

Owl Securities and Investment Ltd. / Richard K. Halford

Case ID:

ST-296

Case Cluster :

Owl Securities and Investment Ltd.

Jurisdiction of Settlement:

United States

Jurisdiction of Settlement / Enforcement Agency:

Department of Justice

Jurisdiction of Foreign Public Official(s) :

Costa Rica

Year of Settlement:

2001

Month/Day of Settlement (or Notes):

08/03

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):

None

Total Monetary Sanctions (US\$):

\$0.00

Criminal Fine/Penalty (US\$) :

\$0

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

\$0

UNCAC Articles(s) Implicated:

Art.16

OECD Anti-Bribery Convention Articles Implicated:

Art. 1

Offenses - Alleged:

Conspiracy to bribe foreign officials, Failure to Pay Taxes

Offenses - Settled:

Conspiracy to bribe foreign officials, Failure to Pay Taxes

Public Procurement Contract / SOE Involved?:

Yes

Summary:

According to the June 2011 United States Report to the OECD, "In 2001, the Department of Justice filed charges against two executives and a part-owner of Owl Securities and Investment Ltd., a Missouri company, as well as an agent that represented the company and

its wholly-owned Costa Rican subsidiary, OSI Proyectos. According to court documents, OSI Proyectos was engaged in the development of port facilities in Costa Rica, including an international airport and various luxury properties. In 1998, the ruling Costa Rican political party signed a letter agreeing to allow OSI and its subsidiary to move forward with developing the port facilities. However, before it granted formal permission, Pablo Barquero Hernandez, OSI's Costa Rican Representative indicated that OSI would be required to pay a final "closing cost" or "toll" of \$1 million. This amount was later increased to \$1.5 million. Together, Robert Richard King, a large shareholder in OSI, and Hernandez allegedly agreed to pay the Costa Rican ruling party a \$1 million "closing cost" to secure the contract. For their roles in this bribery scheme, King and Hernandez were indicted by a federal grand jury in the Western District of Missouri on June 27, 2001. Two additional OSI executives were charged on August 3, 2001, for their roles in the illicit payments to Costa Rican officials. According to court documents, Richard K. Halford, then the CFO of OSI, had communicated with Hernandez and was aware of the payments to Costa Rican officials. He proposed opening a new account in Panama or the U.S. to route the payments. Albert Reitz, OSI's Vice President and Secretary, assisted in raising funds from investors to pay for the bribe." (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, Owl Securities and Investment Ltd. Case Summary at 129-130.)

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, Owl Securities and Investment Ltd. Case Summary at 129-130, accessed at <http://www.oecd.org/dataoecd/18/8/42103833.pdf>. US v. Richard K. Halford, Case No. 4:01-00221-cr-w-sow (W. Missouri), Information filed August 3, 2001, accessed at <http://www.justice.gov/criminal/fraud/fcpa/cases/halford/02-17-02halford-info.pdf>; Plea Agreement filed June 26, 2001, accessed at <http://www.justice.gov/criminal/fraud/fcpa/cases/halford/06-26-01halford-plea.pdf>; Government Motion for Downward Departure from the Sentencing Guidelines filed July 3, 2002, accessed at <http://www.justice.gov/criminal/fraud/fcpa/cases/halford/07-03-02halford-motion.pdf>; and Judgment of July 9, 2002, accessed at <http://www.justice.gov/criminal/fraud/fcpa/cases/halford/07-0902halford-judgment.pdf>