(37) CNF Inc./Con-Way Inc.

- Date of first known disclosure: August 2004
- Country: Thailand
- Allegations: CNF's subsidiary, Menlo Worldwide Forwarding, Inc. ("MWF"), in connection with a joint venture with Philippines Corporation Emery International

(“Emery”), is alleged to have made certain payments in violation of the FCPA in Thailand. Menlo Worldwide Forwarding (Thailand)

- Status: CNF has conducted an internal investigation and shared the results with the SEC. MWF has since made changes in personnel and implemented FCPA compliance policies. CNF reported in August of 2005 that the DoJ was no longer pursuing an investigation of this matter. The status of the SEC investigation is unclear. In December 2004, CNF completed the sale of its air freight forwarding business (including the stock of MWF, Inc., Emery Transnational and Limited) to an affiliate of UPS. In connection with that sale, CNF agreed to indemnify UPS for certain losses resulting from violations of the Foreign Corrupt Practices Act.
- Source: CNF 10-Q (Nov. 8, 2005); CNF 10-K (Mar. 14, 2006).

(38) Technip

- Date of first known disclosure: July 2004
- Country: Nigeria
- Allegations: The French engineering company Technip, as part of a consortium that also included Halliburton, may have paid bribes in order to help obtain contracts to build a liquefied natural gas plant.
- Status: Investigations are underway in both France and the United States. According to the Financial Times, the SEC has requested documents, while the company has “denied that it is the direct focus of an investigation.”
- Source: Financial Times (July 9, 2004).

(39) Teleglobe International Holdings Ltd.

- Date of first known disclosure: May 2004
- Countries: Various in Asia
- Allegations: Teleglobe International Holdings Ltd. (“Teleglobe”) retained outside counsel to conduct an internal investigation of Teleglobe’s merger with ITXC which was consummated in May 2004. The company has reported that the investigation uncovered improper payments with regard to ITXC employees in Africa as well as agents retained by Teleglobe in Asia.
- Status: As a result of the investigation, Teleglobe terminated the employment of ITXC’s Vice President, Sales-Wireless, formerly the Executive Vice President, Global Sales for ITXC; the Company’s Regional Buyer for Africa, formerly ITXC’s Regional Director for Africa; and the Company’s Executive Vice President and General Counsel, formerly Vice President, General Counsel and Secretary of ITXC prior to its merger with Teleglobe. Teleglobe’s March 2005 10-K filing reports that the SEC has advised the company that it is conducting an informal inquiry into the matter and has requested that Teleglobe provide certain documents. Teleglobe has been cooperating fully with the SEC and DoJ, by, among other things, providing them with the results of its investigation as well as requested documents. In 2005, Teleglobe was acquired by Videsh Sanchar Nigam Limited (“VSNL”).
- Source: Teleglobe 10-K (Mar. 17, 2005); Teleglobe SC 13D/A (Dec. 27, 2005).

(40) Halliburton Company

- Date of first known disclosure: May 2004
- Country: Nigeria
- Allegations: Officials at a foreign subsidiary of Halliburton allegedly paid \$2.4 million to a Nigerian tax official to obtain favorable tax treatment in connection with the construction and expansion by TSKJ of a multibillion dollar natural gas liquefaction complex and related facilities at Bonny Island in Rivers State, Nigeria.

- Status: The SEC is conducting a formal investigation, and the DoJ is conducting a related criminal investigation. Halliburton disclosed the payments to the SEC, and has said that it is cooperating with the SEC investigation and plans to ensure that the foreign subsidiary repays all applicable taxes to Nigeria, possibly as much as \$5 million. The company conducted an internal investigation and fired several employees as a result. A related investigation by the Department of Justice began in February 2004. In September 2004, Halliburton disclosed that its internal investigation revealed evidence that its employees discussed bribing Nigerian officials. In October 2004, representatives of TSKJ, a foreign subsidiary of Halliburton, testified before Nigerian courts. In February 2005, TSKJ representatives notified the Department of Justice that TSKJ would acquiesce to efforts to transfer money held in Swiss bank deposits to Nigeria so that the legal ownership of those funds could be determined in Nigerian courts. TSKJ suspended receipt of services from and payments to Tristar Investments, a part of TSKJ. The Department of Justice is also investigating other Halliburton subsidiaries, which could possibly implicate fertilizer plant contracts in Nigeria. The SEC has issued a subpoena to Kellogg Brown & Root's former chairman, Mr. Jack Stanley, who was alleged to have received unlawful payments. The Halliburton Board of Directors has appointed a committee of independent directors to oversee and direct the FCPA investigations. Halliburton has produced documents to the DoJ both voluntarily and in response to subpoenas, and is making their employees available for interviews.
- Source: Halliburton 10-Q (Oct. 31, 2005); KBR, Inc. S-1 (Apr. 4, 2006).

