

Dow Chemical Company

Case ID:

ST-145

Case Cluster :

Dow Chemical Company

Jurisdiction of Settlement:

United States

Jurisdiction of Settlement / Enforcement Agency:

Securities and Exchange Commission

Jurisdiction of Foreign Public Official(s) :

India

Year of Settlement:

2007

Month/Day of Settlement (or Notes):

02/13

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\$):

\$325,000.00

Civil Disgorgement of Profits (US\$) :

\$0

Civil Prejudgment Interest (US\$) :

\$0

Civil Fine / Penalty (US\$):

\$325,000

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 allegations

Public Procurement Contract / SOE Involved?:

No (Registration and Inspection)

Summary:

According to the US Department of Justice Report to Congress, Appendix C "Summaries of Foreign Corrupt Practices Act Enforcement Actions by the United States, January 1, 1998 - September 30, 2010," Dow Chemical Company, at 96: (1) DE-Nocil, a subsidiary of Dow, made approximately \$200,000 in improper payments to Indian government officials, including \$39,700 to an official in India's Central Insecticides Board to expedite the registration of three DE-Nocil products. DE-Nocil made \$435,000 in profits because of the accelerated registration, \$329,295 of which went to Dow. (2) DE-Nocil payment of approximately \$87,400 in small (\$100 or less) payments to state-level agricultural inspectors to keep them from interfering in the sale of DE-Nocil products. (3) DE-Nocil payments to sales tax officials and customs officials, as well as improper gifts, travel, and entertainment to other government officials (\$19,000), totalling more than \$70,000. To resolve SEC charges, Dow Chemical agreed to cease-and-desist order and pay \$325,000 in civil penalties. Resulting Civil/Administrative Enforcement Actions: SEC v. Dow Chemical Company (D.D.C., February 13, 2007); In the Matter of Dow Chemical Company (February 13, 2007), which noted that payments to Central Insecticides Board official was through use of consultants and unrelated companies (para 5); and the third set of improper payments included \$11,800 to sales tax officials; \$3,700 to excise tax officials; and \$1,500 to customs officials. (para 10)

Sources :

US Department of Justice Report to Congress, Appendix C "Summaries of Foreign Corrupt Practices Act Enforcement Actions by the United States, January 1, 1998 - September 30, 2010," Dow Chemical Company, at 96, accessed at www.justice.gov/criminal/fraud/fcpa/docs/response3-appx-c.pdf; In the Matter of Dow Chemical Company, Administrative Proceeding File No. 3-12567, Order Instituting Cease-and-Desist Proceedings (February 13, 2007), accessed at <http://www.sec.gov/litigation/admin/2007/34-55281.pdf>; SEC v. The Dow Chemical Company, Case No. 07-cv-0336 (D.D.C.), Consent of the Dow Chemical Company filed March 5, 2007, accessed at

<http://fcpa.shearman.com/files/e3a/e3a9b7ff98db69bdcf91a57abb71ad9b.pdf?i=350f24b2193e00eee96>