

## **Akzo Nobel, N.V.**

**Case ID:**

ST-22

**Case Cluster :**

Akzo Nobel, N.V.

**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:**

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:**

Civil

**Legal Form of Settlement:**

Consent to Permanent Injunction

**Monetary Sanctions (Types):**

Disgorgement of Profits, Prejudgment Interest, Civil Penalty

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

\$2,981,513.00

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

\$1,647,363

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

\$584,150

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

\$750,000

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

\$0

**UNCAC Articles(s) Implicated:**

Art.16

Art.23

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 US Securities and Exchange Commission Litigation Release, the agency "filed Foreign Corrupt Practices Act books and records and internal controls charges against Akzo Nobel N.V., a Netherlands-based pharmaceutical company, in the U.S. District Court for the District of Columbia. The Commission's complaint alleges that from 2000 to 2003, two of Akzo Nobel's subsidiaries [also incorporated in the Netherlands] authorized and made \$279,491 in kickback payments in connection with their sales of humanitarian goods to Iraq under the U.N. Oil for Food Program (the "Program"). The kickbacks were characterized as "after-sales service fees" ("ASSFs"), but no bona fide services were performed. The Program was intended to provide humanitarian relief for the Iraqi population, which faced severe hardship under international trade sanctions. It allowed the Iraqi government to purchase humanitarian goods through a U.N. escrow account. The kickbacks paid in connection with Akzo Nobel's subsidiaries' sales to Iraq bypassed the escrow account and were paid by third parties to Iraqi-controlled accounts in Lebanon and Jordan." (Source: US Securities and Exchange Commission, Litigation Release No. 20410 / December 20, 2007, Securities and Exchange Commission v. Akzo Nobel, N.V., Civil Action No. 07-CV-02293 (D.D.C.) (HHK), "SEC Files Settled Books and Records and Internal Controls Charges Against Akzo Nobel N.V. For Improper Payments to Iraq Under the U.N. Oil for Food Program --Company Agrees to Pay Over \$2.9 Million.") According to the SEC's complaint, the Akzo Nobel's subsidiary N.V. Organon allegedly paid the additional "commission" payments to an entity called "Sabbah Drugstore" and that the payments from both schemes were allegedly paid to officials of (1) unnamed Iraqi ministry and (2) Iraqi Ministry of Health. (Source: Securities and Exchange Commission v. Akzo Nobel, N.V., Civil Action No. 07-CV-02293-HHK (D.D.C.), Complaint filed December 20, 2007.)

**Sources :**

US Securities and Exchange Commission, Litigation Release No. 20410 / December 20, 2007, Securities and Exchange Commission v. Akzo Nobel, N.V., Civil Action No. 07-CV-02293 (D.D.C.) (HHK), "SEC Files Settled Books and Records and Internal Controls Charges Against Akzo Nobel N.V. For Improper Payments to Iraq Under the U.N. Oil for Food Program ? Company Agrees to Pay Over \$2.9 Million," accessed at <http://www.sec.gov/litigation/litreleases/2007/lr20410.htm>; Securities and Exchange Commission v. Akzo Nobel, N.V., Civil Action No. 07-CV-02293-HHK (D.D.C.), Complaint filed December 20, 2007, accessed at <http://www.sec.gov/litigation/complaints/2007/comp20410.pdf>