

Faro Technologies, Inc.

Case ID:

ST-152

Case Cluster :

Faro Technologies, Inc.

Jurisdiction of Settlement:

United States

Jurisdiction of Settlement / Enforcement Agency:

Securities and Exchange Commission

Jurisdiction of Foreign Public Official(s) :

China

Year of Settlement:

2008

Month/Day of Settlement (or Notes):

06/05

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):

Disgorgement of Profits, Prejudgment Interest

Total Monetary Sanctions (US\$):

\$1,850,943.32

Civil Disgorgement of Profits (US\$) :

\$1,411,306

Civil Prejudgment Interest (US\$) :

\$439,637

Civil Fine / Penalty (US\$):

\$0

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:

Bribery of foreign officials, Internal controls violations, Falsification of books and records

Offenses - Settled:

No admission or denial of allegations

Public Procurement Contract / SOE Involved?:

Yes

Summary:

According to DOJ Report to Congress, "Appendix C: Summaries of Foreign Corrupt Practices Act Enforcement Actions by the United States, January 1, 1998 - September 30, 2010," Faro Technologies, at 35-37: Time period of misconduct in China was 2003-2006. Faro Technologies is a Florida-based company that develops and markets portable computerized measurement devices and software. SEC complaint stated that Oscar H. Meza, the company's Vice-President for Asia-Pacific Sales and Director of Asia-Pacific Sales for Faro. According to the Statement of Facts, Faro began direct sales of its products in China through its subsidiary, Faro China, based in Shanghai. On several occasions, Meza authorized other Faro employees to make corrupt payments directly to employees of state-owned or controlled entities in China to secure business for Faro. Meza authorized total of \$444,492 in corrupt payments which allowed Faro to secure contracts worth approximately \$4.5 - \$4.9 million in sales and \$1.4 million in net profits. Use of intermediary and shell company to funnel/disguise bribe payments. DOJ: Criminal fine of \$1.1 million (Faro); Civil: Disgorgement of \$1.85 million (Faro; encompassing \$1,411,306 disgorgement and \$439,637.32 prejudgment interest); Civil Penalty of \$30K (Meza), and Disgorgement and Prejudgment interest of \$26,707 (Meza). Related Criminal Enforcement Actions: In Re Faro Technologies Inc. (June 5, 2008); Civil Administrative / Enforcement Actions: SEC v. Oscar H. Meza (D.D.C., August 28, 2009), In the Matter of Faro Technologies, Inc. (June 5, 2008).

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," Faro Technologies, Inc. at 35-36, accessed at <http://www.justice.gov/criminal/fraud/fcpa/docs/response3-appx-c.pdf>; US Securities and Exchange Commission, In the Matter of Faro Technologies, Inc., Administrative Proceeding File No. 3-13059 (June 5, 2008), accessed at <http://www.sec.gov/litigation/admin/2008/34-57933.pdf>