

## **ABB Ltd. (Matter #15)**

**Case ID:**

ST-4

**Case Cluster :**

ABB Ltd. (Matter #15)

**Jurisdiction of Settlement:**

United States

**Jurisdiction of Settlement / Enforcement Agency:**

Securities and Exchange Commission

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

Mexico, Iraq (UN Oil-for-Food)

**Year of Settlement:**

2010

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

09/29

**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\$):**

\$39,314,262.00

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

\$17,141,474

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

\$5,662,788

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

\$16,510,000

**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:**

Bribery of foreign officials, Books and records violations, Internal controls violations

**Offenses - Settled:**

No admission or denial of alleged offenses

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

Yes

### Summary:

According to the Litigation Release by the Securities and Exchange Commission, "The SEC alleges that ABB, through its subsidiaries, paid bribes to government officials in Mexico to obtain business with government owned power companies, and paid kickbacks to the former regime in Iraq to obtain contracts under the United Nations Oil for Food Program. As alleged in the complaint, ABB's subsidiaries made at least \$2.7 million in illicit payments in these schemes to obtain contracts that generated more than \$100 million in revenues for ABB. In the Mexican bribery scheme, the SEC alleges that from 1999 through 2004, ABB Network Management ("ABB NM"), a business unit within ABB's U.S. subsidiary, ABB, Inc., bribed officials in Mexico to obtain and retain business with two government owned electric utilities, Comision Federal de Electricidad ("CFE") and Luz y Fuerza del Centro ("LyFZ"). [ ] The SEC further alleges that from approximately 2000 to 2004 ABB participated in the United Nations Oil for Food Program (the "Program"). [ ] According to the complaint, ABB participated in the Program through six subsidiaries: ABB Near East Trading Ltd. ("ABB Jordan"), ABB Automation, ABB Industrie AC Machines and ABB Solyvent-Ventec (collectively referred to as "ABB France"), ABB AG ("ABB Austria"), and ABB Elektrik Sanayi AS ("ABB Turkey"). The SEC alleges that these subsidiaries developed various schemes to pay secret kickbacks to Iraq to obtain contracts under the Program. ABB's Jordanian subsidiary acted as a conduit for other ABB subsidiaries by making the kickback payments on their behalf. Some of the kickbacks were made in the form of bank guarantees and cash payments. ABB improperly recorded the kickbacks on its books as legitimate payments for after sales services, consultation costs, and commissions." (Source: US Securities & Exchange Commission, Litigation Release No. 21673 / September 29, 2010, U.S. Securities and Exchange Commission v. ABB Ltd, Civil Action No. 1:10-CV-01648 (DDC) (PLF), "SEC Charges ABB for Bribery Schemes in Mexico and Iraq - ABB to Pay \$39 Million in Disgorgement and Civil Penalties.")

### 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, ABB Ltd. Case Summary (#15) at 37-39, accessed at <http://www.oecd.org/dataoecd/18/8/42103833.pdf>. US Securities & Exchange Commission, Litigation Release No. 21673 / September 29, 2010, U.S. Securities and Exchange Commission v. ABB Ltd, Civil Action No. 1:10-CV-01648 (DDC) (PLF), "SEC Charges ABB for Bribery Schemes in Mexico and Iraq - ABB to Pay \$39 Million in Disgorgement and Civil Penalties," accessed at <http://www.sec.gov/litigation/litreleases/2010/lr21673.htm>; US v. ABB Ltd., Case No. 1:10-cv-01648-PLF (D.D.C.), Complaint filed on September 29, 2010, accessed at <http://www.sec.gov/litigation/complaints/2010/comp-pr2010-175.pdf>

### Documents:

<b>Attachment</b>	<b>Size</b>
 ABB_SEC_Litigation_Release_Sep_29_2010.pdf	70.36 KB
 ABB_SEC_Complaint_Sep_29_2010.pdf	5.24 MB