

## Hitachi Ltd.

**Case ID:**

ST-458

**Case Cluster :**

Hitachi Ltd.

**Jurisdiction of Settlement:**

United States

**Jurisdiction of Settlement / Enforcement Agency:**

Securities and Exchange Commission

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

South Africa

**Year of Settlement:**

2015

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

9/28

**Other Jurisdictions of Settlement:**

Unknown

**Settlement with Individual or Legal Person?:**

Legal Person

**Type of Settlement:**

Civil

**Legal Form of Settlement:**

Permanent Injunction

**Monetary Sanctions (Types):**

Civil Penalty

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

\$19,000,000

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

\$0

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

\$0

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

\$19,000,000

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

\$0

**Monetary Sanctions Returned / Ordered Returned (Explanation):**

NA

**UNCAC Articles(s) Implicated:**

Art.16

**OECD Anti-Bribery Convention Articles Implicated:**

Art. 1, Art. 2, Art. 8

**Offenses - Alleged:**

Bribery of Foreign Officials, Falsification of Books and Records, Internal Controls Violation

**Offenses - Settled:**

No admission or denial of alleged offenses

**Public Procurement Contract / SOE Involved?:**

Yes

**Summary:**

According to the US Securities and Exchange Commission, in September 2015, the agency "charged Tokyo-based conglomerate Hitachi, Ltd. with violating the Foreign Corrupt Practices Act (FCPA) when it inaccurately recorded improper payments to South Africa's ruling political party in connection with contracts to build two multi-billion dollar power plants. Hitachi has agreed to pay \$19 million to settle the SEC charges. The SEC alleges that Hitachi sold a 25-percent stake in a South African subsidiary to a company serving as a front for the African National Congress (ANC). This arrangement gave the front company and the ANC the ability to share in the profits from any power station contracts that Hitachi secured. Hitachi was ultimately awarded two contracts to build power stations in South Africa and paid the ANC's front company approximately \$5 million in "dividends" based on profits derived from the contracts. Through a separate, undisclosed arrangement, Hitachi paid the front company an additional \$1 million in "success fees" that were inaccurately booked as consulting fees without appropriate documentation. [ ] Hitachi was aware that Chancellor House Holdings (Pty) Ltd. was a funding vehicle for the ANC during the bidding process. Hitachi nevertheless continued to partner with Chancellor and encourage the company to use its political influence to help obtain government contracts from Eskom Holdings SOC Ltd., a public utility owned and operated by the South African government. Hitachi paid "success fees" to Chancellor for its exertion of influence during the Eskom tender process pursuant to a separate, unsigned side-arrangement." (Source: SEC Press Release, "SEC Charges Hitachi With FCPA Violations," September 28, 2015.)

**Sources :**

US Securities and Exchange Commission v. Hitachi Ltd., Case No. 1:15-cv-1573 (DDC), Complaint filed September 28, 2015, at <https://www.sec.gov/litigation/complaints/2015/comp-pr2015-212.pdf>; SEC Press Release, "SEC Charges Hitachi With FCPA Violations," September 28, 2015, at <https://www.sec.gov/news/pressrelease/2015-212.html>