

2019 Q1 Report

The [FCPA Clearinghouse's](#) 2019 Q1 Report provides an overview of some of the more notable trends and statistics to emerge from last quarter's FCPA enforcement activity.

Enforcement Statistics

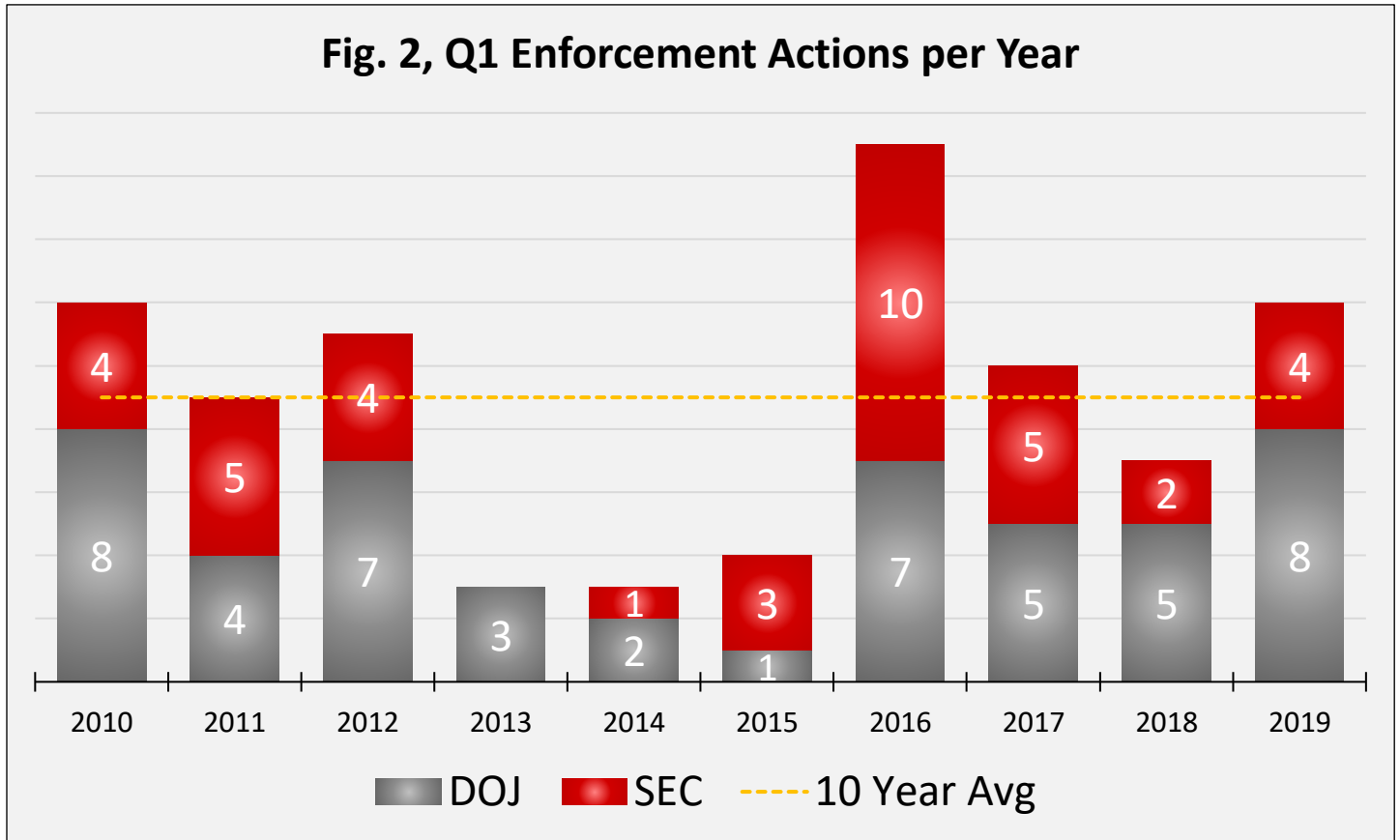
There are a number of different ways to define FCPA enforcement activity and to count the number of new actions initiated each year. The FCPA Clearinghouse does not advocate one counting methodology over another, but instead presents the data in a number of different ways so that users can make their own informed judgments. Because our counting methodologies rely on defined terms (which are denoted below in bold), we make those definitions available at the "[Definitions](#)" tab of the [About Us](#) page.

