

Baker Hughes Incorporated / Baker Hughes, Inc. (September 12, 2001 SEC Cease and Desist Order)

Case ID:

ST-56

Case Cluster :

Baker Hughes Incorporated

Jurisdiction of Settlement:

United States

Jurisdiction of Settlement / Enforcement Agency:

Securities and Exchange Commission

Jurisdiction of Foreign Public Official(s) :

Indonesia, Kazakhstan, India, Brazil

Year of Settlement:

2001

Month/Day of Settlement (or Notes):

09/12

Other Jurisdictions of Settlement:

Unknown

Settlement with Individual or Legal Person?:

Legal Person

Type of Settlement:

Civil

Legal Form of Settlement:

Consent to Cease-and-Desist Order

Monetary Sanctions (Types):

None

Total Monetary Sanctions (US\$):

\$0.00

Civil Disgorgement of Profits (US\$) :

\$0

Civil Prejudgment Interest (US\$) :

\$0

Civil Fine / Penalty (US\$):

\$0

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, False accounting, 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 Administrative Proceeding File, "In March 1999, Baker Hughes' CFO and its Controller authorized an illegal payment, through KPMG, its agent in Indonesia, to a local government official in Indonesia. Baker Hughes, through its CFO and Controller, directed that this improper payment be made while knowing or aware that KPMG would pass all or part of the payment along to a foreign government official for the purpose of influencing the official's decision affecting the business of Baker Hughes. This improper payment was made in violation of the Foreign Corrupt Practices Act ("FCPA"). In addition, in 1998 and 1995, senior managers at Baker Hughes authorized payments to Baker Hughes' agents in India and Brazil, respectively, without making an adequate inquiry as to whether the agents might give all or part of the payments to foreign government officials in violation of the FCPA. Baker Hughes improperly recorded all three transactions in its books and records as routine business expenditures. In addition to its false books and records, Baker Hughes also failed to devise and maintain an adequate system of internal accounting controls to detect and prevent improper payments to foreign government officials and to provide reasonable assurance that transactions were recorded as necessary to permit the preparation of financial statements in conformity with Generally Accepted Accounting Principles." (Source: US Securities and Exchange Commission, In the Matter of Baker Hughes, Inc., Administrative Proceeding File No. 3-10572 [September 12, 2001].)

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, Baker Hughes Incorporated Case Summary at 106-107, accessed at <http://www.oecd.org/dataoecd/18/8/42103833.pdf>. US Securities and Exchange Commission, In the Matter of Baker Hughes, Inc., Administrative Proceeding File No. 3-10572 (September 12, 2001), accessed at <http://www.sec.gov/litigation/admin/34-44784.htm>