

## Control Components, Inc.

**Case ID:**

ST-125

**Case Cluster :**

Control Components, Inc.

**Jurisdiction of Settlement:**

United States

**Jurisdiction of Settlement / Enforcement Agency:**

Department of Justice

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

China, Malaysia, South Korea, India, Romania, Brazil, United Arab Emirates (total over 36 countries - both private and public bribery)

**Year of Settlement:**

2009

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

07/22

**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\$):**

\$18,200,000.00

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

\$18,200,000

**Monetary Sanctions Returned / Ordered Returned (US\$):**

\$0

**UNCAC Articles(s) Implicated:**

Art.16

Art.21

Art.26

**OECD Anti-Bribery Convention Articles Implicated:**

Art, 1, Art. 2

**Offenses - Alleged:**

Conspiracy to bribe foreign officials, Conspiracy to commit commercial bribery, Bribery of foreign officials

**Offenses - Settled:**

Conspiracy to bribe foreign officials, Conspiracy to commit commercial bribery, Bribery of foreign officials

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

Yes

**Summary:**

According to the June 2011 United States Report to the OECD, "On July 22, 2009, Control Components, Inc. (CCI), a Rancho Santa Margarita, California-based company, was charged in a three count criminal information with violations of the FCPA and the Travel Act, stemming from a decade-long scheme to secure contracts in approximately 36 countries by paying bribes to officials and employees of various foreign state-owned companies as well as foreign and domestic private companies. Previously, two former executives of CCI, Mario Covino and Richard Morlok, were each charged with one count of conspiracy to bribe foreign officials in violation of the FCPA (on December 17, 2008 and January 7, 2009, respectively). On April 9, 2009, a grand jury in the Central District of California returned an indictment against six additional former CCI executives for their alleged roles in this bribery scheme. According to court documents, from 2003 through 2007, CCI, a manufacturer of service control valves for use in the nuclear, oil and gas, and power generation industries, made approximately 236 corrupt payments to officers and employees of foreign state-owned and private companies in more than 30 countries. Sales from these corrupt payments resulted in net profits to the company of approximately \$46.5 million." (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, Control Components, Inc. Case Summary, at 64-65.)

**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, Control Components, Inc. Case Summary, at 64-65, accessed at <http://www.oecd.org/dataoecd/18/8/42103833.pdf>. US v. Control Components, Inc., Case No. 09-cr-00162-JVS (C.D. Cal., July 22, 2009), Information filed on July 22, 2009 and Plea Agreement and Statement of Facts dated July 22, 2009; Company press release dated July 31, 2009; Court Docket report as of August 28, 2009; IMI (parent company) news release of August 27, 2009. All documents accessed at FCPA website of Shearman and Sterling, at <http://fcpa.shearman.com/index.php> (US v. Control Components, Inc. case summary page); judgment filed July 31, 2009, accessed at <http://www.justice.gov/criminal/fraud/fcpa/cases/control-inc/07-31-09cci-judgment.pdf>