

IAP Worldwide Services Inc.

Case ID:

ST-460

Case Cluster :

IAP Worldwide Services Inc.

Jurisdiction of Settlement:

United States

Jurisdiction of Settlement / Enforcement Agency:

Department of Justice

Jurisdiction of Foreign Public Official(s) :

Kuwait

Year of Settlement:

2015

Month/Day of Settlement (or Notes):

6/16

Other Jurisdictions of Settlement:

Unknown

Settlement with Individual or Legal Person?:

Legal Person

Type of Settlement:

Criminal

Legal Form of Settlement:

Non-Prosecution Agreement

Monetary Sanctions (Types):

Criminal Penalty

Total Monetary Sanctions (US\$):

\$7,100,000

Criminal Fine/Penalty (US\$) :

\$7,100,000

Criminal Fine / Penalty (Explanation):

\$0

Criminal Forfeiture / Confiscation (US\$):

\$0

Criminal Restitution / Reparation (US\$):

\$0

Civil Disgorgement of Profits (US\$) :

NA

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

Offenses - Alleged:

Conspiracy to bribe foreign officials

Offenses - Settled:

Conspiracy to bribe foreign officials

Public Procurement Contract / SOE Involved?:

Yes

Summary:

According to the US Department of Justice, "A Florida defense and government contracting company, IAP Worldwide Services Inc. (IAP), entered into a nonprosecution agreement and agreed to pay a \$7.1 million penalty to resolve the government's investigation into whether the company conspired to bribe Kuwaiti officials in order to secure a government contract. [James M. Rama, a] former vice president of IAP also pleaded guilty today to conspiracy to violate the Foreign Corrupt Practices Act (FCPA) for his involvement in the bribery scheme. [] In 2004, Kuwait's Ministry of the Interior (MOI) initiated the Kuwait Security Program (KSP), a project that was intended to provide nationwide surveillance capabilities for several Kuwaiti government agencies primarily through the use of closed circuit television. The project was divided into two phases: a planning and feasibility period called "Phase I" and an installation period called "Phase II." The MOI was responsible for overseeing the KSP, including selecting contractors to facilitate its implementation. Revenues from the Phase II contract were expected to be substantially greater than from Phase I. According to admissions made in connection with both the nonprosecution agreement and Rama's plea agreement, IAP and Rama schemed to ensure that IAP worked as the consultant for Phase I so that it could tailor the requirements for the Phase II contracts to IAP's strengths, which would give the company an advantage in the Phase II bidding. To that end, both IAP and Rama admitted that in February 2006, executives and senior employees of IAP, including Rama, set up a shell company called "Ramaco" to bid on Phase I, in part to conceal IAP's role in crafting the Phase II requirements and its conflict of interest in connection with securing the Phase II contract. Ultimately, Ramaco secured the Phase I contract for approximately \$4 million. According to admissions made in connection with both agreements, the Rama and IAP agreed that half of that amount would be diverted to a consultant who would pay bribes to Kuwaiti government officials to assist IAP in obtaining and retaining the Phase I contract and to obtain the Phase II contract. IAP and Rama admitted that they disguised the payments by transferring funds Ramaco received to an IAP bank account and then to the consultant through a series of accounts and intermediaries. According to the factual statements incorporated into both the nonprosecution agreement and Rama's plea agreement, between September 2006 and March 2008, IAP and its coconspirators paid the consultant approximately \$1,783,688 understanding that some or all of the funds would be used to bribe Kuwaiti government officials." (Source: DOJ Press Release, "IAP Worldwide Services Inc. Resolves Foreign Corrupt Practices Act investigation," June 16, 2015.) According to the Nonprosecution Agreement, the company agreed to pay the monetary penalty in the present value amount of \$7,100,000 to the United States Treasury over a period of three years. (Source: Nonprosecution Agreement of June 15, 2015).

Sources :

Nonprosecution Agreement by IAP Worldwide Services Inc. and DOJ Press Release, "IAP Worldwide Services Inc. Resolves Foreign Corrupt Practices Act investigation," June 16, 2015, at <https://www.justice.gov/criminal-fraud/fcpa/cases/iap>