

Las Vegas Sands Corp.

Case ID:

ST-468

Case Cluster :

Las Vegas Sands Corp.

Jurisdiction of Settlement:

United States

Jurisdiction of Settlement / Enforcement Agency:

Securities and Exchange Commission

Jurisdiction of Foreign Public Official(s) :

China (including Macao SAR)

Year of Settlement:

2016

Month/Day of Settlement (or Notes):

4/7

Other Jurisdictions of Settlement:

Unknown

Settlement with Individual or Legal Person?:

Legal Person

Type of Settlement:

Civil

Legal Form of Settlement:

Cease and Desist Order

Monetary Sanctions (Types):

Civil Penalty

Total Monetary Sanctions (US\$):

\$9,000,000

Civil Disgorgement of Profits (US\$) :

\$0

Civil Prejudgment Interest (US\$) :

\$0

Civil Fine / Penalty (US\$):

\$9,000,000

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:

Falsification of Books and Records, Internal Controls Violations

Offenses - Settled:

Falsification of Books and Records, Internal Controls Violations

Public Procurement Contract / SOE Involved?:

No

Summary:

According to the US Securities and Exchange Commission, "Las Vegas Sands Corp. has agreed to pay a \$9 million penalty to settle charges that it violated the Foreign Corrupt Practices Act (FCPA) by failing to properly authorize or document millions of dollars in payments to a consultant facilitating business activities in China and Macao. An SEC investigation found that LVS kept inaccurate books and records and frequently lacked supporting documentation or proper approvals for more than \$62 million in payments to a consultant in Asia. The consultant acted as an intermediary to obscure the company's role in certain business transactions such as the purchases of a basketball team and a building in China, where casino gambling isn't permitted. At one point, LVS could not account for more than \$700,000 transferred to the consultant for team expenses, yet continued to transfer millions of dollars to him. A portion of the payments were improperly recorded in company books and records, such as money supposedly spent on artwork for the building when none was actually purchased. [] According to the SEC's order instituting a settled administrative proceeding: LVS transferred \$6 million to a consultant internally referred to as a "beard" to buy a team to play in the Chinese Basketball Association, which did not permit gaming companies to own a team. The company transferred an additional \$8 million to the consultant to cover the costs of operating the team without any documentation of those costs. LVS used the same consultant as a beard to purchase a building in Beijing from a Chinese state-owned entity, ostensibly to develop a business center for U.S. companies seeking to do business in China. Despite concerns by some employees that the real estate purchase was solely for political purposes, approximately \$43 million in payments were made to the consultant without research, analysis, or proper approval by any LVS employee authorized to approve the amounts paid. Approximately \$900,000 paid to an entity controlled by the consultant was recorded in company books and records as "property management fees" when no property management services were actually performed. Approximately \$1.4 million was recorded as "arts and crafts" when the entity never actually obtained any artwork for the building. LVS failed to prevent employees from circumventing policies and procedures for purchases, reimbursements to outside counsel, and comps to customers. For example, one employee obtained a cash advance of \$28,000 and a cash reimbursement of \$86,000 without proper authorization. An outside counsel requested reimbursement of \$25,000 for expenses incurred on a business trip but provided no documentation, and later admitted that he actually requested the funds for a friend. In its casinos in Macao, LVS employees did not track which customers received comps to ensure they weren't providing improper gifts to government officials." (Source: SEC Press Release, "Las Vegas Sands Paying Penalty for FCPA Violations," April 7, 2016.)

Sources :

US Securities and Exchange Commission, In the Matter of Las Vegas Sands Corp., Administrative Proceeding File No. 3-17204, April 7, 2016, at <https://www.sec.gov/litigation/admin/2016/34-77555.pdf>; Press Release, "Las Vegas Sands Paying Penalty for FCPA Violations," April 7, 2016, at <https://www.sec.gov/news/pressrelease/2016-64.html>.