The SEC and DOJ filed 12 [Enforcement Actions](#) in the first quarter of 2019. Figure 1 shows all the enforcement actions filed between January and March of 2019. Appendix 1 at the end of the report shows enforcement actions that were filed or unsealed between January and March of 2019, broken down by [Entity Group](#) and individual defendants.

Fig. 1, SEC and DOJ Enforcement Actions Filed in Q1, 2019

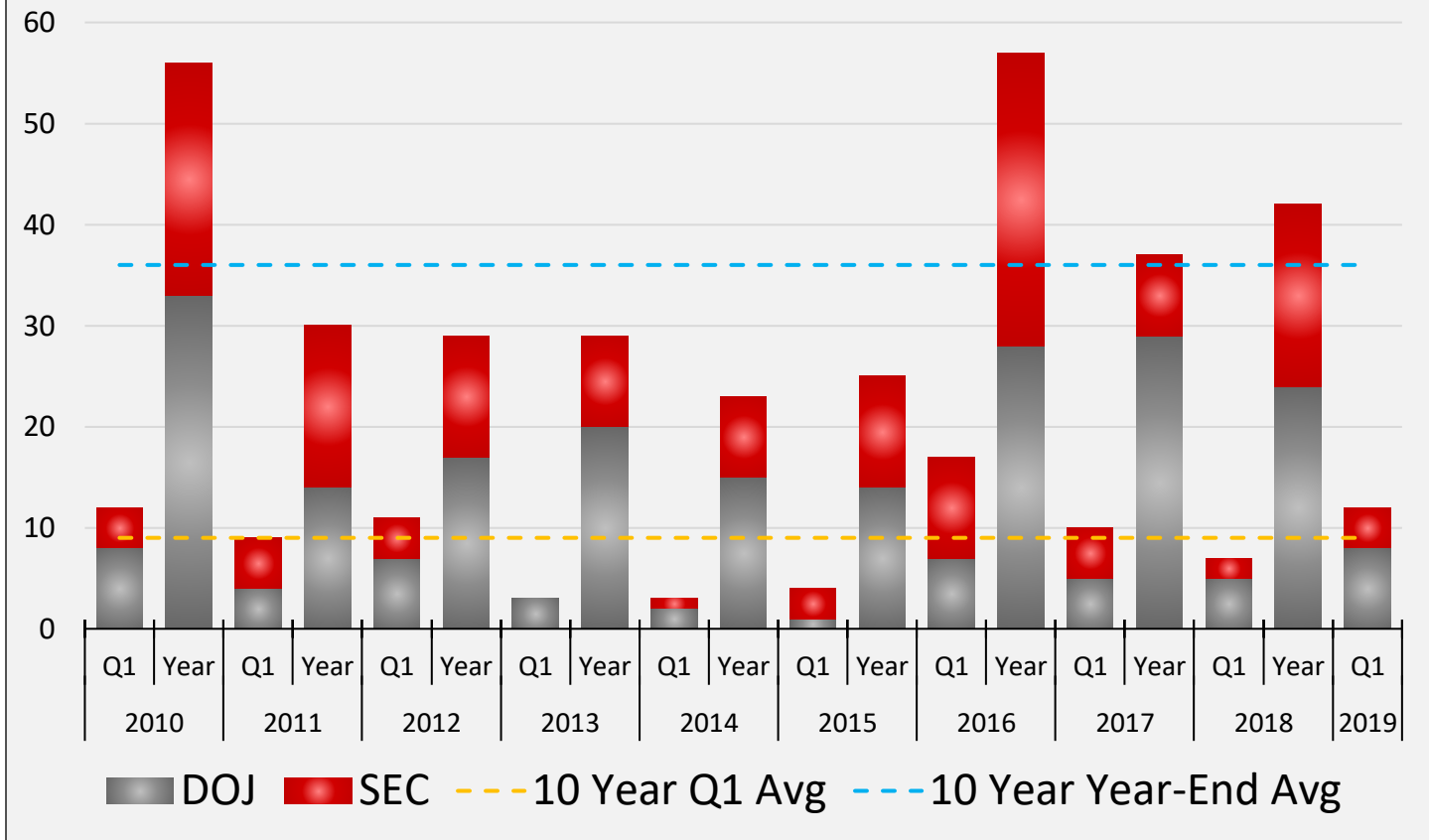
Case	Date Initiated	Sanctions
U.S. v. Frank James Lyon	Jan. 16, 2019	Ongoing
U.S. v. Master Halbert	Jan. 24, 2019	Ongoing
In Re: Cognizant Technology Solutions Corp.	Feb. 13, 2019	\$2,976,210
U.S. v. Gordon J. Coburn, et al.	Feb. 14, 2019	Ongoing
S.E.C. v. Gordon J. Coburn, et al.	Feb. 15, 2019	Ongoing
In the Matter of Cognizant Technology Solutions Corp.	Feb. 15, 2019	\$25,167,368
U.S. v. Rafael E. Pinto-Franceschi, et al.	Feb. 21, 2019	Ongoing
U.S. v. Mobile Telesystems PJSC, et al.	Mar. 6, 2019	\$750,000,000
In the Matter of Mobile Telesystems PJSC	Mar. 6, 2019	\$100,000,000
U.S. v. Gulnara Karimova, et al.	Mar. 7, 2019	Ongoing
In Re Fresenius Medical Care AG & Co. KGaA	Mar. 29, 2019	\$84,715,273
In the Matter of Fresenius Medical Care AG & Co. KGaA	Mar. 29, 2019	\$147,000,000

