

## United Industrial Corporation

**Case ID:**

ST-366

**Case Cluster :**

United Industrial Corporation

**Jurisdiction of Settlement:**

United States

**Jurisdiction of Settlement / Enforcement Agency:**

Securities and Exchange Commission

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

Egypt

**Year of Settlement:**

2009

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

05/29

**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

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

\$337,679.42

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

\$267,571

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

\$70,108.42

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

\$0

**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:**

Bribery of foreign officials, 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 May 29, 2009, the SEC filed a settled enforcement action in the U.S. District Court for the District of Columbia against Thomas Wurzel, the former President of ACL Technologies, Inc. (ACL), formerly a subsidiary of United Industrial Corporation (UIC), which provided aerospace and defense systems. In a related action, the SEC also instituted, on May 29, 2009, a settled administrative proceeding against UIC. The Commission's complaint against Wurzel alleged that he authorized illicit payments to an Egyptian-based agent while he knew or consciously disregarded the high probability that the agent would offer, provide, or promise at least a portion of such payments to Egyptian Air Force officials for the purpose of influencing these officials to award business related to a military aircraft depot in Cairo, Egypt to UIC. In relation to this misconduct, the Commission charged Wurzel with violations of the anti-bribery, books and records and internal controls provisions of the FCPA, and with aiding and abetting UIC's violations of the anti-bribery and books and records provisions of the FCPA. The Commission's complaint alleges that from late 2001 through 2002, Wurzel authorized three forms of illicit payments to the agent: (1) payments to the agent ostensibly for labor subcontracting work; (2) a \$100,000 advance payment to the agent in June 2002 for "equipment and materials;" and (3) a \$50,000 payment to the agent in November 2002 for "marketing services." Furthermore, Wurzel later directed his subordinates to create false invoices to conceal the fact that the \$100,000 "advance payment" in June 2002 was never repaid. As a result, UIC, through ACL, was awarded a contract with gross revenues and net profits of approximately \$5.3 million and \$267,000, respectively." (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, United Industrial Corporation Case Summary at 65-66.)

**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, United Industrial Corporation Case Summary at 65-66, accessed at <http://www.oecd.org/dataoecd/18/8/42103833.pdf>. US Securities and Exchange Commission, In the Matter of United Industrial Corporation, Administrative Proceedings File No. 3-13495, Corrected Order Instituting Cease and Desist Proceedings, accessed at <http://www.sec.gov/litigation/admin/2009/34-60005.pdf>