

HealthSouth Corporation / Vincent Nico

Case ID:

ST-199

Case Cluster :

HealthSouth Corporation

Jurisdiction of Settlement:

United States

Jurisdiction of Settlement / Enforcement Agency:

Department of Justice

Jurisdiction of Foreign Public Official(s) :

Saudi Arabia

Year of Settlement:

2004

Month/Day of Settlement (or Notes):

04/22

Other Jurisdictions of Settlement:

Unknown

Settlement with Individual or Legal Person?:

Individual

Type of Settlement:

Criminal

Legal Form of Settlement:

Guilty Plea

Monetary Sanctions (Types):

Criminal Fine, Criminal Forfeiture

Total Monetary Sanctions (US\$):

\$1,256,502.00

Criminal Fine/Penalty (US\$) :

\$250,000

Criminal Forfeiture / Confiscation (US\$):

\$1

006

502

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

\$0

UNCAC Articles(s) Implicated:

Art.16

Art.23

OECD Anti-Bribery Convention Articles Implicated:

Art. 1, Art. 7

Offenses - Alleged:

Wire Fraud

Offenses - Settled:

Wire Fraud

Public Procurement Contract / SOE Involved?:

Yes

Summary:

According to the June 2011 US Report to the OECD, "In March and July 2004, the Department of Justice filed charges against four HealthSouth executives in connection with an alleged scheme to bribe the director general of a Saudi Arabian foundation in furtherance of HealthSouth's effort to secure an agreement to provide staffing and management services for a 450-bed hospital in Saudi Arabia. Under the contract that HealthSouth eventually executed with the Saudi Arabian foundation, HealthSouth was to receive \$10 million annually over a five-year term. On July 1, 2004, the Department indicted Robert E. Thomson, President and COO of HealthSouth's in-patient division, and James C. Reilly, the Group Vice President of Legal Services for Health South, in the Northern District of Alabama. According to the indictment, the Saudi Arabian foundation's director general solicited a \$1 million payment from HealthSouth, ostensibly as a "finder's fee." Against the advice of counsel, HealthSouth allegedly agreed to pay the Saudi Arabian foundation's director general the sum of \$500,000 per year for a five-year period in return for his agreement to execute the contract on behalf of the Saudi Arabian foundation. In order to conceal the true nature of the scheme, HealthSouth officers, including Thomson and Reilly, allegedly arranged for the Saudi Arabian foundation's director general to execute a bogus consulting contract with a HealthSouth-affiliated entity in Australia. Until the scheme was detected in 2003, HealthSouth paid the amounts due under this phony consulting contract by wiring them to Australia, where they were subsequently wired to the foundation's director general in Saudi Arabia, according to the indictment. The HealthSouth officers allegedly undertook this conduct despite the fact that they had been specifically advised beforehand by an attorney retained by HealthSouth that such conduct would amount to a violation of federal criminal law." (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, HealthSouth Corporation Case Summary at 122-123.) According to Nico's Plea Agreement, "The Defendant hereby agrees to surrender to the United States of America the sum of \$1,006,502 pursuant to Title 18, United States Code, Section 981 (a)(1)(C), and Title 28, United States Code, Section 2461(e), as property constituting or derived from proceeds traceable to the violation of Title 18, United States Code, Section 1343." (Source: US v. Nico, Case No. 2:04-cr-00092-SLB-JEO (N.D. Ala.), Plea Agreement filed March 2, 2004.)

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, HealthSouth Corporation Case Summary at 122-123, accessed at <http://www.oecd.org/dataoecd/18/8/42103833.pdf>. U.S. v. Vincent Nico, Case No. 2:04-cr-00092-SLB-JEO (N.D. Ala.), Information filed Mar 2, 2004, accessed at <http://www.justice.gov/criminal/fraud/fcpa/cases/nico/03-02-04nico-info.pdf>; Plea Agreement filed March 2, 2004, accessed at <http://www.justice.gov/criminal/fraud/fcpa/cases/nico/03-02-04nico-plea-agmt.pdf>; Judgment filed June 9, 2005, accessed at <http://www.justice.gov/criminal/fraud/fcpa/cases/nico/06-09-05nico-judgment.pdf>