(41) US oil companies operating in Equatorial Guinea, including Marathon Oil Corp., Amerada Hess, ExxonMobil, Devon Energy, Chevron Texaco, and CMS Energy

- Date of first known disclosure: May 2004
- Country: Equatorial Guinea
- Allegations: Oil companies operating in that country may have improperly benefited Brig. Gen. Toedoro Obiang Nguema Mbasogo, Equatorial Guinea's President.
- Status: According to press reports in May 2004 and August 2004, a federal grand jury had been empanelled to consider FCPA violations and the SEC is also investigating. Marathon Corp. reported receiving an SEC subpoena in August 2005. Similarly, Amerada Hess reported in July 2005 that the SEC had commenced a formal investigation, and had requested documentation and information. According to Amerada Hess' August 2005 10-Q, the SEC notified the company on July 21, 2005, of its investigation. Devon Energy received a subpoena from the SEC in August 2005, pursuant to a formal order of investigation. Devon Energy has also reported as much in its November 2005 10-Q filing.
- Source: World Markets Analysis (May 24, 2004), Washington Post (Aug. 5, 2004), p. E01; Washington Post (Aug. 6, 2004), p. E02; CMS Energy 10-Q (Aug. 6, 2004); Devon Energy 10-Q (Nov. 3, 2005); Amerada Hess 10-Q (Aug. 5, 2005).

(42) Gtech Holdings Corp.

- Date of first known disclosure: May 2004
- Country: Brazil
- Allegations: Bribery may have been involved to renew a lottery contract in Brazil in 1997.
- Status: A company press release on July 29, 2004, confirmed that the SEC was undertaking a formal investigation into the allegations and that Gtech is cooperating with that investigation. A subpoena was issued to the company

requesting production of certain documents and materials relating to Gtech's Brazil operations. The company indicated that the information requested was identical to a previous request by the SEC as part of an informal investigation with which Gtech had cooperated. The Brazilian government has also filed a civil action against the company in Brazil seeking damages relating to the 1997 contract. In December 2004, a Brazilian judge rejected the prosecution's request to charge the individuals, including Gtech's former president and marketing director of Gtech Brazil, on procedural grounds. In January 2005, the prosecution reopened the investigation.

- Source: Wall Street Journal (May 13, 2004); Gtech Holdings 8-K (July 29, 2004).

(43) AES Corp.

- Date of first known disclosure: May 2004
- Country: Uganda
- Allegations: There may have been improper payments in violation of the FCPA by persons and/or entities involved with AES's Bujagali hydroelectric power project in Uganda.
- Status: According to AES's May 2004 10-Q filing with the SEC, there is a DoJ investigation underway with which AES is cooperating. AES has commenced its own internal investigation in conjunction with the DoJ investigation. These investigations appear to be ongoing. A related investigation involves Consumer Energy Company.
- Source: AES 10-Q (May 10, 2004).

(44) Siemens Aktiengesellschaft

- Date of First Known Disclosure: April 2004
- Countries: Saudi Arabia and Nigeria
- Allegations: Several current and former top-ranking executives and managers with the German group Siemens Aktiengesellschaft ("Siemens"), allegedly paid more than £420 million in bribes over the course of the past seven years to win telecom contracts.
- Status: Prosecutors in Germany, Italy, Liechtenstein, and Greece have been conducting investigations. In April 2004, an Italian judge debarred Siemens AG from participation in public contracting for one year, based upon allegations of corruption. At this time, the DoJ is investigating possible criminal breaches of US law and the SEC is conducting an informal inquiry. Siemens is cooperating with the DoJ and SEC. In addition, the company has hired an external law firm to conduct an investigation into the aforementioned matters and to analyze the effectiveness of the current compliance and control systems that Siemens has in place.
- Source: Siemens 6-K (Feb. 1, 2007); Financial Times (Feb. 2, 2007).

(45) Harris Corporation

- Date of first known disclosure: April 2004
- Country: Unknown
- Allegations: Harris Corporation faces allegations of unspecified potential FCPA violations.
- Status: A company filing disclosed that it is cooperating with "certain US government representatives" investigating potential violations of the FCPA and other laws.
- Source: Harris 10-Q, EX 99 (Apr. 28, 2004).

