

International Political Law Compliance: Large Penalties under the FCPA Announced

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It is clear that political law compliance must extend beyond America's borders. The Foreign Corrupt Practices Act (FCPA) makes it illegal for an American company or its employees to bribe or offer to bribe foreign officials to influence that official's decision or to obtain any improper advantage in obtaining or retaining business. In FCPA enforcement, the U.S. Department of Justice (DOJ) may seek criminal penalties, and the DOJ and the U.S. Securities and Exchange Commission (SEC) may seek civil penalties for FCPA violations. Two recent cases described below illustrate the government's enforcement capabilities.

On April 8, 2011, Johnson & Johnson, the global pharmaceutical, medical device and consumer health product company, agreed to a settlement with the DOJ and the SEC in which it paid the DOJ a \$21.4 million criminal penalty and the SEC \$48.6 million in disgorgement of profits, including prejudgment interest. In this matter, the government alleged that Johnson & Johnson paid bribes to public doctors in Greece, Poland and Romania and also paid bribes to the former Iraqi government to obtain contracts under the UN Oil for Food Program.

On April 7, 2011, Comverse Technology, Inc. agreed to a settlement with the DOJ and the SEC in which it paid the DOJ a \$1.2 million penalty and the SEC \$1.6 million in disgorgement of profits, including prejudgment interest. Comverse Technology, Inc., is a global software and software systems provider and was alleged, through subsidiaries, to have made improper payments to a Greek telecommunications provider, used a third-party agent to make the improper payments, and inaccurately recorded the payments.

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