

ABB Ltd. (Matter #15) / Ali Hozhabri

Case ID:

ST-7

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:

2008

Month/Day of Settlement (or Notes):

08/06

Other Jurisdictions of Settlement:

Unknown

Settlement with Individual or Legal Person?:

Individual

Type of Settlement:

Civil

Legal Form of Settlement:

Consent to Permanent Injunction

Monetary Sanctions (Types):

Disgorgement of Profits

Total Monetary Sanctions (US\$):

\$234,357.00

Civil Disgorgement of Profits (US\$) :

\$234,357

Civil Prejudgment Interest (US\$) :

\$0

Civil Fine / Penalty (US\$):

\$0

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

\$0

UNCAC Articles(s) Implicated:

Art.16

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, Aiding and abetting ABB's falsification of books and records

Offenses - Settled:

No admission or denial of alleged offenses

Public Procurement Contract / SOE Involved?:

Yes

Summary:

According to the Litigation Release by the US Securities and Exchange Commission, "As alleged in the complaint, Hozhabri was a project manager for ABB Network Management ("ABB NM"), a division of a U.S. based ABB subsidiary, which provides products and services for managing power generation and transmission networks. The Commission alleges that, from 2002 through 2004, Hozhabri fraudulently submitted approximately \$468,714 in cash and check disbursement requests to ABB NM for purported business expenses associated with projects in Brazil, Paraguay, and the United Arab Emirates. As alleged in the complaint, these purported expenses were phony, and inaccurately recorded as legitimate business expenses in ABB's books and records. The Commission further alleges that the funds disbursed by ABB NM as a result of these requests were not used to pay any business expenses, but rather were embezzled by Hozhabri and the former General Manager of ABB NM. According to the complaint, Hozhabri personally kept \$234,357 of the embezzled funds." (Source: US Securities and Exchange Commission, Litigation Release No. 20671 / August 6, 2008, SEC v. Ali Hozhabri, Civil Action No. 08 CV 1359 (D.D.C.), "SEC Charges Former ABB Project Manager for Falsifying Company's Books and Records.")

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 and Exchange Commission, Litigation Release No. 20671 / August 6, 2008, SEC v. Ali Hozhabri, Civil Action No. 08 CV 1359 (D.D.C.), "SEC Charges Former ABB Project Manager for Falsifying Company's Books and Records," accessed at <http://www.sec.gov/litigation/litreleases/2008/lr20671.htm> and Complaint filed August 6, 2008, accessed at <http://www.sec.gov/litigation/complaints/2008/comp20671.pdf>. ABB Ltd. Case Documents: 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:

Attachment	Size
 ABB_Hozhabri_SEC_Complaint_Aug_6_2008.pdf	464.47 KB
 ABB_Ali_Hozhabri_SEC_Litigation_Release_Aug_6_2008.pdf	86.08 KB
 ABB_Settlement_DOJ_PR_Sep_29_2010.pdf	75.6 KB
 ABB_SEC_Litigation_Release_Sep_29_2010.pdf	70.36 KB