

2019 Q2 Report

The [FCPA Clearinghouse's](#) 2019 Q2 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.

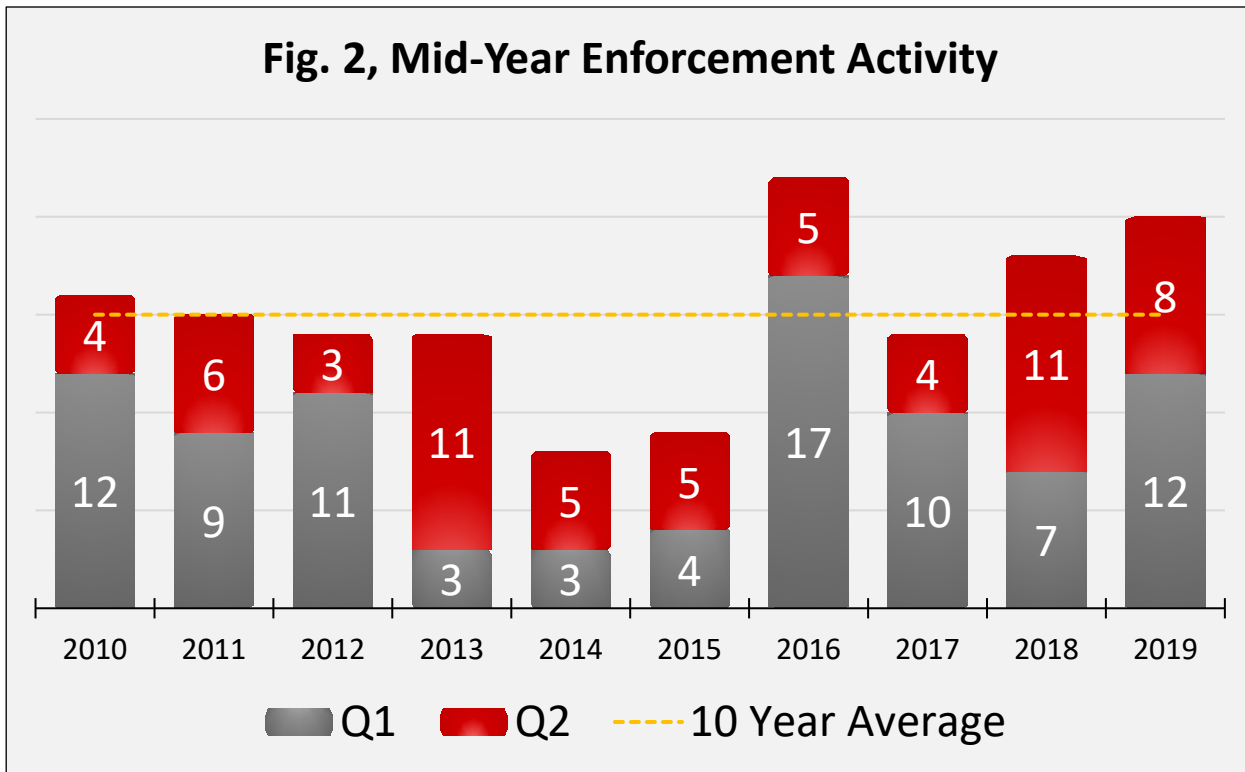
The SEC and DOJ filed eight [Enforcement Actions](#) in the second quarter of 2019. Figure 1 shows all the enforcement actions filed between April and June of 2019.

Fig. 1, SEC and DOJ Enforcement Actions Filed in Q2, 2019

Case	Date Initiated	Sanctions
U.S. v. Armengol Alfonso Cevallos Diaz, et al.	May 9, 2019	Ongoing
In the Matter of Telefonica Brasil S.A.	May 9, 2019	\$4,125,000
In the Matter of Walmart Inc.	June 20, 2019	\$144,691,172
U.S. v. WMT Brasilia S.a.r.l.	June 20, 2019	\$4,350,188 (incorporated into sanctions imposed in In Re: Walmart)
In Re Walmart Inc.	June 20, 2019	\$137,955,249
U.S. v. TechnipFMC plc	June 25, 2019	\$296,184,000 (includes \$214,331,033 credited for sanctions paid to Brazil)
U.S. v. Technip USA Inc.	June 25, 2019	\$500,400 (incorporated into sanctions imposed in U.S. v. TechnipFMC)
U.S. v. Luis Alfredo Motta Dominguez, et al.	June 27, 2019	Ongoing

Enforcement activity in the second quarter of 2019 continued at the higher-than-average level seen in the first quarter of the year. Over the last ten years, the DOJ and SEC have filed, on average, 15 enforcement actions in the first six months of the year. So far in 2019, the government has filed 20 enforcement actions. Mid-year enforcement activity in 2019 is the second highest in the past decade, just behind 2016 (with a mid-year total of 22 enforcement actions). Figure 2 depicts the number of enforcement actions filed in the first six months of the year, for each of the last 10 years.