(46) Johnson & Johnson

- Date of first known disclosure: March 2004

- Countries: Two small-market countries
- Allegations: Improper payments were allegedly made in connection with the sale of medical devices.
- Status: In February 2007, Johnson & Johnson (“J&J”) voluntarily disclosed to the DoJ and SEC that subsidiaries outside the US possibly made improper payments in connection with the sale of medical devices. The Worldwide Chairman of Medical Devices & Diagnostics, Michael J. Dormer, immediately retired from the Corporation. Dormer’s retirement letter indicated that these matters were under investigation, however, he noted that he had “ultimate responsibility by virtue of [his] position.” Currently, J&J is cooperating with and providing information to the DoJ and SEC.
- Source: J&J 10-K EX-13 (Mar. 14, 2006); J&J News Release (Feb. 12, 2007).

(47) International Business Machines Corporation

- Date of first known disclosure: January 2004
- Country: Korea
- Allegations: Government officials were bribed in order to win government contracts for International Business Machines Corporation (“IBM”).
- Status: Senior executives at IBM’s Korean subsidiary and several other companies allegedly paid bribes or conspired to do so in order to obtain government contracts in South Korea. Prosecutors alleged that the misconduct began in 1998. According to the Korean indictment, IBM built up a “slush fund” through a local reseller, Winsol, in order to facilitate the alleged bribes and kickbacks. In its October 2005 filing, the company reported that a number of individuals, including IBM Korea employees, were found guilty of misconduct and sentenced. IBM Korea has been disbarred from doing business directly with government-controlled entities in Korea. US investigations by the SEC and DoJ are ongoing.
- Source: Corporate Criminal Reporter (Jan. 2004); IBM 10-Q (Oct. 25, 2005).

(48) Chemoil Corporation, Westport Petroleum, Inc., and Glencore International AG

- Date of first known disclosure: November 2003
- Country: Venezuela
- Allegations: The three companies were allegedly given favorable treatment by Petroleos de Venezuela SA (“PdVSA”), Venezuela’s state-owned oil company.
- Status: It remains unclear which US agencies are investigating the case.
- Source: Wall Street Journal (Nov. 26, 2003).

(49) Petro-Canada

- Date of first known disclosure: November 2003
- Country: Unknown
- Allegations: Petro-Canada notified the SEC and DoJ that it had discovered potential violations of the FCPA with regard to a joint venture in which Petro-Canada holds a minority interest.
- Status: According to news reports, Petro-Canada initiated an internal review by outside counsel and was fully cooperating with the DoJ and SEC. The status of these investigations is not clear.
- Source: Toronto Star (Nov. 29, 2003).

(50) Alcatel Telecom Ltd. / Lucent Technologies

- Date of first known disclosure: 2006 Alcatel & August 2003 Lucent
- Countries: Costa Rica, Taiwan, Kenya, Tanzania, Nigeria, Sudan, China, and Saudi Arabia
- Allegations: Alcatel, a French multinational company listed on the New York

Stock Exchange, is reported to have made improper payments in connection with a \$149 million cellular phone contract in Costa Rica in 2001. Former Costa Rican President Miguel Angel Rodriguez and former Costa Rican power and telecommunications director Jose Antonio Lobo are alleged to have received \$2.4 million from Alcatel in connection with the telecommunications contract. Alcatel's Taiwanese subsidiary is alleged to have bribed officials in Taiwan in connection with railway contracts awarded in 2003. It is also alleged that Alcatel funneled EUR 10 million in bribes in Kenya, Tanzania, Nigeria, and Sudan through Swiss company Telliac SA. Lucent allegedly provided \$15 million in cash, gifts, and use of private jets to the Saudi Arabian Minister of Telephone, Telegraph and Post between 1995 and 2002 in an effort to secure telecommunications projects. Moreover, after an internal investigation, Lucent said it found "internal control deficiencies" in China that may have led to additional FCPA violations.

