

Rockwell Automation Inc.

Case ID:

ST-308

Case Cluster :

Rockwell Automation 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:

2011

Month/Day of Settlement (or Notes):

05/03

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, Civil Penalty

Total Monetary Sanctions (US\$):

\$2,761,091.00

Civil Disgorgement of Profits (US\$) :

\$1,771,000

Civil Prejudgment Interest (US\$) :

\$590,091

Civil Fine / Penalty (US\$):

\$400,000

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:

Books and records, internal controls failure

Offenses - Settled:

No admission of SEC findings

Public Procurement Contract / SOE Involved?:

Yes

Summary:

According to Law.com, citing Alexandra Wrage of Trace International as source, this case was unusual in that the Department of Justice chose not to bring charges against the company (termed "split decision" by SEC and DOJ). (Source: Brian Zabcik, "Reasonable Minds Can Disagree: SEC, DOJ Part Ways on Rockwell Payments," Law.com, May 5, 2011, accessed at <http://www.law.com/jsp/cc/PubArticleCC.jsp?id=1202492959767>). The SEC Cease-and-Desist Order made the following findings of misconduct (which Rockwell did not admit or deny as part of the settlement agreement): (1) from 2003 to 2006, payment of \$615,000 by certain employees of Rockwell's former subsidiary in China, China Rockwell Automation Power Systems (Shanghai) Ltd. to Design Institutes, which were typically state-owned enterprises and (2) approximately \$450,000 to fund sightseeing and other non-business trips for employees of Design Institutes and other state-owned companies. Rockwell realized approximately \$1.7 million in net profits on sales contracts with end-user Chinese government-owned companies that were associated with payments to the Design Institutes. (Source: In the Matter of Rockwell Automation, Inc., Order Instituting Cease and Desist Order, SEC Administrative Proceeding File No. 3-14364 (May 3, 2011).

Sources :

In the Matter of Rockwell Automation, Inc., Administrative Proceeding, File No. 3-14364, Order Instituting Cease-and_Desist Proceedings (May 3, 2011), accessed at <http://www.sec.gov/litigation/admin/2011/34-64380.pdf>; Brian Zabcik, "Reasonable Minds Can Disagree: SEC, DOJ Part Ways on Rockwell Payments," Law.com, May 5, 2011, accessed at <http://www.law.com/jsp/cc/PubArticleCC.jsp?id=1202492959767>.