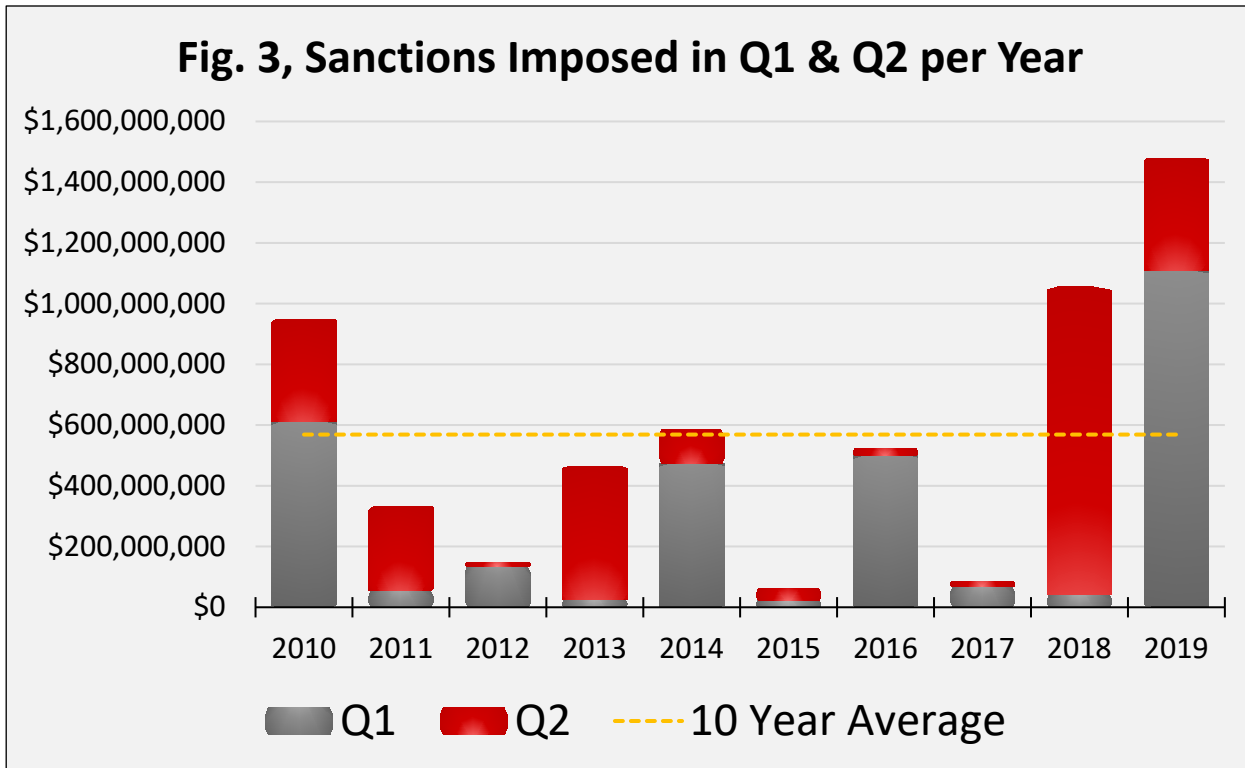
Fig. 2, Mid-Year Enforcement Activity



Sanctions

Second-quarter sanctions were almost \$369 million, which is higher than the ten-year quarterly average of \$360 million. Mid-year sanctions reached their highest level in the last decade, due in large part to unusually high first-quarter sanctions. Figure 3 shows the total sanctions imposed in FCPA-related enforcement actions in the first six months of the calendar year, for each of the last ten years.

