

Akzo Nobel, N.V.

Case ID:

ST-21

Case Cluster :

Akzo Nobel, N.V.

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:

2007

Month/Day of Settlement (or Notes):

12/20

Other Jurisdictions of Settlement:

Netherlands

Settlement with Individual or Legal Person?:

Legal Person

Type of Settlement:

Criminal

Legal Form of Settlement:

Non-Prosecution Agreement

Monetary Sanctions (Types):

Criminal Penalty (contingent upon settlement with Dutch Public Prosecutor)

Criminal Fine / Penalty (Explanation):

Unknown [Criminal Penalty (contingent upon settlement with Dutch Public Prosecutor)]

Monetary Sanctions Returned / Ordered Returned (Explanation):

Unspecified

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, Falsification of books and records

Offenses - Settled:

Bribery of foreign officials, Falsification of books and records

Public Procurement Contract / SOE Involved?:

Yes

Summary:

According to the US Department of Justice Press Release of December 20, 2007, "Akzo Nobel, a Dutch company with its headquarters in Arnhem, Netherlands, has acknowledged responsibility for the actions of two of its subsidiaries whose employees and agents made improper payments to the Iraqi government in order to obtain contracts with Iraqi ministries.

According to the agreement, between 2000 and 2002, the two subsidiaries, N.V. Organon and Intervet International B.V., sold by Akzo Nobel earlier this year, paid a total of approximately \$280,000 to the Iraqi government by inflating the price of contracts, usually by adding 10% before submitting the contracts to the United Nations for approval, and concealing from the United Nations the fact that the prices contained a kickback to the Iraqi government." (Source: US Department of Justice Press Release, "Akzo Nobel Acknowledges Improper Payments Made by its Subsidiaries to Iraqi Government Under the U.N. Oil for Food Program, Enters Agreement with Department of Justice," December 20, 2007.) According to the US Department of Justice Nonprosecution Agreement, "It is understood that AKZO NOBEL will pay no monetary penalty in connection with this Agreement, based on AKZO NOBEL's representation that its former subsidiary, N.V. Organon, has agreed to enter into a criminal disposition with the Dutch National Public Prosecutor's Office for Financial, Economic and Environmental Offences (the "Dutch Public Prosecutor"). AKZO NOBEL represents that, pursuant to this contemplated disposition with the Dutch Public Prosecutor, N.V. Organon will admit criminal liability and pay a criminal fine of no less than €381,602. It is understood that if there is no such criminal disposition with the Dutch Public Prosecutor within 180 days of the signing of this Agreement, then AKZO NOBEL shall pay a monetary penalty of \$800,000 to the United States Treasury. It is further understood that if the criminal fine paid as part of the criminal disposition with the Dutch Public Prosecutor is less than €381,602, then AKZO NOBEL shall pay to the United States Treasury the difference between the amount of the fine paid as part of the criminal disposition with the Dutch Public Prosecutor and \$800,000, at the currency exchange rate prevailing as of the date of the execution of the agreement between AKZO NOBEL and the Dutch Public Prosecutor." (Source: US Department of Justice Nonprosecution Agreement, In re: Akzo Nobel N.V., December 20, 2007.)

Sources :

US Department of Justice Nonprosecution Agreement, In re: Akzo Nobel N.V., December 20, 2007, accessed at <http://www.justice.gov/criminal/fraud/fcpa/cases/akzo-noble/12-20-07akzo-noble-agree.pdf>; US Department of Justice Press Release, "Akzo Nobel Acknowledges Improper Payments Made by its Subsidiaries to Iraqi Government Under the U.N. Oil for Food Program, Enters Agreement with Department of Justice," December 20, 2007, accessed at http://www.justice.gov/opa/pr/2007/December/07_crm_1024.html; US Department of Justice Report to Congress, Appendix C "Summaries of Foreign Corrupt Practices Act Enforcement Actions by the United States, January 1, 1998 - September 30, 2010," Akzo Nobel, N.V. at 69-70, accessed at www.justice.gov/criminal/fraud/fcpa/docs/response3-appx-c.pdf.