Current first-quarter enforcement activity is the highest since 2016 and is considerably above the ten-year average. Over the last decade, the DOJ and SEC initiated an average of nine [enforcement actions](#) during the first three months of each calendar year, which is almost 27% less than the number of actions filed since the start of 2019. Figure 2 depicts the number of enforcement actions filed in the first quarter of the calendar year for each of the last ten years.



Although single quarter enforcement statistics are not always a reliable predictor of year-end enforcement activity, they may have some correlative value. In the past decade, three out of the four years with above average first-quarter enforcement activity also ended the year with above average enforcement statistics. Figure 3 compares first-quarter enforcement statistics with year-end statistics for each of the last ten years.

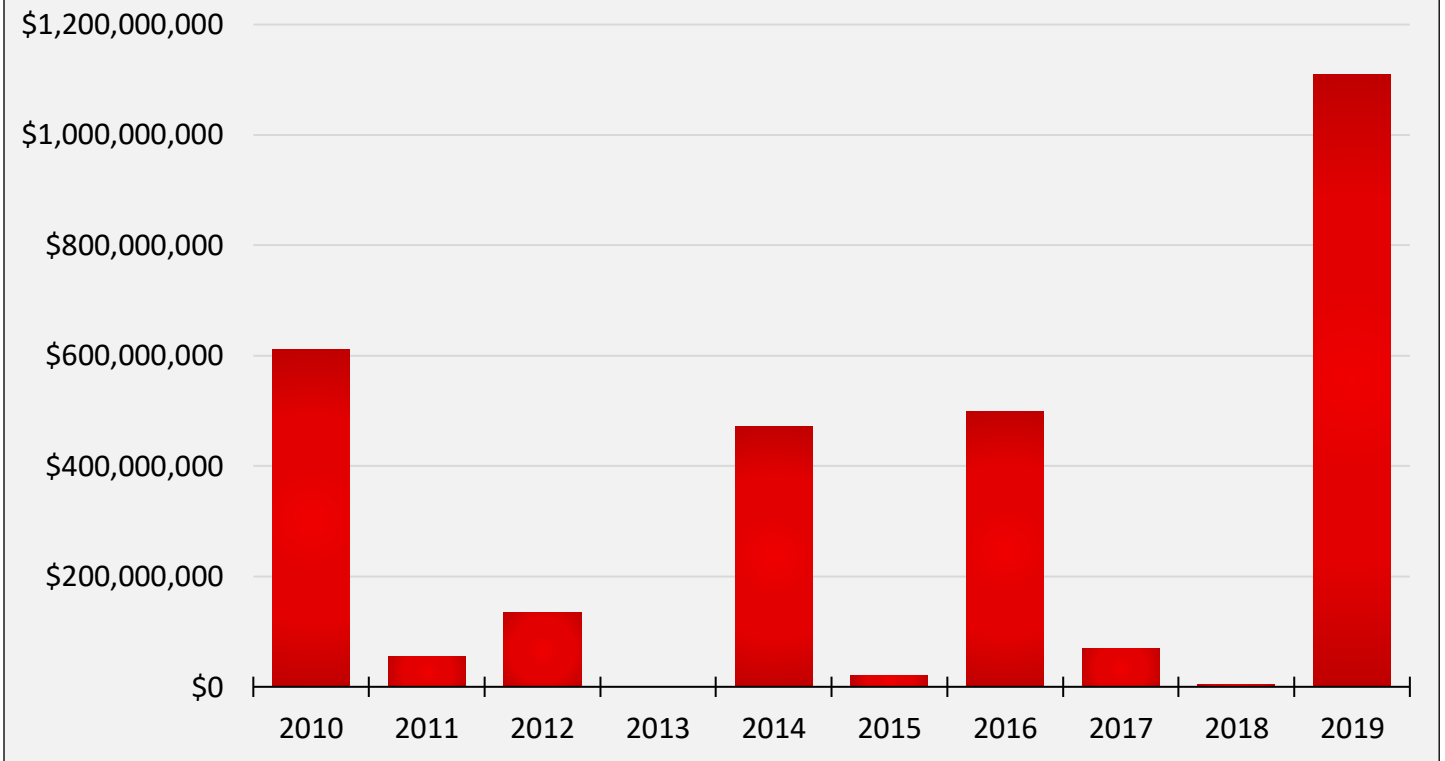
Fig. 3, Enforcement Actions, Q1 and Full Year



