

Ingersoll - Rand Company Limited

Case ID:

ST-206

Case Cluster :

Ingersoll - Rand Company Limited

Jurisdiction of Settlement:

United States

Jurisdiction of Settlement / Enforcement Agency:

Securities and Exchange Commission

Jurisdiction of Foreign Public Official(s) :

Iraq (UN Oil-for-Food)

Year of Settlement:

2007

Month/Day of Settlement (or Notes):

10/31

Other Jurisdictions of Settlement:

Unknown

Settlement with Individual or Legal Person?:

Legal Person

Type of Settlement:

Civil

Legal Form of Settlement:

Consent to Permanent Injunction

Monetary Sanctions (Types):

Disgorgement of Profits, Prejudgment Interest, Civil Penalty

Total Monetary Sanctions (US\$):

\$4,220,987.00

Civil Disgorgement of Profits (US\$) :

\$1,710,034

Civil Prejudgment Interest (US\$) :

\$560,953

Civil Fine / Penalty (US\$):

\$1,950,000

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

\$0

UNCAC Articles(s) Implicated:

Art.16

Art.26

OECD Anti-Bribery Convention Articles Implicated:

Art. 1, Art. 2, Art. 8

Offenses - Alleged:

Internal controls violations, Falsification of books and records

Offenses - Settled:

No admission or denial of alleged offenses

Public Procurement Contract / SOE Involved?:

Yes

Summary:

According to the US Securities and Exchange Commission Litigation Release, on October 31, 2007, the Commission "filed Foreign Corrupt Practices Act books and records and internal controls charges against Ingersoll-Rand Company Ltd., a New Jersey-based industrial equipment company, in the U.S. District Court for the District of Columbia. The Commission's complaint alleges that from 2000 through 2003, four of Ingersoll-Rand's subsidiaries entered into contracts in which \$963,148 in kickback payments were made and \$544,697 in additional payments were authorized in connection with sales of humanitarian goods to Iraq under the U.N. Oil for Food Program (the "Program"). The kickbacks were characterized as "after-sales service fees" ("ASSFs"), but no bona fide services were performed. The Program was intended to provide humanitarian relief for the Iraqi population, which faced severe hardship under international trade sanctions. It allowed the Iraqi government to purchase humanitarian goods through a U.N. escrow account. The kickbacks paid by Ingersoll-Rand's subsidiaries and third parties diverted funds out of the escrow account and into an Iraqi slush fund. The contracts submitted to the U.N. did not disclose that the illicit payments were included in the inflated contract prices. The complaint also alleges that \$8,000 in "pocket money" and travel expenses were paid to Iraqi government officials in connection with a trip to Italy." (Source: US Securities and Exchange Commission, Litigation Release No. 20353 / October 31, 2007, Securities and Exchange Commission v. Ingersoll-Rand Company Ltd., Civil Action No. 107-CV- 01955 (D.D.C.) (JDB), "SEC Files Settled Books and Records and Internal Controls Charges Against Ingersoll-Rand Company Ltd. For Improper Payments to Iraq Under the U.N. Oil for Food Program - - Company Agrees to Pay Over \$4.2 Million and to Make Certain Undertakings Regarding its Foreign Corrupt Practices Act Compliance Program.")

Sources :

Report by the United States to the OECD, "Steps taken to implement and enforce the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions" (June 2011), Ingersoll-Rand Company Limited Case Summary at 92-93, accessed at <http://www.oecd.org/dataoecd/18/8/42103833.pdf>. US Securities and Exchange Commission, Litigation Release No. 20353 / October 31, 2007, Securities and Exchange Commission v. Ingersoll-Rand Company Ltd., Civil Action No. 107- CV- 01955 (D.D.C.) (JDB), "SEC Files Settled Books and Records and Internal Controls Charges Against Ingersoll-Rand Company Ltd. For Improper Payments to Iraq Under the U.N. Oil for Food Program - - Company Agrees to Pay Over \$4.2 Million and to Make Certain Undertakings Regarding its Foreign Corrupt Practices Act Compliance Program," accessed at <http://www.sec.gov/litigation/litreleases/2007/lr20353.htm>