

## Textron Inc.

**Case ID:**

ST-358

**Case Cluster :**

Textron Inc.

**Jurisdiction of Settlement:**

United States

**Jurisdiction of Settlement / Enforcement Agency:**

Securities and Exchange Commission

**Jurisdiction of Foreign Public Official(s) :**

Bangladesh, Egypt, India, Indonesia, Iraq (UN Oil-for-Food), United Arab Emirates

**Year of Settlement:**

2007

**Month/Day of Settlement (or Notes):**

08/23

**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, Prejudgment Interest, Civil Penalty

**Total Monetary Sanctions (US\$):**

\$3,535,040.68

**Criminal Fine / Penalty (Explanation):**

NA

**Civil Disgorgement of Profits (US\$) :**

\$2,284,579

**Civil Prejudgment Interest (US\$) :**

\$450,462

**Civil Fine / Penalty (US\$):**

\$800,000

**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 June 2011 United States Report to the OECD, "On August 23, 2007, Textron, Inc., a Rhode Island-based industrial equipment company, settled allegations with the Department of Justice and the SEC relating to kickbacks paid to the former Government of Iraq under the United Nations Oil for Food Program (OFFP). As part of a consent agreement with the SEC and a non-prosecution agreement with the Department, Textron acknowledged responsibility for kickbacks paid to the Iraqi government by its David Brown French subsidiaries in exchange for contracts worth \$1,936,936 to provide industrial pumps, gears, and other equipment to Iraqi ministries under the OFFP. According to settlement documents, the subsidiaries in Textron's Fluid and Power Business Unit paid a total of more than \$650,000 in kickbacks by inflating the price of contracts by 10 percent before submitting the contracts to the U.N. for approval. These kickback payments, which bypassed the U.N. escrow account, were paid by third parties to Iraqi government-controlled accounts. During the course of its own internal investigation, Textron also uncovered an additional 36 illicit payments totaling almost \$115,000 that were made to officials of state-owned companies in countries other than Iraq, including the United Arab Emirates, Bangladesh, Indonesia, Egypt, and India, in order to obtain similar contracts." (Source: 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, Textron inc. Case Summary, at 99-100.)

**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, Textron inc. Case Summary, at 99-100, accessed at

<http://www.oecd.org/dataoecd/18/8/42103833.pdf>. SEC v. Textron, Inc. (D.D.C.), Complaint filed on August 23, 2007 and Final Judgment filed August 31, 2007, accessed at

<http://fcpa.shearman.com/files/479/479ab232d795496347543f9673c118e3.pdf?i=b403e47bd0a0e0e148> and

<http://fcpa.shearman.com/files/2a9/2a95205e0169f1db9e04408b41e6ddc6.pdf?i=7c4b4d50118071cab8> respectively. SEC press release accessed at;

<http://www.sec.gov/litigation/litreleases/2007/lr20251.htm>