- Status: Paris magistrate Philippe Courroye is investigating two alleged payments made by Alcatel to Swiss financial vehicle Telliac SA. In a 20-F/A filed in 2006 Alcatel states it has commenced and continues to conduct investigations into this matter. Turning to the status of Lucent, on August 8, 2003, the National Group for Communications and Computers Ltd. ("NGC") filed an action in the US District Court for the Southern District of New York against Lucent alleging violations of the Racketeer Influenced Corrupt Organizations Act ("RICO") and other improper activities. The allegations in the complaint relate to Lucent's activities in Saudi Arabia, specifically telecommunications contracts between the Kingdom of Saudi Arabia and Lucent. Investigations by the SEC and DoJ followed the action brought by the NGC. Lucent has denied the charges and is cooperating with the SEC and Justice Department in their investigation. The SEC staff has reportedly recommended a \$25 million penalty against Lucent. In order to address the alleged FCPA violations regarding business in China, in August 2004, Lucent fired four executives, including the president of Lucent's China operations and its chief operating officer. Three former employees, including the former Chairman and Chief Executive Officer, subsequently received Wells notices from the SEC. In May 2005, the SEC notified these people that it would not recommend enforcement action against them. In its February 2006 10-Q filing, Lucent reported to have not received a Wells notice, but stated that SEC investigations regarding China and Saudi Arabia were ongoing.
- Source: Lucent 8-K (Aug. 22, 2003); Financial Times (Aug. 12, 2003); Financial Times (Apr. 7, 2004); Lucent 10-Q (Feb. 8, 2006); Alcatel 20-F/A (Aug. 4, 2006).

(51) Baker Hughes

- Date of first known disclosure: August 2003
- Countries: India, Indonesia, Brazil, Nigeria, Angola, and Kazakhstan
- Allegations: Baker Hughes is alleged to have made improper payments in Indonesia, India, Brazil, Nigeria, Angola, and Kazakhstan.
- Status: In September 2001, the company consented with an SEC cease-and-desist order for violations of Section 13 of the Exchange Act for improper payments made to an Indonesian tax official. In the course of investigating that matter, the company also learned that it had made payments to agents in India and Brazil without taking adequate steps to ensure that the payments would not be passed on to foreign government officials. In March 2002, the company announced that it had been advised that the SEC and DoJ were conducting investigations into possible violations of the FCPA's anti-bribery, books and records, and internal control provisions for improper payments in Nigeria, Angola and Kazakhstan. The SEC has issued subpoenas seeking information about the

company's operations in Angola and Kazakhstan in August 2003 and April 2005 respectively. The SEC and DoJ requested interviews with current and former employees in connection with investigations in Nigeria, Angola, and Kazakhstan. In its March 2006 10-Q filing, Baker Hughes reported that its internal investigations with respect to operations in Nigeria, Angola, and Kazakhstan have been completed and that all evidence of improper payments was provided to the SEC and DoJ.

- Source: Baker Hughes 10-Q (May 2, 2006); Baker Hughes 10-K (Feb. 23, 2007).

(52) Eli Lilly

- Date of first known disclosure: August 2003
- Country: Unknown
- Allegations: Polish subsidiaries of certain pharmaceutical companies, including Eli Lilly, have allegedly failed to comply with the FCPA.
- Status: Eli Lilly is cooperating with the SEC's issuance of subpoenas requesting the production of documents related to the investigation.
- Source: Eli Lilly 10-K (Mar. 3, 2006).

(53) Accenture Ltd.

- Date of first known disclosure: July 2003
- Country: Unknown, but in the Middle East
- Allegations: The company may have violated the FCPA.
- Status: The company informed the SEC and Department of Justice about the potential violation in July 2003 but released little other information. A press report in November confirmed that the SEC and DoJ were investigating. In a January 2006 filing, the company reported that there were no new developments in the status of these investigations.
- Source: Financial Times (July 16, 2004); Wall Street Journal (Nov. 19, 2003).

(54) Mobil Oil Corp.

- Date of first known disclosure: April 2003
- Country: Kazakhstan
- Allegations: The company (now part of ExxonMobil) may have been connected with a bribery scandal in Kazakhstan.
- Status: During the arraignment of James Giffen, who is accused of multiple violations of the FCPA, an assistant US attorney acknowledged that the Department of Justice was investigating Mobil as part of the US inquiry into millions of dollars in bribes allegedly paid in connection with oil concessions in Kazakhstan.
- Source: Financial Times (Apr. 5, 2003).

(55) Metromedia International Group, Inc.

- Date of first known disclosure: November 2002
- Country: Georgia
- Allegations: Certain Metromedia employees may have violated the FCPA in their dealings with ventures in the former Soviet Union.
- Status: According to a company filing dated August 2004, Metromedia began an investigation early in that year into allegations that certain employees may have violated the FCPA in dealings regarding a business venture in the Republic of Georgia. Metromedia's audit committee determined the investigation into these issues to be sufficiently resolved. It is unclear whether the SEC and DoJ have commenced their investigations into these matters.
- Source: Metromedia 10-K (May 26, 2004).

