

The Foreign Corrupt Practice Act – An Overview

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Of the top 10 largest FCPA settlements to date, how many were against non-US based corporations?

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1. Siemens (Germany): \$800 million in 2008.
2. KBR / Halliburton (USA): \$579 million in 2009.
3. BAE (UK): \$400 million in 2010.
4. Snamprogetti Netherlands B.V. / ENI S.p.A (Holland/Italy): \$365 million in 2010.
5. Technip S.A. (France): \$338 million in 2010.
6. JGC Corporation (Japan) \$218.8 million in 2011.
7. Daimler AG (Germany): \$185 million in 2010.
8. Alcatel-Lucent (France): \$137 million in 2010.
9. Magyar Telekom/Deutsche Telekom (Hungary/Germany): \$95 million in 2011.
10. Panalpina (Switzerland): \$81.8 million in 2010.

Sobering Statistics

How much has the US government collected in fines and penalties associated with the FCPA over the last three years alone?

\$3.5 billion

What is the longest prison sentence handed down against an individual convicted of an FCPA violation?

15 years

FCPA Fundamentals



Issuers

- Public companies (US or non-US) registered under Section 12 of the Securities Act of 1934
- Others required to file reports with the SEC under Section 15



Domestic Concerns

- US companies, partnerships, and other businesses organized in or having their principal place of business in the US
- Citizens, nationals and residents of the US

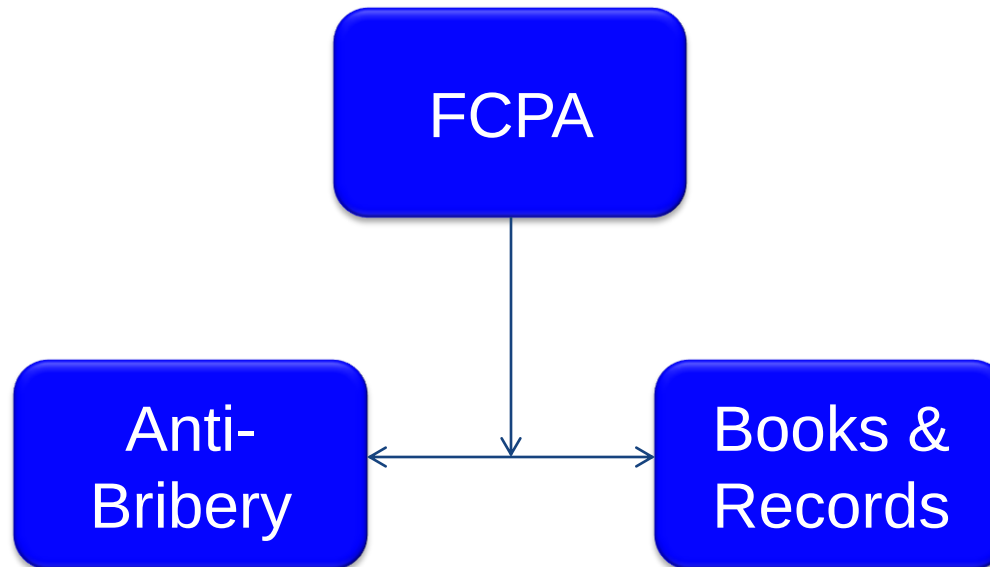


Other Persons

- Foreign citizens and corporations not otherwise covered
- Must take an “act in furtherance” of violating the FCPA while in the territory of the US

FCPA Fundamentals

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Anti-Bribery Provisions

- ***You cannot pay (or offer to pay) bribes to non-US officials for a business advantage***
 - Bribes: money, anything of value
 - Foreign officials: tax officers, export officials; employees of state owned enterprises
- ***Cannot hire third parties who pay bribes either***
 - Distributors, Integrators, Outside Sales Reps, Professional Service Providers



It's A Question of Intent

- Not a question of “what” – it’s a question of “why?”
- “Quid Pro Quo” or Back-Scratching



