

Control Systems Specialists, Inc.

Case ID:

ST-126

Case Cluster :

Control Systems Specialists, Inc.

Jurisdiction of Settlement:

United States

Jurisdiction of Settlement / Enforcement Agency:

Department of Justice

Jurisdiction of Foreign Public Official(s) :

Brazil

Year of Settlement:

1998

Month/Day of Settlement (or Notes):

10/15

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\$):

\$1,500.00

Criminal Fine/Penalty (US\$) :

\$1,500

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

\$0

UNCAC Articles(s) Implicated:

Art.15

Art.16

Art.26

OECD Anti-Bribery Convention Articles Implicated:

Art. 1, Art. 2

Offenses - Alleged:

Conspiracy to bribe foreign officials; Bribery of foreign officials, Bribery of US officials

Offenses - Settled:

Conspiracy to bribe foreign officials; Bribery of foreign officials, Bribery of US officials

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 August 19, 1998, the Department of Justice filed a three-count information against Control Systems Specialist, Inc. (CSS) and its President, Darrold Richard Crites, charging both with conspiring to bribe foreign officials, as well as bribing both foreign and U.S. public officials. CSS, an Ohio corporation, was engaged in the business of buying and repairing surplus military equipment for resale. According to court documents, in 1994, CSS and Crites bid on a contract to supply refurbished military equipment to the Brazilian Aeronautical Commission. In order to win this contract, between November 1994 and December 1995, CSS and Crites made more than 21 bribe payments to a Brazilian Air Force Lt. Colonel, who was authorized to purchase military equipment on behalf of the Brazilian government. These bribe payments ultimately totaled more than \$250,000. In addition, CSS and Crites paid approximately \$66,000 to a U.S. Air Force officer to provide CSS with confidential information that helped the contracts with the Brazilian government. As a result of these bribe payments, CSS was awarded the contract with the Brazilian Air Force, which was ultimately worth more than \$670,000. Criminal Disposition: CSS and Crites each pleaded guilty before Judge Walter H. Rice on October 15, 1998, and were subsequently sentenced on March 8, 1999. Defendant Crites was sentenced to 3 years' probation, including 6 months' home confinement. CSS was fined \$1,500." (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 Systems Specialist, Inc. Case at 134.). According to the Court Docket Report, the fine was \$500 per each count. (Source: US v. Control Systems Specialist, Inc. and Darrold Richard Crites, Case No. 3:98-cr-073 (S.D. Ohio), Court Docket Report accessed at <http://fcpa.shearman.com/files/6dc/6dc8985e0fb5fd5bf9a9385bc162bb79.pdf?i=c5b5c161b6598bf223e>

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 Systems Specialist, Inc. Case at 134, accessed at <http://www.oecd.org/dataoecd/18/8/42103833.pdf>; US v. Control Systems Specialist, Inc. and Darrold Richard Crites, Case No. 3:98-cr-073 (S.D. Ohio), Information filed on August 19, 1998, accessed at <http://www.justice.gov/criminal/fraud/fcpa/cases/control-inc/08-19-98css-info.pdf>; Plea Agreement filed October 15, 1998, accessed at <http://www.justice.gov/criminal/fraud/fcpa/cases/control-inc/10-15-98css-plea-agree.pdf>; US v. Control Systems Specialist, Inc. and Darrold Richard Crites, Case No. 3:98-cr-073 (S.D. Ohio), Court Docket Report accessed at <http://fcpa.shearman.com/files/6dc/6dc8985e0fb5fd5bf9a9385bc162bb79.pdf?i=c5b5c161b6598bf223e>