(56) Consumers Energy Co.

- Date of first known disclosure: January 2002
- Country: Equatorial Guinea
- Allegations: CMS, Consumer Energy Co.'s parent company, is alleged to have made payments to government officials in Equatorial Guinea in connection to its interests in a hydrocarbon production and methanol plant there.
- Status: CMS received a request from the SEC for documents and data relating to payments made to the government and officials of Equatorial Guinea in August of 2004. This came on the heels of an investigation and public hearing by the United States Senate Permanent Subcommittee on Investigations, which reviewed the US banking transactions of various foreign governments, including Equatorial Guinea. CMS received an additional subpoena for documents from the SEC in August of 2005. CMS's November 2005 filing states that it continues to cooperate with the SEC inquiry.
- Source: CMS 10-Q (Nov. 2005).

(57) United Defense Industries, Inc.

- Date of first known disclosure: 2002
- Country: Italy
- Allegations: United Defense Industries, Inc. ("UDI") is alleged to have made improper payments in connection with a contract with the Italian government.
- Status: UDI's April 2005 filing reports that the company is cooperating with an investigation by the SEC, though it is not aware of any violations of the FCPA.
- Source: UDI 10-Q (Apr. 25, 2005).

(58) Central European Media Enterprises Ltd.

- Date of first known disclosure: June 2001
- Country: Ukraine
- Allegations: The company, owned by former New York City mayoral candidate Ronald S. Lauder, allegedly paid at least \$1 million in bribes to obtain a television license in Ukraine.
- Status: The US attorney in Manhattan "empanelled a grand jury and issued subpoenas," according to the New York Times.
- Source: New York Times (June 12, 2001).

(59) ExxonMobil Corporation, BP Amoco PLC, & Phillips Petroleum Company

- Date of first known disclosure: August 2000
- Country: Kazakhstan
- Allegations: James Giffen, head of the Mercator Corporation and well-known advisor to Kazakh President Nursultan Nazarbayev, is alleged to have arranged for illegal payoffs to Kazakh officials on behalf of ExxonMobil, BP Amoco, and Phillips Petroleum.
- Status: Federal authorities in New York launched an investigation after Swiss authorities advised that private accounts in Switzerland controlled by Nazarbayev may be in violation of the FCPA. DoJ sent Swiss chief prosecutor Daniel Devaud a confidential memorandum naming Giffen and his public-relations company as targets of a formal federal criminal investigation in July of 2000. Spokespersons for ExxonMobil, BP Amoco, and Phillips Petroleum have denied any wrongdoing.
- Source: New York Times (July 28, 2000).

(60) MetroRED Telecom Ltd.

- Date of first known disclosure: April 2000

- Country: Brazil
- Allegations: The company, controlled by Fidelity Investments, allegedly paid bribes to win a contract for building a fiber-optics communication network in São Paulo, Brazil.
- Status: Fidelity alerted the Department of Justice to the potential problem and is cooperating with the investigation.
- Source: Wall Street Journal (Apr. 12, 2000); Boston Herald (Apr. 12, 2000).

C. Serious allegations

Please provide information about serious allegations of foreign bribery or related offences by companies or individuals based in your country, that (a) have been published in reputable international or domestic publications since the OECD Convention became effective in your country, and (b) with respect to which, as far as you know, no investigation or prosecution has been undertaken.

Total number of serious allegations: 5

For each matter, where available, please list the following:

- (1) Names of companies and/or individuals involved
- (2) Date of publication:
- (3) Nature of allegations
- (4) Name of country whose officials were allegedly bribed

Total number of serious allegations: 6

Because official information on current investigations is unavailable, some of the following may be under investigation. This information is collected from the press reports and securities and court filings.

