

York International Corporation

Case ID:

ST-395

Case Cluster :

York International Corporation

Jurisdiction of Settlement:

United States

Jurisdiction of Settlement / Enforcement Agency:

Department of Justice

Jurisdiction of Foreign Public Official(s) :

Iraq (UN Oil-for-Food), United Arab Emirates

Year of Settlement:

2007

Month/Day of Settlement (or Notes):

10/01

Other Jurisdictions of Settlement:

Unknown

Settlement with Individual or Legal Person?:

Legal Person

Type of Settlement:

Criminal

Legal Form of Settlement:

Deferred Prosecution Agreement

Monetary Sanctions (Types):

Criminal Fine

Total Monetary Sanctions (US\$):

\$10,000,000.00

Criminal Fine/Penalty (US\$) :

\$10,000,000

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

\$0

UNCAC Articles(s) Implicated:

Art.16

Art.23

Art.26

OECD Anti-Bribery Convention Articles Implicated:

Art. 1, Art. 2, Art. 7, Art. 8

Offenses - Alleged:

Conspiracy to falsify books and records, Conspiracy to commit wire fraud, Falsification of books and records, Wire fraud

Offenses - Settled:

Conspiracy to falsify books and records, Conspiracy to commit wire fraud, Falsification of books and records, Wire fraud

Public Procurement Contract / SOE Involved?:

Yes

Summary:

According to US Department of Justice Report to Congress, Appendix C "Summaries of Foreign Corrupt Practices Act Enforcement Actions by the United States, January 1, 1998 - September 30, 2010," York International Corporation, at 47-48, accessed at www.justice.gov/criminal/fraud/fcpa/docs/response3-appx-c.pdf: the charges against York stemmed in part from the actions of its Dubai-headquartered subsidiary, York Air Conditioning and Refrigeration FZE ("York FZE"), whose employees and agents paid approximately \$647,110 in kickbacks to Iraqi government officials from 2000 to 2003 in order to obtain contracts to provide air conditioning, ventilation and refrigeration equipment and services to Iraq under the UN Oil-for-Food program. (York FZE was a subsidiary of York Air Conditioning and Refrigeration Inc., a Delaware formed subsidiary of York International, whose branch office in Dubai served as headquarters of York's Middle East operations.) According to the Statement of Facts, approximately \$7 million in Iraqi contracts were obtained as a result; all contracts through the UN Oil-for-Food program. Additionally, from 1999 to 2005, employees of YACR and York FZE paid kickbacks and bribes to employees of government customers and contractors of government customers in order to obtain and retain approximately \$42 million in contracts on government projects in UAE, Egypt, Bahrain, Turkey, and India. In the UAE, during 2003-2004, YACR and York FZE secured contracts worth \$3.7 million related to a luxury hotel and convention complex in Abu Dhabi; the subsidiaries made 13 payments totalling \$550,000 to an intermediary in circumstances that make it likely that the intermediary made corrupt payments to members of the hotel and convention complex's executive committee, which was established by UAE government decree and which represented the UAE's Ministry of Finance and Industry in managing the construction of the complex. (para 41) (Source: US v. York International Corporation, Case No. 1:07-cr-00253-RJL (D.D.C.), Deferred Prosecution Agreement and Statement of Facts, filed October 15, 2007). No additional details were given in the Statement of Facts with regard to the misconduct in the other jurisdictions noted in the Securities and Exchange Commission complaint.

Sources :

US Department of Justice Report to Congress, Appendix C "Summaries of Foreign Corrupt Practices Act Enforcement Actions by the United States, January 1, 1998 - September 30, 2010," York International Corporation, at 76-77, accessed at www.justice.gov/criminal/fraud/fcpa/docs/response3-appx-c.pdf. US v. York International Corporation, Case No. 1:07-cr-00253-RJL (D.D.C.), Information filed October 1, 2007, accessed at <http://www.justice.gov/criminal/fraud/fcpa/cases/york/10-01-07york-info.pdf>; Deferred Prosecution Agreement and Statement of Facts filed October 15, 2007, accessed at <http://www.justice.gov/criminal/fraud/fcpa/cases/york/10-15-07york-agree.pdf>; Department of Justice Press Release, "Justice Department Agrees to Defer Prosecution of York International Corporation in Connection With Payment of Kickbacks Under the U.N. Oil For Food Program," October 1, 2007, accessed at http://www.justice.gov/opa/pr/2007/October/07_crm_783.html.