

## **AB Volvo / Volvo Construction Equipment AB and Renault Trucks SAS**

**Case ID:**

ST-2

**Case Cluster :**

AB Volvo

**Jurisdiction of Settlement:**

United States

**Jurisdiction of Settlement / Enforcement Agency:**

Department of Justice

**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:**

Criminal

**Legal Form of Settlement:**

Deferred Prosecution Agreement

**Monetary Sanctions (Types):**

Criminal Fine

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

\$7,000,000.00

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

\$7,000,000

**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:**

Conspiracy to falsify books and records, Conspiracy to commit wire fraud

**Offenses - Settled:**

Conspiracy to falsify books and records, Conspiracy to commit wire fraud

**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. Criminal Case Disposition: To resolve its criminal liability in connection with this bribery scheme, AB Volvo, on behalf of itself and its subsidiaries, entered into a three-year deferred prosecution agreement with the Department, whereby AB Volvo agreed to pay a criminal fine of \$7 million." (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.)

**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 v. Volvo Construction Equipment, AB, Case No. 08-CR-069-RJL (D.D.C.), Information filed on March 20, 2008, accessed at <http://www.justice.gov/criminal/fraud/fcpa/cases/volvo-ab/03-20-08volvo-info.pdf>; US v. Renault Trucks SAS, Case No. 08-CR-068-RJL (D.D.C.), Information filed on March 20, 2008, accessed at <http://www.justice.gov/criminal/fraud/fcpa/cases/renault-trucks/03-20-08renault-trucks-info.pdf>; In Re: AB Volvo et al, US Department of Justice, Deferred Prosecution Agreement and Statement of Facts, filed March 20, 2008, accessed at <http://www.justice.gov/criminal/fraud/fcpa/cases/volvo-ab/03-18-08volvo-dpa.pdf>. US Department of Justice Press Release, "AB Volvo to Pay \$7 Million Penalty for Kickback Payments to the Iraqi Government under the U.N. Oil for Food Program," March 20, 2008, accessed at [http://www.justice.gov/opa/pr/2008/March/08\\_crm\\_220.html](http://www.justice.gov/opa/pr/2008/March/08_crm_220.html).

**Documents:**

<b>Attachment</b>	<b>Size</b>
 AB_Volvo_Deferred_Prosecution_Agreement_Mar_18_2008.pdf	1.25 MB
 AB_Volvo_Renault_Trucks_Information_March_20_2008.pdf	381.25 KB

**Attachment****Size** AB\_Volvo\_Settlement\_DOJ\_PR\_Mar\_8\_2008.pdf

128.85 KB