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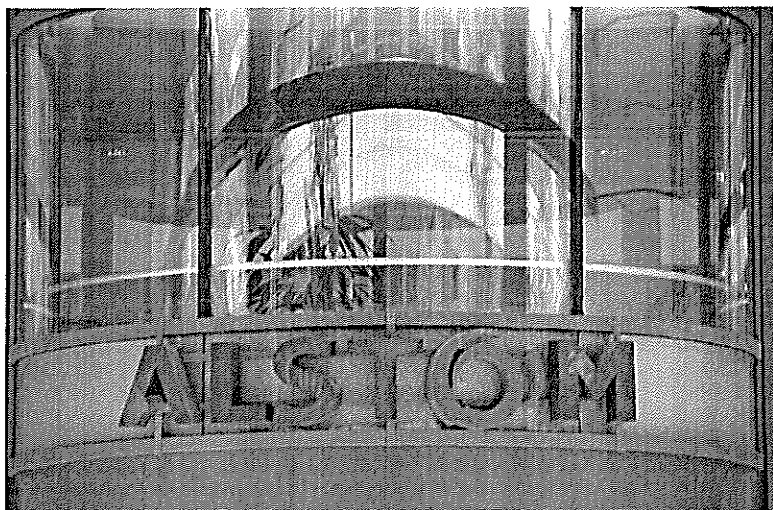
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RISK & COMPLIANCE JOURNAL

Former Alstom Executive Challenges Reach of U.S. Foreign Bribery Law

At the start of Lawrence Hoskins's trial Monday, his lawyers attacked prosecutors' interpretation of a key definition in the U.S. Foreign Corrupt Practices Act



Lawrence Hoskins, a former senior vice president for Alstom, was charged in 2013 with helping organize a scheme to bribe Indonesian officials for a \$118 million power contract. PHOTO: CHRISTOPHE ENA/ASSOCIATED PRESS

By Dylan Tokar

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NEW HAVEN, Conn.—A former Alstom SA executive mounted a direct challenge to the long reach of the U.S. Foreign Corrupt Practices Act on Monday, the first day of a trial in a case that has raised legal questions about who is subject to the foreign bribery law.

Lawrence Hoskins, a former senior vice president for the French company, was charged in 2013 with helping organize a scheme to bribe Indonesian officials for a \$118 million power contract, in violation of the FCPA.

The U.S. government's investigation of Alstom ended when the company resolved its own FCPA violations in 2014, but the case against Mr. Hoskins has lingered for more than six years, with the former executive attacking prosecutors' application of the statute.

The case, which already has led to a ruling that placed more defined limits on who the government can charge with conspiring to violate the statute, has been closely watched by FCPA lawyers.

During opening arguments at the U.S. District Court for the District of Connecticut, a lawyer for Mr. Hoskins told jurors that the FCPA did not apply to the former executive. "Why are we here?" the lawyer, Dan Silver of Clifford Chance LLP, repeatedly asked jurors.

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The FCPA applies to companies listed on U.S. stock exchanges and private companies organized under U.S. laws, as well as their shareholders, directors, employees and agents. Other companies or individuals can be found to have violated the statute if they act within the territory of the U.S.

Mr. Hoskins was a British national who worked in suburban Paris and never set foot in the U.S. during his three years at Alstom, Mr. Silver said. Prosecutors were trying to fit a square peg into a round hole, he said.

Prosecutors allege that Mr. Hoskins acted as an agent of Alstom Power Inc., a former Alstom subsidiary in Windsor, Conn. Alstom sold its power business to General Electric Co. in 2015, after agreeing to pay \$772 million to resolve the FCPA probe.

Lawyers for Mr. Hoskins have disputed prosecutors' characterization of his role at Alstom and what it means to be an agent under the statute, which doesn't define the term.

The former executive didn't work for the Windsor, Conn., subsidiary, Mr. Silver said during his opening argument Monday. Instead, his job in part consisted of approving requests by Alstom subsidiaries to hire outside consultants, he said.

“When it came to hiring outside agents, Lawrence got to tell Alstom Power Inc. what to do,” Mr. Silver said. Mr. Hoskins was never under the subsidiary’s control, he said.

The former Alstom executive previously asked to have the bulk of the charges against him thrown out before trial on similar grounds, but a judge overseeing the case said the nature of his role at Alstom was a factual matter that had to be determined by a jury.

Mr. Hoskins’s lawyers also tried to portray the former executive as a scapegoat. “Guilt by association is exactly what the government is trying to prove here,” Mr. Silver told jurors. Mr. Hoskins didn’t stand to gain financially from the bribery scheme, he said.

A prosecutor on Monday said Mr. Hoskins was much more central to the scheme. One of his roles was to help Alstom Power bribe government officials to win contracts by finding the right middlemen, said Lorinda Laryea, an assistant chief in the Justice Department’s FCPA unit.

Alstom called the middlemen it hired consultants, but they were essentially bagmen, she said. Executives sometimes used codewords like “candy” to describe the bribes, she added.

Between 2005 and 2009, Alstom paid nearly \$2 million to two consultants in Indonesia, who in turn paid bribes to officials at the country’s state-owned energy company and a key member of its parliament, Izedrik Emir Moeis, Ms. Laryea said.

Mr. Moeis was convicted in Indonesia for taking bribes from Alstom.

Mr. Hoskins’s trial will resume Tuesday with the cross examination of David Rothschild, a former executive of Alstom Power.

Mr. Rothschild, who was interviewed by the FBI in 2010 after he was laid off by Alstom and agreed to record conversations with other current and former executives, previously pleaded guilty to conspiring to violate the FCPA.

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