

## **Baker Hughes Incorporated / KPMG Siddharta Siddharta & Harsono, et al (S.D. Tex., September 11, 2001)**

**Case ID:**

ST-57

**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

**Year of Settlement:**

2001

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

09/11

**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):**

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, Aiding and abetting Baker Hughes' internal controls violations,  
Aiding and abetting Baker Hughes' falsification of books and records

**Offenses - Settled:**

No admission or denial of alleged offenses

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

No (Tax)

**Summary:**

According to a Litigation Release by the US Securities and Exchange Commission, on September 11, 2001, the SEC and the Department of Justice jointly filed a complaint which "alleges that in 1999, Harsono authorized KPMG-SSH personnel to bribe an Indonesian tax official on behalf of one of KPMG-SSH's clients, PT Eastman Christensen ("PTEC"), an Indonesian company beneficially owned by Baker Hughes Incorporated ("Baker Hughes"). KPMG-SSH agreed to make the illicit payment to influence the Indonesian tax official to reduce a tax assessment for PTEC from \$3.2 million to \$270,000. Harsono advised KPMG-SSH personnel that if Baker Hughes represented directly to KPMG-SSH, not through PTEC, that it wanted KPMG-SSH to make the illicit payment, KPMG-SSH would be willing to pay the Indonesian tax official. To conceal the improper payment, Harsono agreed with KPMG-SSH personnel that KPMG-SSH should generate an invoice that would include money for the payment to the Indonesian tax official and for KPMG-SSH's fees for services rendered. The false invoice, although purporting to be for professional services rendered, in reality represented \$75,000 to be paid to an Indonesian tax official, and the remainder for KPMG-SSH's actual fees and applicable taxes. After receiving the invoice, PTEC paid KPMG-SSH \$143,000 and improperly entered the transaction on its books and records as payment for professional services rendered. On March 23, 1999, PTEC received a tax assessment of approximately \$270,000 from the Indonesian government, almost \$3 million lower than the original assessment." (Source: US Securities and Exchange Commission Litigation Release No. 17127 / September 12, 2001, UNITED STATES OF AMERICA AND SECURITIES AND EXCHANGE COMMISSION v. KPMG SIDDHARTA SIDDHARTA & HARSONO AND SONNY HARSONO, Civil Action No. H-01-3105 (S.D. Tex.) (filed September 11, 2001), "SEC AND DEPARTMENT OF JUSTICE FILE FIRST-EVER JOINT CIVIL ACTION AGAINST KPMG SIDDHARTA SIDDHARTA & HARSONO AND ITS PARTNER SONNY HARSONO FOR AUTHORIZING THE PAYMENT OF A BRIBE IN INDONESIA.")

**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 Litigation Release No. 17127 / September 12, 2001, UNITED STATES OF AMERICA AND SECURITIES AND EXCHANGE COMMISSION v. KPMG SIDDHARTA SIDDHARTA & HARSONO AND SONNY HARSONO, Civil Action No. H-01-3105 (S.D. Tex.) (filed September 11, 2001), "SEC AND DEPARTMENT OF JUSTICE FILE FIRST-EVER JOINT CIVIL ACTION AGAINST KPMG SIDDHARTA SIDDHARTA & HARSONO AND ITS PARTNER SONNY HARSONO FOR AUTHORIZING THE PAYMENT OF A BRIBE IN INDONESIA," accessed at <http://www.sec.gov/litigation/litreleases/lr17127.htm>