Sanctions

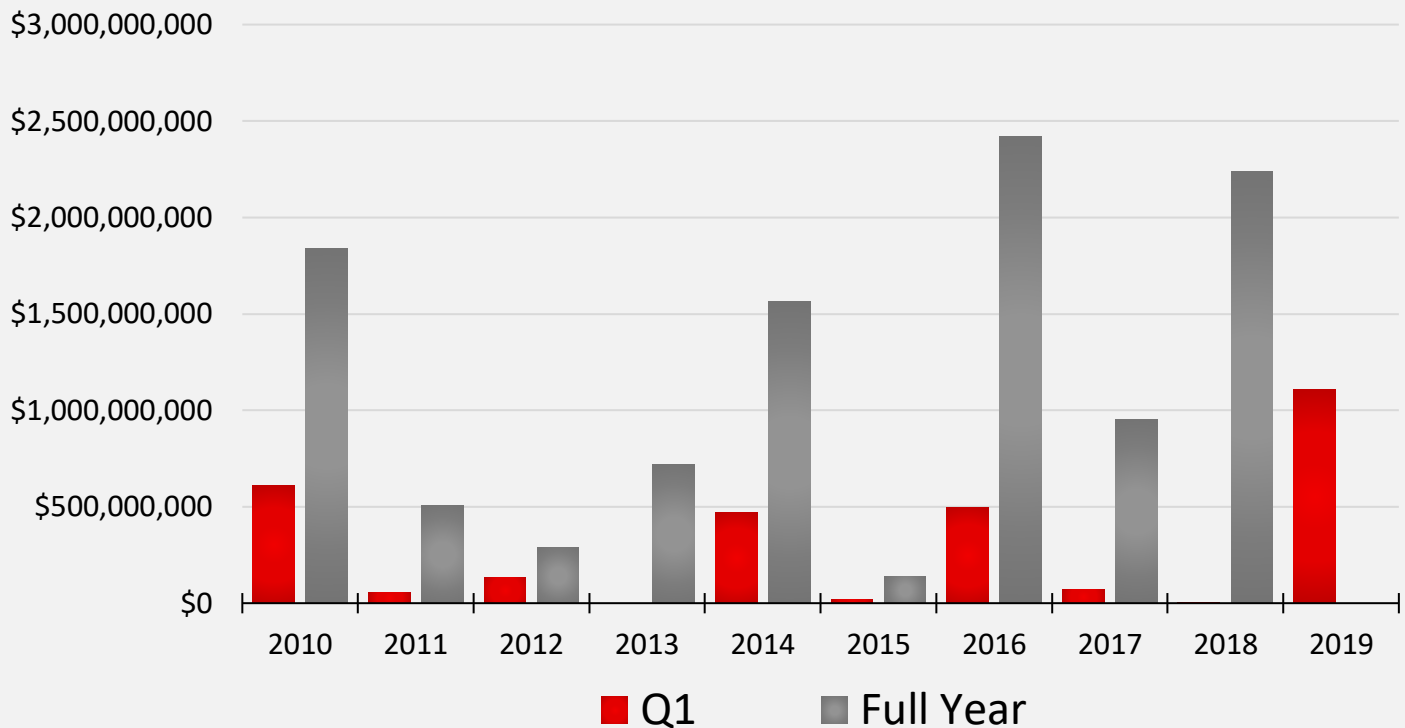
First-quarter [sanctions](#) were also significantly higher than sanctions imposed in any other first-quarter period during the last ten years. The government filed and settled FCPA claims against three companies in the first quarter of 2019 and imposed total sanctions of over \$1.1 billion, compared to total sanctions against corporate defendants of \$3.45 million in the first quarter of 2018 and \$69.6 million imposed in the first quarter of 2017. First-quarter sanctions imposed in 2019 were even higher than aggregate annual U.S. sanctions imposed in five of the last ten years. Figure 4 shows total sanctions imposed in FCPA-related enforcement actions initiated in the first quarter of the calendar year, for each of the last ten years.

