



WALLACE COMPANY

ENFORCEMENT AGENCY

United States: Department of Justice
United States: Securities and Exchange Commission

ENTITIES/INDIVIDUALS INVOLVED

Sam P. Wallace Company ("Wallace Company")
Sam P. Wallace Overseas Corporation (wholly-owned Puerto Rican subsidiary of Wallace Company) (Wallace Overseas)
Sam P. Wallace & Co. of P.R., Inc. (wholly-owned Puerto Rican subsidiary of Wallace Company) ("Wallace P.R.")
Robert D. Buckner (Chairman of the Board of Wallace Company and former CEO and Director)
Alfonso A. Rodriguez (Executive Vice President of Wallace Company; President of Wallace Overseas; President of Wallace P.R.)

DESCRIPTION OF BUSINESS

Mechanical, electrical and civil construction

CORPORATE HEADQUARTERS

Dallas, Texas, United States

NATIONALITY OF FOREIGN OFFICIALS

Trinidad and Tobago

SUMMARY OF ALLEGATIONS

The DOJ and SEC brought charges against the Wallace Company and several officers in connection with improper payments made, from at least 1980 through 1981, to John H. O'Halloran, the Chairman of the Trinidad and Tobago Racing Authority, an agency of the Trinidad and Tobago government, in order to secure the award of a contract for the construction of a grandstand known as the Caroni Racetrack Project ("the Project").

Approximately \$1,391,000 in improper payments were made in connection with the Project. Wallace Company wired the money for the improper payments to off-the-books bank accounts in Puerto Rico. Wallace Company created false purchase orders to fictitious suppliers in order to conceal the payment made to O'Halloran.

RATIO OF IMPROPER PAYMENTS TO BUSINESS ADVANTAGE

Approximate Payments to Puerto Rican Official	Business Advantage Sought
\$1,391,000 (bribe)	Contract for the construction of a racetrack grandstand

HOW CONDUCT WAS DISCOVERED

In 1981, shortly after the improper payments were made, they were discovered during a routine internal audit related to the contract in Trinidad and Tobago. Payments totaling approximately \$1,391,000 were disbursed without any management approval, unsupported by any invoice or documentation and without any proof of receipt of goods or services. Upon a board resolution, a Special Committee of the Board ("the Committee") was tasked to conduct an investigation into the matter.

One of the first actions taken by the Committee was a voluntary disclosure to the SEC. At that time, the SEC filed a Complaint for Permanent Injunction as part of the consent agreement between the Wallace Company and the SEC.

During the Committee's investigation, the DOJ began their Grand Jury investigation, which the company claimed hindered the internal investigation.

The Grand Jury investigation led to the DOJ criminal charges against both the Wallace Company and Alfonso Rodriguez.

ENFORCEMENT RESULT

On August 13, 1981, without admitting or denying the SEC's allegations, Wallace Company and Rodriguez consented to the entry of a final judgment permanently enjoining them from future violations of the FCPA's anti-bribery and books and records provisions and other federal securities laws.

On February 23, 1983, the Wallace Company pleaded guilty to violations of the anti-bribery and books and records provisions of the FCPA and was ordered to pay a \$530,000 criminal fine.

On April 19, 1983, Alfonso Rodriguez pleaded guilty to bribery of a foreign official in violation of the FCPA and was sentenced to two years of probation and a fine of \$10,000.

KEY TAKEAWAYS

- The SEC will combine FCPA-related enforcement actions with allegations of other federal securities law violations, where appropriate.
- The lack of coordination between the SEC and DOJ investigations, at the time, appears to have hindered the effectiveness of corporate internal investigations.

RELATED DOCUMENTS

[Complaint: SEC v. Sam P. Wallace Company, Inc.; Robert D. Buckner; Alfonso A. Rodriguez](#)

[Final Judgment of Permanent Injunction: SEC v. Sam P. Wallace Company, Inc.; Robert D. Buckner; Alfonso A. Rodriguez](#)

[Consent to the Entry of Final Judgment of Permanent Injunction: Alfonso A. Rodriguez](#)

[Criminal Information: U.S. v. Sam P. Wallace Company, Inc.](#)

[Report of the Counsel to the Special Committee of the Board of Directors of Sam P. Wallace Company, Inc.](#)

[Judgment and Probation Order: Sam P. Wallace Company, Inc](#)

[Criminal Information: U.S. v. Alfonso Rodriguez](#)

[Judgment and Probation Order: Alfonso Rodriguez](#)

[Motions and Order for Modification of Consent: Sam P. Wallace Company, Inc., et al](#)

CASE CATEGORIES

Engineering/Construction

Prosecution of Individuals

Subsidiaries

Voluntary Disclosure

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