

Bribery by Oil Services and Freight Forwarding Companies / Panalpina, Inc.

Case ID:

ST-90

Case Cluster :

Bribery by Oil Services and Freight Forwarding Companies

Jurisdiction of Settlement:

United States

Jurisdiction of Settlement / Enforcement Agency:

Department of Justice

Jurisdiction of Foreign Public Official(s) :

Angola, Azerbaijan, Brazil, Kazakhstan, Nigeria, Russia, Turkmenistan, and other unspecified countries

Year of Settlement:

2010

Month/Day of Settlement (or Notes):

11/04

Other Jurisdictions of Settlement:

Unknown

Settlement with Individual or Legal Person?:

Legal Person

Type of Settlement:

Criminal

Legal Form of Settlement:

Guilty Plea

Monetary Sanctions (Types):

Criminal Fine

Total Monetary Sanctions (US\$):

\$70,560,000.00

Criminal Fine/Penalty (US\$) :

\$70,560,000

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:

Conspiracy to falsify books and records, Conspiracy to aiding and abetting falsification of books and records

Offenses - Settled:

Conspiracy to falsify books and records, Conspiracy to aiding and abetting falsification of books and records

Public Procurement Contract / SOE Involved?:

No (Customs)

Summary:

According to the US Department of Justice Press Release dated November 14, 2010, "In documents filed in U.S. District Court for the Southern District of Texas, Panalpina World Transport (Holding) Ltd., a global freight forwarding and logistics services firm based in Basel, Switzerland, and its U.S.-based subsidiary, Panalpina Inc., admitted that the companies, through subsidiaries and affiliates (collectively "Panalpina"), engaged in a scheme to pay bribes to numerous foreign officials on behalf of many of its customers in the oil and gas industry. They did so in order to circumvent local rules and regulations relating to the import of goods and materials into numerous foreign jurisdictions. Panalpina admitted that between 2002 and 2007, it paid thousands of bribes totaling at least \$27 million to foreign officials in at least seven countries, including Angola, Azerbaijan, Brazil, Kazakhstan, Nigeria, Russia and Turkmenistan. Also today, Panalpina's customers, including Shell Nigeria Exploration and Production Company Ltd. (SNEPCO), Transocean Inc. and Tidewater Marine International Inc., admitted that the companies approved of or condoned the payment of bribes on their behalf in Nigeria and falsely recorded the bribe payments made on their behalf as legitimate business expenses in their corporate books, records and accounts. As part of the agreed resolution, the department today filed a criminal information charging Panalpina World Transport with conspiring to violate and violating the anti-bribery provisions of the FCPA. The department and Panalpina World Transport agreed to resolve the charges by entering into a deferred prosecution agreement. The department also filed a criminal information charging Panalpina Inc. with conspiring to violate the books and records provisions of the FCPA and with aiding and abetting certain customers in violating the books and records provisions of the FCPA. Panalpina Inc. has agreed to plead guilty to the charges. The agreements require the payment of a \$70.56 million criminal penalty." (Source: US Department of Justice Press Release, "Oil Services Companies and a Freight Forwarding Company Agree to Resolve Foreign Bribery Investigations and to Pay More Than \$156 Million in Criminal Penalties; SEC and Companies Agree to Civil Disgorgement and Penalties of Approximately \$80 Million," November 4, 2010.)

Sources :

Report by the United States to the OECD, "Steps taken to implement and enforce the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions" (June 2011), Bribery by Oil Services and Freight Forwarding Companies Case Summary at 32-37, accessed at <http://www.oecd.org/dataoecd/18/8/42103833.pdf>. US v. Panalpina Inc., Case No. 4:10-cr-00765 (S.D. Tex.), Information filed November 4, 2010, accessed at <http://www.justice.gov/criminal/fraud/fcpa/cases/panalpina-inc/11-04-10panalpina-info.pdf>; Plea Agreement filed November 4, 2010, accessed at <http://www.justice.gov/criminal/fraud/fcpa/cases/panalpina-inc/11-04-10panalpina-plea.pdf>; Judgment filed December 16, 2010, accessed at <http://www.justice.gov/criminal/fraud/fcpa/cases/panalpina-inc/12-16-10panalpina-judgment.pdf>. US Department of Justice Press Release, "Oil Services Companies and a Freight Forwarding Company Agree to Resolve Foreign Bribery Investigations and to Pay More Than \$156 Million in Criminal Penalties; SEC and Companies Agree to Civil Disgorgement and Penalties of Approximately \$80 Million," November 4, 2010, accessed at <http://www.justice.gov/opa/pr/2010/November/10-crm-1251.html>.