Fig. 4, Total Sanctions Imposed in Q1 per Year



As with enforcement activity, high first-quarter sanctions often lead to high year-end sanctions. The government imposed significant sanctions in the first quarters of 2010, 2014, and 2016, and total U.S. sanctions collected in those years are among the highest in FCPA history. Figure 5 shows the comparison of first-quarter sanctions to year-end sanctions for each of the last ten years.

Fig. 5, Q1 and Total Sanctions Imposed per Year



Investigations

U.S. authorities are currently [investigating](#) at least 45 different entity groups for possible FCPA violations. Last quarter, no entity group disclosed a new SEC or DOJ investigation into possible FCPA violations, although one entity group, ABB Ltd., disclosed a new FCPA-related internal investigation. While SEC filings indicate that ABB self-reported its internal investigation to the DOJ and SEC, the filings do not indicate whether authorities have opened their own investigations into the matter. Figure 6 shows all entity groups that disclosed new FCPA investigations in the first quarter.

Fig. 6, DOJ and SEC Investigations Disclosed in Q1 2019

Company	Agency	Date Investigation Initiated	Internal Investigation Disclosed?	Country/ Region Investigated
ABB Ltd.	N/A	March 28	Yes	South Africa

Since the start of the new year, the SEC and DOJ have resolved FCPA-related investigations involving four different entity groups. According to publicly available information, the SEC concluded three investigations by filing enforcement actions and closed one investigation without taking further action. The DOJ filed three enforcement actions (including one declination with disgorgement pursuant to the revised FCPA Corporate Enforcement Policy). Figure 7 shows all investigation resolutions that were disclosed in the first quarter of 2019.

Fig. 7, DOJ and SEC Investigations Resolved in Q1 2019

Company	Agency	Date Resolved	Investigation Length	Resolution Type
Cognizant Technology Solutions Corp.	DOJ	Feb. 13	29 months	Decl. w/ Disg.
	SEC	Feb. 15	29 months	Action Filed
Fresenius Medical Care AG & Co. KGaA	DOJ	Mar. 29	80 months	Action Filed
	SEC	Mar. 29	80 months	Action Filed
Gerdau S.A.	SEC	Mar. 29	5 Months	Closed
Mobile Telesystems PJSC	DOJ	Feb. 28	59 months	Action Filed
	SEC	Mar. 6	60 months	Action Filed

What's Next

If past years serve as a guide, the high-level of first quarter enforcement activity in 2019 could lead to a banner year for FCPA enforcement. Moreover, information disclosed in SEC filings indicates that at least three settlements are looming. In an 8-K report filed on November 16, 2017, [Walmart Inc.](#) disclosed that it had accrued \$283 million in anticipated settlement costs to resolve FCPA-related investigations by the DOJ and SEC dating back to at least May 2012. Notably, Walmart has already disclosed more than \$900 million in legal fees and expenses related to the FCPA investigation, which is more than three times the dollar value of the anticipated sanctions. In a November 7, 2018 10-K, [Juniper Networks, Inc.](#) disclosed a \$12 million accrual related to the ongoing SEC investigation. Finally, in a February 20, 2019 8-K, [TechnipFMC](#) disclosed a \$280 million accrual for the aggregate settlement of pending investigations against predecessor companies [Technip S.A.](#) and [FMC Technologies](#) “regarding historical projects,” at least a portion of which may relate to FCPA investigations by the SEC and DOJ.

