

## AB Volvo

**Case ID:**

ST-1

**Case Cluster :**

AB Volvo

**Jurisdiction of Settlement:**

United States

**Jurisdiction of Settlement / Enforcement Agency:**

Securities and Exchange Commission

**Jurisdiction of Foreign Public Official(s) :**

Iraq (UN Oil-for-Food)

**Year of Settlement:**

2008

**Month/Day of Settlement (or Notes):**

03/20

**Other Jurisdictions of Settlement:**

Unknown

**Settlement with Individual or Legal Person?:**

Legal Person

**Type of Settlement:**

Civil

**Legal Form of Settlement:**

Consent to Permanent Injunction

**Monetary Sanctions (Types):**

Disgorgement of Profits, Prejudgment Interest, Civil Penalty

**Total Monetary Sanctions (US\$):**

\$12,602,649.00

**Criminal Fine / Penalty (Explanation):**

NA

**Civil Disgorgement of Profits (US\$) :**

\$7,299,208

**Civil Prejudgment Interest (US\$) :**

\$1,303,441

**Civil Fine / Penalty (US\$):**

\$4,000,000

**Monetary Sanctions Returned / Ordered Returned (US\$):**

\$0

**UNCAC Articles(s) Implicated:**

Art.16

Art.26

**OECD Anti-Bribery Convention Articles Implicated:**

Art. 1, Art. 2, Art. 8

**Offenses - Alleged:**

Internal controls violations, Falsification of books and records

**Offenses - Settled:**

No admission or denial of alleged offenses

**Public Procurement Contract / SOE Involved?:**

Yes



**Summary:**

According to the June 2011 United States Report to the OECD, "On March 20, 2008, AB Volvo, a Swedish company, entered into a deferred prosecution agreement with the Department of Justice and a settlement agreement with the SEC in connection with payments made by two of its subsidiaries to obtain contracts administered by the United Nations Oil for Food Program (OFFP). The subsidiaries, Renault Trucks SAS (Renault Trucks) and Volvo Construction Equipment AB (VCE), were charged in separate conspiracies to commit wire fraud and violate the books and records provision of the FCPA. According to the court documents, between November 2000 and April 2003, employees and agents of Renault Trucks paid a total of approximately \$5 million in kickbacks to the Iraqi government for a total of approximately \$61 million worth of contracts with various Iraqi ministries. To pay the kickbacks, Renault Trucks inflated the price of contracts by approximately 10 percent before submitting them to the U.N. for approval and concealed from the U.N. the fact that the contract prices contained a kickback to the Iraqi government. In some cases, Renault Trucks paid inflated prices to companies that outfitted the chassis and cabs produced by Renault Trucks. Those companies then used the excess funds to pay the kickbacks to the Iraqi government on behalf of Renault Trucks. Between December 2000 and January 2003, Volvo Construction Equipment International AB (VCEI), the predecessor to VCE, and its distributors were awarded a total of approximately \$13.8 million worth of contracts. During the same time period, employees, agents and distributors of VCEI paid a total of approximately \$1.3 million in kickbacks to the Iraqi government by inflating the price of contracts by approximately 10 percent before submitting them to the U.N. for approval. Similar to Renault Trucks, VCE concealed from the U.N. the fact that the contract prices contained a kickback to the Iraqi government." (Source: US Report to the Organisation for Economic Co-operation and Development, "Steps taken to implement and enforce the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions," Information as of May 31, 2011, AB Volvo Case Summary at 82-83.) AB Volvo's settlement agreement with the US SEC is summarized in the SEC Litigation Release No. 20504 / March 20, 2008.

**Sources :**

US Report to the Organisation for Economic Co-operation and Development, "Steps taken to implement and enforce the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions," Information as of May 31, 2011, AB Volvo Case Summary at 82-83, accessed at <http://www.oecd.org/dataoecd/18/8/42103833.pdf>. US Securities and Exchange Commission, Litigation Release No. 20504 / March 20, 2008, Securities & Exchange Commission v. AB Volvo, Civil Action No. 08 CV 00473 (D.D.C.) (JB), "SEC Files Settled Books and Records and Internal Controls Charges Against AB Volvo For Improper Payments to Iraq Under the U.N. Oil for Food Program -- Company Agrees to Pay Over \$12.6 Million in Civil Penalties, Disgorgement of Profits, and Interest," accessed at <http://www.sec.gov/litigation/litreleases/2008/lr20504.htm>; SEC Complaint accessed at <http://www.sec.gov/litigation/complaints/2008/comp20504.pdf>.

**Documents:**

<b>Attachment</b>	<b>Size</b>
 AB Volvo_SEC_Litigation_Release_Mar_20_2008.pdf	97.31 KB
 AB_Volvo_SEC_Complaint_Mar_20_2008.pdf	1.03 MB

**Attachment****Size**

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 AB_Volvo_Settlement_DOJ_PR_Mar_8_2008.pdf	128.85 KB
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