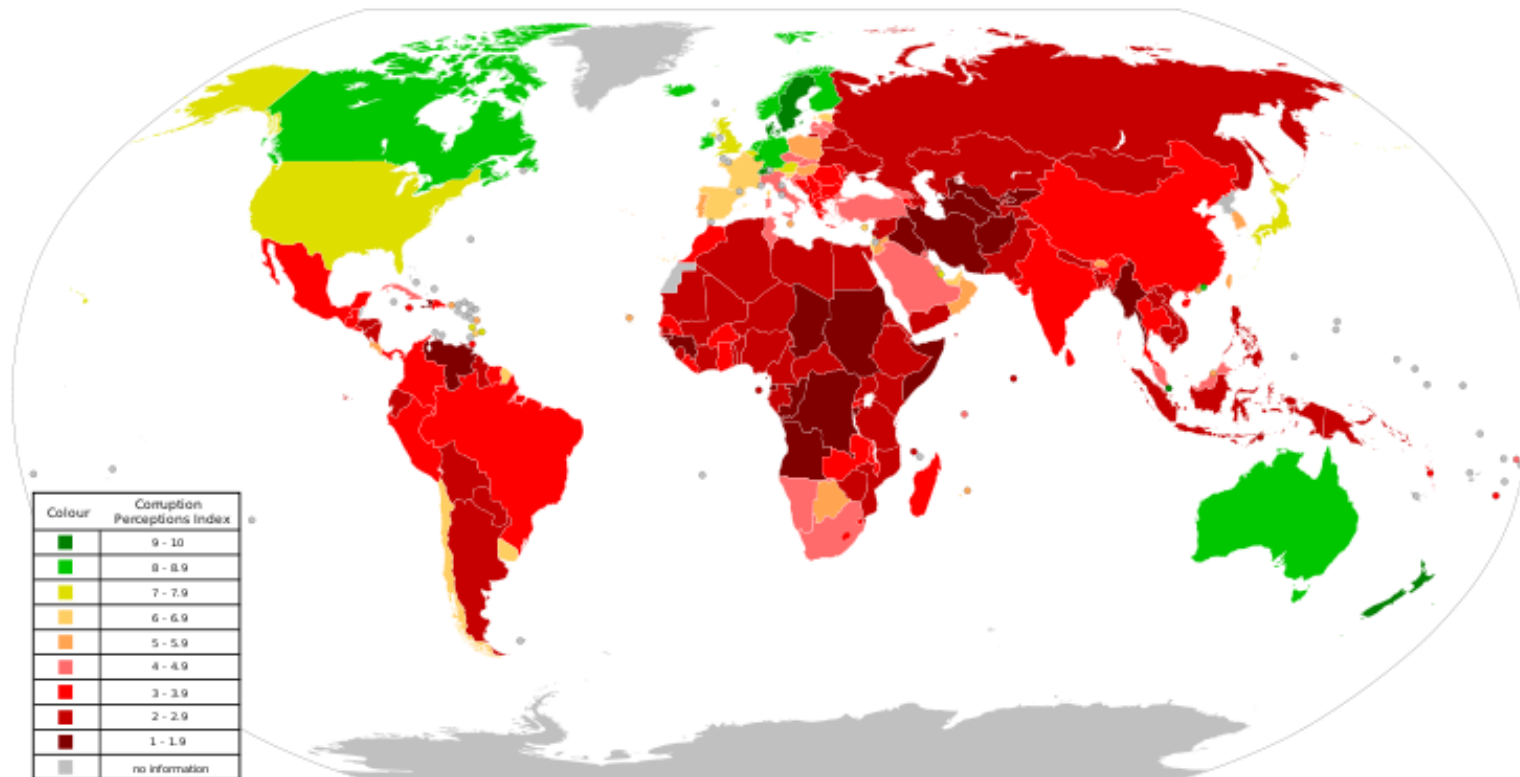
Books and Records Provisions

Accounting Provisions

- Issuers must keep books, records and accounts in reasonable, accurate detail
- Internal controls to prevent and/or detect corrupt practices must be in place
- The inaccurate recording of any payment is a violation, and a payment need not be a bribe to be a violation (payment for lawful commission booked as “equipment repair”)



Assess Your Risk



Thank You



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