

Chevron Corporation (UN Oil-for-Food)

Case ID:

ST-118

Case Cluster :

Chevron Corporation

Jurisdiction of Settlement:

United States

Jurisdiction of Settlement / Enforcement Agency:

Department of Treasury (Office of Foreign Assets Control)

Jurisdiction of Foreign Public Official(s) :

Iraq (UN Oil-for-Food)

Year of Settlement:

2007

Month/Day of Settlement (or Notes):

11/14

Other Jurisdictions of Settlement:

Unknown

Settlement with Individual or Legal Person?:

Legal Person

Type of Settlement:

Civil

Legal Form of Settlement:

Settlement agreement

Monetary Sanctions (Types):

Civil Penalty

Total Monetary Sanctions (US\$):

\$2,000,000.00

Civil Disgorgement of Profits (US\$) :

\$0

Civil Prejudgment Interest (US\$) :

\$0

Civil Fine / Penalty (US\$):

\$2,000,000

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

Offenses - Alleged:

Iraqi Sanctions Regulations (31 C.F.R. part 575)

Offenses - Settled:

Wire Fraud

Public Procurement Contract / SOE Involved?:

Yes

Summary:

According to a press release by the United States Attorney for the Southern District of New York, on November 14, 2007, the United States Attorney for the Southern District of New York, the District Attorney for New York County, and the Department of the Treasury's Office of Foreign Assets Control ("OFAC"), "announced an agreement ("the Agreement") resolving the criminal and civil regulatory liabilities of CHEVRON CORPORATION and its subsidiaries ("CHEVRON") relating to CHEVRON's procurement of Iraqi oil under the United Nations Oil-for-Food Program. According to the Agreement, CHEVRON obtained Iraqi oil under the Program from third parties that paid secret, illegal surcharges to the former government of Iraq, in violation of United States wire fraud statutes and administrative regulations that prohibited transactions with the former Government of Iraq. Pursuant to the Agreement, CHEVRON will make the following payments totaling \$27,000,000: (1) forfeiture of \$20,000,000 to the U.S. Attorney's Office for the Southern District of New York ("SDNY"), which will seek to transfer that money to the Development Fund of Iraq (established on May 21, 2003, by United Nations Security Council Resolution 1483) to be paid as restitution for the benefit of the people of Iraq; (2) \$5,000,000 to the New York County District Attorney's Office ("DANY") to be distributed as DANY shall deem appropriate; and (3) \$2,000,000 to OFAC in settlement of civil penalties. In a separate agreement, CHEVRON agreed to pay an additional monetary penalty of \$3,000,000 to the Securities and Exchange Commission ("SEC"), and to pay disgorgement of \$25,000,000, which will be satisfied by their payments to SDNY and DANY." (Source: United States Attorney for the Southern District of New York Press Release, "Chevron Corporation Agrees to Pay \$30 Million in Oil-for-Food Settlement," November 14, 2007.) The Press Release also noted that, "This case is one of many that are the result of an unprecedented, wide-ranging criminal investigation into the United Nations Oil-for-Food Program. [] To date, the investigation has produced cases against 12 individuals and 7 entities (including CHEVRON) -- of which 6 individuals and 2 entities pleaded guilty, 1 individual was found guilty at trial, and 2 entities reached agreements with SDNY. The remaining cases are pending. Also as a result of the investigation, over \$47.5 million in criminal proceeds has been forfeited or has been agreed to be forfeited to SDNY; SDNY will seek to transfer these funds to the Development Fund of Iraq as restitution for the benefit of the people of Iraq." (Source: Ibid.) Resulting criminal cases: US v. Chevron Corporation (S.D.N.Y., November 14, 2007) and New York v. Chevron Corporation (New York County, November 14, 2007)

Sources :

United States Attorney for the Southern District of New York Press Release, "Chevron Corporation Agrees to Pay \$30 Million in Oil-for-Food Settlement," November 14, 2007, accessed at

<http://www.justice.gov/usao/nys/pressreleases/November07/chevronagreementpr.pdf>;

Chevron Corporation Non-Prosecution Agreement dated November 8, 2007, accessed at <http://judiciary.house.gov/hearings/pdf/deferredprosecution/Chevron071108.pdf>.