

## BellSouth Corporation

**Case ID:**

ST-61

**Case Cluster :**

BellSouth Corporation

**Jurisdiction of Settlement:**

United States

**Jurisdiction of Settlement / Enforcement Agency:**

Securities and Exchange Commission

**Jurisdiction of Foreign Public Official(s) :**

Nicaragua

**Year of Settlement:**

2002

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

01/15

**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):**

Civil Penalty

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

\$150,000.00

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

\$0

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

\$0

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

\$150,000

**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. 7, 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 June 2011 US Report to the OECD on the Enforcement of the Anti-Bribery Convention, "On January 15, 2002, the SEC filed two settled enforcement actions against BellSouth Corporation, charging that two of the company's subsidiaries had engaged in violations of the internal controls and books and records provisions of the FCPA. According to the SEC's Complaint, between September 1997 and August 2000, former senior management of BellSouth's Venezuelan subsidiary, Telcel, C.A. (Telcel), authorized payments totaling approximately \$10.8 million to six offshore companies and improperly recorded the disbursements in Telcel's books and records, based on fictitious invoices, as bona fide services. Telcel's internal controls failed to detect the unsubstantiated payments for a period of at least two years. As an additional consequence of this control deficiency, the Complaint alleged that BellSouth was unable to reconstruct the circumstances or purpose of the Telcel payments, or determine the identity of their ultimate recipients. Telcel was Venezuela's leading wireless provider, contributing more revenue to BellSouth's Latin American Group segment than any other Latin American BellSouth operation. In addition, the SEC charged that between October 1998 and June 1999, BellSouth's Nicaraguan subsidiary, Telefonía Celular de Nicaragua, S.A.'s (Telefonía), improperly recorded payments to the wife of the Nicaraguan legislator who was the chairman of the Nicaraguan legislative committee with oversight of Nicaraguan telecommunications." (Source: 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, BellSouth Corporation Case, at 127-128.) According to the SEC Administrative Proceeding File, the agency issued a Cease and Desist Order enjoining the company from future violations. (Source: Securities and Exchange Commission, Administrative Proceeding File No. 3-10678, In re: Matter of BellSouth Corporation, January 15, 2002.) According to the Final Judgment issued against the company, BellSouth was ordered to pay \$150,000 in civil penalties. (Source: SEC v. BellSouth Corporation, Case No. 1:02-cv-00113 (N.D. Ga.), Final Judgment and Other Relief Order filed January 24, 2002.)

**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, BellSouth Corporation Case, at 127-128, accessed at <http://www.oecd.org/dataoecd/18/8/42103833.pdf>; Securities and Exchange Commission, Administrative Proceeding File No. 3-10678, In re: Matter of BellSouth Corporation, January 15, 2002, accessed at <http://www.sec.gov/litigation/admin/34-45279.htm>; SEC v. BellSouth Corporation, Case No. 1:02-cv-00113 (N.D. Ga.), Final Judgment and Other Relief Order filed January 24, 2002, Court Docket Report; actual text of the Judgment not able to be accessed via Pacer.)