- (1) iGATE Corporation
 - Date of First Known Disclosure: May 2006
 - Countries: Nigeria and Ghana
 - Allegations: According to press releases, Congressman William Jefferson informed Lori Mody, FBI Informant acting as a wealthy businesswoman, that if she wanted to confirm the success of a deal involving iGATE she would need to bribe a top Nigerian official. The Nigerian official who is believed to have been bribed to ensure the success of the telecommunications company I-GATE's

ventures in West Africa is Vice President Atiku Abubaker. Sources allege that according to Congressman Jefferson, Vice President Abubaker could be bribed by funnelling money through a charitable foundation run by the official's wife in Washington, DC. Allegedly, the foreign official demanded fifty percent of the profits of the joint venture launched in Nigeria and \$500,000 up front. \$100,000 of the \$500,000 was handed to Congressman Jefferson on July 30, 2005 in front of the Ritz-Carlton Hotel in Northern Virginia. Supposedly, this \$100,000 in cash was intended to "grease the palms of Nigerian officials."

- Source: New Orleans Times-Picayune (May 22, 2006); New Orleans Times-Picayune (Feb. 14, 2007).

(2) AES Corp.

- Date of First Known Disclosure: March 2006
- Country: Dominican Republic
- Allegations: The Dominican Government has filed a lawsuit against AES Corp. in a Virginia federal court, alleging that the company and its contractor conspired with corrupt government officials to transport a coal by-product known as rockash from its plant in Puerto Rico onto Dominican beaches.
- Source: Dominican Today (Mar. 27, 2006); Plaintiff's Complaint, *Government of the Dominican Republic v. AES Corp.* (E.D. Va. 2006).

(3) Cargill Inc.

- Date of First Known Disclosure: May 2004
- Country: Thailand
- Allegations: Cargill Inc. is alleged to have violated the FCPA in the context of a 1999 real-estate deal in Thailand by arranging a \$1.5 million bribe to Suchart Tanjaroen, who currently holds the post of deputy speaker in Thailand's House of Representatives. The allegations have been raised by Robert W. Dziubla, a Los Angeles attorney who has brought a breach-of-contract lawsuit over the break up of a real-estate venture in Thailand, where Mr. Dziubla brought potential deals to Cargill. Mr. Dziubla is trying to build a civil racketeering case against Cargill, which if successful could make him eligible to collect treble damages. To accomplish a civil racketeering case, the U.S. Racketeer Influenced and Corrupt Organizations Act requires that he show Cargill had a pattern of breaking the law. Cargill denies the bribery allegation.
- Source: Wall Street Journal (May 24, 2004).

(4) ConocoPhillips Company

- Date of First Known Disclosure: March 2004
- Countries: East Timor and Indonesia
- Allegations: Oceanic Exploration Company, a U.S.-based oil company, and its subsidiary Petrotimor Companhia de Petroleos, S.A.R.L., have filed a lawsuit against ConocoPhillips Company and commercial authorities of the Australian, Indonesian, and East Timorese governments, alleging civil RICO and antitrust violations. Oceanic claimed \$10.5 billion in damages for the alleged bribery, conversion, and theft of their oil and gas rights in the East Timor Sea.
- Source: Oceanic Exploration Company 8-K filing (Mar. 2004).

(5) Lockheed Martin Corporation

- Date of First Known Disclosure: March 2003
- Country: South Korea
- Allegations: Lockheed allegedly bribed officials and offered sexual favors in order to win a South Korean contract for aircraft radar. A competitor, the Korea Supply Company, is suing Lockheed, saying that "a Canadian business it represented was denied the contract due to 'wrongful conduct,'" according to the

Daily Telegraph. California's Supreme Court ruled that Lockheed could be sued.

- Source: *Korea Supply Company v. Lockheed Martin Corp.*; The Daily Telegraph (Mar. 6, 2003).

(6) Enron Corporation

- Date of First Known Disclosure: August 2002
- Country: Guatemala
- Allegations: Enron allegedly made more than \$17 million in questionable payments to a Panamanian corporation, Sun King Trading Inc., as part of a deal to generate power and sell it to Guatemala's state-owned power company. According to the Washington Post, an internal memo said "the Sun King payments don't represent any real service." The Internal Revenue Service discovered irregularities and made a criminal referral to the Department of Justice in 1999, but DoJ did not pursue the case. In July of 2003, a DoJ spokesman said that at that point "there could be no prosecution because statute of limitations under the corrupt-practices act expired after five years," according to the Post.
- Source: Wall Street Journal (Aug. 5, 2002); Washington Post (July 29, 2003); Washington Post (July 30, 2003).

D. Political control over enforcement actions/ Independence of prosecutors

Are you aware of any instances where an investigation or prosecution has been terminated by political decision-makers?

No.

Do you believe that such action violates Article 5 of the OECD Convention?

Not applicable.