Appendix 1: FCPA-Related Violations Charged or Announced in Q1, 2019 [By Defendant]

Case	Date Initiated	Date Announced/ Unsealed	Sanctions
<u>U.S. v. Donville Inniss, et al.</u> (DOJ)			
Donville Inniss	Mar. 15, 2018	Aug. 6, 2018	Ongoing
Ingrid Inniss	Aug. 23, 2018	Jan. 18, 2019	Ongoing
Alex Tasker	Aug. 23, 2018	Jan. 18, 2019	Ongoing
<u>U.S. v. Jean Boustani, et al.</u> (DOJ)			
Jean Boustani	Dec. 19, 2018	Jan. 3, 2019	Ongoing
Najib Allam	Dec. 19, 2018	Mar. 6, 2019	Ongoing
Manuel Chang	Dec. 19, 2018	Jan. 3, 2019	Ongoing
Antonio De Rosario	Dec. 19, 2018	Mar. 6, 2019	Ongoing
Teofilo Nhangumele	Dec. 19, 2018	Mar. 6, 2019	Ongoing
Andrew Pearse	Dec. 19, 2018	Jan. 3, 2019	Ongoing
Surjan Singh	Dec. 19, 2018	Jan. 3, 2019	Ongoing
Detelina Subeva	Dec. 19, 2018	Jan. 3, 2019	Ongoing
<u>U.S. v. Frank James Lyon</u> (DOJ)	Jan. 16, 2019	Feb. 12, 2019	Ongoing
<u>U.S. v. Master Halbert</u> (DOJ)	Jan. 24, 2019	Feb. 12, 2019	Ongoing
<u>In Re: Cognizant Technology Solutions Corp.</u> (DOJ)	Feb. 13, 2019	Feb. 13, 2019	\$2,976,210
<u>U.S. v. Gordon J. Coburn, et al.</u> (DOJ)			
Gordon J. Coburn	Feb. 14, 2019	Feb. 14, 2019	Ongoing
Steven Schwartz	Feb. 14, 2019	Feb. 14, 2019	Ongoing
<u>S.E.C. v. Gordon J. Coburn, et al.</u> (SEC)			
Gordon J. Coburn	Feb. 15, 2019	Feb. 15, 2019	Ongoing
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<u>In the Matter of Cognizant Technology Solutions Corp.</u> (SEC)	Feb. 15, 2019	Feb. 15, 2019	\$25,167,368
<u>U.S. v. Rafael E. Pinto-Franceschi, et al.</u> (DOJ)			
Rafael Enrique Pinto-Franceschi	Feb. 21, 2019	Feb. 21, 2019	Ongoing
Franz Herman Muller Huber	Feb. 21, 2019	Feb. 21, 2019	Ongoing
<u>U.S. v. Mobile Telesystems PJSC, et al.</u> (DOJ)			
Mobile Telesystems Public Joint Stock Company	Mar. 6, 2019	Mar. 6, 2019	\$750,000,000
Kolorit Dizayn Ink LLC	Mar. 6, 2019	Mar. 6, 2019	
<u>In the Matter of Mobile Telesystems PJSC</u> (SEC)	Mar. 6, 2019	Mar. 6, 2019	\$100,000,000
<u>U.S. v. Gulnara Karimova, et al.</u> (DOJ)			
Gulnara Karimova	Mar. 7, 2019	Mar. 7, 2019	Ongoing
Bekhzod Akhmedov	Mar. 7, 2019	Mar. 7, 2019	Ongoing

In Re Fresenius Medical Care AG & Co. KGaA (DOJ)	Mar. 29, 2019	Mar. 29, 2019	\$84,715,273
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