II. Actions to Promote Enforcement	
A. Organization of Enforcement	
<p>1. Is there a centralized national office or unit for foreign bribery enforcement?</p> <p>Yes <u>X</u> No _____</p>	
<p>2. If foreign bribery enforcement is not centralized, what level of coordination and supervision is provided for foreign bribery enforcement?</p> <p><i>Please circle one of the following:</i></p> <p style="text-align: center;"> <i>UNSATISFACTORY</i> <i>SATISFACTORY X</i> </p> <p>Explanation for choice, including any difference from last year:</p> <p>The federal government has two centralized agencies, the Department of Justice and the Securities and Exchange Commission, responsible for enforcement of the US laws against trans-national bribery. Although they have distinct jurisdictional authority (the DoJ generally prosecutes criminal violations while the SEC prosecutes civil violations by publicly-traded companies and their agents or employees), in practice the existence of two agencies creates a more stringent enforcement regime. One may elect to prosecute even if the other declines to pursue or settle a given matter. Persons accused of bribery often must resolve matters with both agencies.</p>	
B. Available Resources	
<p>How would you assess staffing and resources for foreign bribery enforcement?</p> <p><i>Please circle one of the following:</i></p> <p style="text-align: center;"> <i>UNSATISFACTORY</i> <i>SATISFACTORY X</i> </p> <p>Explanation for choice, including any difference from last year::</p> <p>Over the past year, there have been some signs that the US government has increased the number of staff assigned to this area. Nonetheless, the continued increase in cases (and voluntary disclosures) continues to strain SEC and DoJ resources.</p>	

C. Complaint Procedure

How would you assess your government's efforts to provide publicly-known and accessible procedures for reporting foreign bribery allegations, such as hotlines and websites?

Please circle one of the following:

UNSATISFACTORY

SATISFACTORY X

Explanation for choice, including any difference from last year:

The Sarbanes-Oxley Act requires publicly-traded companies to establish a mechanism for the confidential receipt of employee complaints. The government also encourages corporate hotlines and reporting procedures (by making them a factor for credit in settlement of a proposed charge, including under the revised sentencing guidelines issued in 2005). The government may favor this approach, which can lead to voluntary disclosures to the government, over promoting its own mechanism for receipt of complaints from the general public.

Are you aware of any foreign bribery cases or investigations that have been brought as a result of complaints made to government offices?

Yes, the government has launched investigations and has brought cases based on complaints made to government offices.

D. Whistleblower Protection

1. How would you assess the level of whistleblower protection in law and in practice in the public sector for foreign bribery complaints?

Please circle one of the following:

UNSATISFACTORY

SATISFACTORY X

Explanation for choice, including any difference from last year:

Please list written sources:

The federal Sarbanes-Oxley and Whistleblower Protection Acts and similar state laws protect government employees who report alleged violations of law, including trans-national bribery of government officials in the United States.

Please list government authorities or other persons consulted:

The parties consulted are cited at the end of this report.

2. How would you assess the level of whistleblower protection in law and in practice in the private sector for foreign bribery complaints?

Please circle one of the following:

UNSATISFACTORY

SATISFACTORY X

Explanation for choice, including any difference from last year:

The SEC receives reports of potential violations of the securities laws via the Internet, via email, and via mail. The Fraud Section of the Criminal Division of the DoJ publishes its email address for "specific questions" related to the FCPA. Some FCPA cases have been initiated based upon such reports.

The federal Sarbanes-Oxley legislation increased the protections for whistleblowers in the private sector. These protections have been invoked in recent high profile cases.

Are you aware of any foreign bribery cases or investigations that have been brought as a result of whistle blowing by persons in the public or private sector?

Yes, as noted above, the government has launched investigations and has brought cases based on complaints made to government offices.

E. Public Awareness

How would you assess your government's efforts in the last year to create public awareness that foreign bribery has become a crime?

Please circle one of the following:

UNSATISFACTORY

SATISFACTORY X

Explanation for choice, including any difference from last year:

Awareness levels have been raised by extremely high historic levels of enforcement activity, coupled with an increased emphasis on the prosecution of individuals and record fines, as well as by incentives for broad-based corporate compliance programs, and through public speaking engagement by enforcement officials.

F. Accounting and Auditing Requirements

How would you assess accounting and auditing requirements intended to prevent practices for hiding foreign bribery (such as the prohibition of off-the-books account or the use of other practices for hiding foreign bribery)?

Please circle one of the following:

UNSATISFACTORY

SATISFACTORY X

Explanation for choice, including any difference from last year:

Are you aware of any cases or investigations brought for violation of these requirements? If already mentioned above under I. A and B. please indicate.

These are critical enforcement tools. The distinct authority of the SEC for public accounting matters, coupled with what is effectively a strict liability standard under the records provisions of the U.S. FCPA, lend extra strength to enforcement in this area. Over the past year, the SEC has used these tools in the *Oil States*, *El Paso*, and *Dow Chemical* cases, among others. In each of these three cases, the SEC took enforcement action even though no allegations of bribery were made.

G. Private Sector Efforts

How would you assess the effectiveness of corporate anti-bribery compliance programmes in your country?

Please circle one of the following:

UNSATISFACTORY

SATISFACTORY X

Explanation for choice, including any difference from last year (at least 1 paragraph):

Recent enforcement actions have highlighted weaknesses in compliance programs of the companies named in the actions and have sought to strengthen those programs by imposing compliance monitors as a condition of settlement. As noted in the response for the prior year, MNCs' corporate anti-bribery compliance programs are generally perceived as effective, in part due to requirements of Sarbanes-Oxley and incentives created by revised sentencing guidelines. There may be some need to strengthen programs of foreign issuers of securities on U.S. exchanges. Use of the programs in SMEs needs to be expanded.

H. Statutory and Other Legal Obstacles

1. Are there significant inadequacies in the legal framework for foreign bribery prosecutions in your country?

Yes _____ No X

2. If so, please indicate if these include:

- Inadequate definition of foreign bribery Yes _____ No _____
- Short statutes of limitation: Yes _____ No _____
- Jurisdictional limitations: Yes _____ No _____
- Lack of (criminal) liability for corporations: Yes _____ No _____
- Inadequate sanctions: Yes _____ No _____

3. Please list any additional inadequacies:

- _____
- _____

Explanation for choice, including any difference from last year (at least 1 paragraph):

I. Actions Needed in Your Country
<p>1. Your suggestions Please list, in order of importance, the most important actions the government in your country should take to promote enforcement and compliance. Please consider the actions listed above, but feel free to add other actions.</p> <ol style="list-style-type: none"> 1) Clarify the nature of the benefit for voluntary disclosures 2) Promote compliance programs by issuing guidelines 3) Work with counterpart authorities in other countries 4) Further increase staffing in enforcement agencies 5) Continue to aggressively prosecute of non US-based offenders 6) Protect attorney-client privilege to encourage prospective resolution of areas of potential violations

III. Current and Anticipated Level of Enforcement						
<p>1. How would you assess the current level of foreign bribery enforcement in your country?</p> <p><i>Please circle one of the following:</i></p> <p style="text-align: center;"> <i>UNSATISFACTORY</i> <i>SATISFACTORY X</i> </p>						
<p>2. Did your government's enforcement efforts increase since last year?</p> <p><i>Please choose one of the following:</i></p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse; text-align: center;"> <tr> <td style="padding: 5px;">1</td> <td style="padding: 5px;">2</td> <td style="padding: 5px;">3 X</td> </tr> <tr> <td style="padding: 5px;"><i>Decreased enforcement</i></td> <td style="padding: 5px;"><i>No change</i></td> <td style="padding: 5px;"><i>Increased Enforcement</i></td> </tr> </table>	1	2	3 X	<i>Decreased enforcement</i>	<i>No change</i>	<i>Increased Enforcement</i>
1	2	3 X				
<i>Decreased enforcement</i>	<i>No change</i>	<i>Increased Enforcement</i>				
<p>3. How do you expect your government's enforcement of foreign bribery to change in the coming three years?</p> <p><i>Please choose one of the following:</i></p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse; width: 100%;"> <tr> <td style="width: 33%; height: 20px;"></td> <td style="width: 33%; height: 20px;"></td> <td style="width: 33%; height: 20px;"></td> </tr> </table>						

1	2	3 X
<i>Decreasing Enforcement</i>	<i>No change</i>	<i>Increasing enforcement</i>

Report prepared by :

_____ (signature)

Name of respondent: Lucinda A. Low

Affiliation: Steptoe & Johnson LLP

Professional experience: FCPA Practitioner, TI-USA Board of Directors

Appendix

List of persons consulted (with affiliation) : The respondent consulted informally with U.S. law enforcement responsible for FCPA enforcement.

List of references and sources used in responding to this questionnaire :

Written sources relied upon (case documents, securities filings, press reports, and statutes) are referenced or cited in the respective entries.