Fig. 3, Sanctions Imposed in Q1 & Q2 per Year

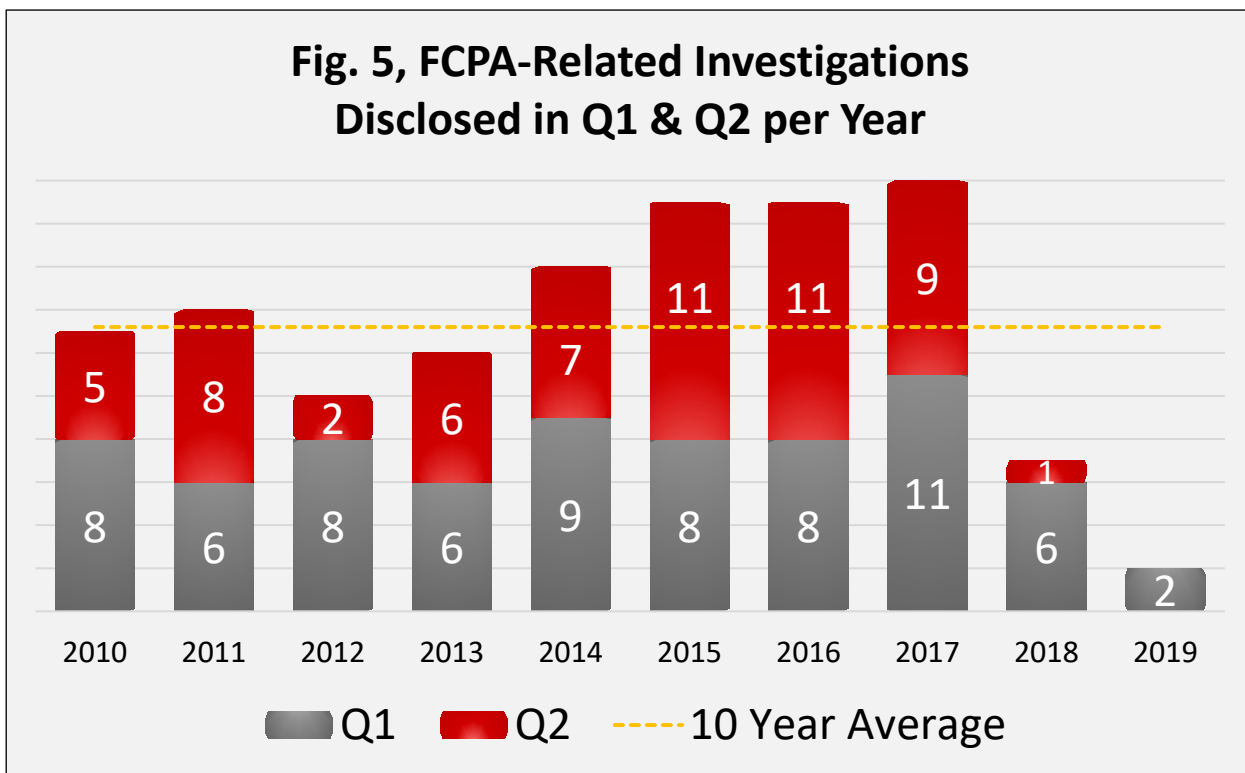


Investigations

U.S. authorities are currently [investigating](#) at least 47 different [Entity Groups](#) for possible FCPA violations. Last quarter, two entity groups first disclosed a new SEC or DOJ investigation into possible FCPA violations, though both investigations actually commenced at an earlier date. Figure 4 shows all entity groups that disclosed new FCPA investigations in the second quarter.

Fig. 4, DOJ and SEC Investigations Disclosed in Q2 2019				
Company	Agency	Date Investigation Initiated	Date Investigation Disclosed	Country/Region Investigated
Uber Technologies, Inc.	DOJ	May 2017	April 2019	China India Indonesia Malaysia
Baker Hughes, a GE company, LLC	DOJ	March 2019	April 2019	Iraq

The first six months of 2019 mark the slowest pace of new FCPA investigation disclosures in any of the last ten years. Since 2010, an average of 13 companies have disclosed new FCPA investigations within the first six months of the year, compared with only two companies in 2019. Last year was also well below average at the midpoint of the year. Whether the reduction in investigation disclosures represents a genuine slowing in enforcement activity, a change in corporate behavior concerning disclosure of new investigations, or simply reflects the natural ebb and flow of enforcement priorities is unknown. However, given that the average FCPA-related investigation lasts between three and four years, this decrease in the number of disclosed investigations may portend a concomitant diminution in the number of FCPA-related enforcement actions that will be filed in the next two to three years. Figure 5 depicts the number of investigations disclosed in the first six months of the year, for each of the last 10 years.



In the second quarter of 2019, the SEC and DOJ resolved FCPA-related investigations involving seven different entity groups. According to publicly available information, the SEC concluded two investigations by filing enforcement actions and closed three investigations without taking further action. The DOJ closed four investigations with enforcement actions and concluded two investigations without taking further action. Figure 6 shows all investigation resolutions that were disclosed in the second quarter of 2019.

Fig. 6, DOJ and SEC Investigations Resolved in Q2 2019				
Company	Agency	Date Resolved	Investigation Length	Resolution Type
PAR Technology Corporation	DOJ SEC	Early April Early April	24 months 24 months	Closed Closed
Telefonica, S.A.	SEC	May 9	Unknown	Action Filed
OSI Systems, Inc.	DOJ SEC	June 5 June 5	16 months 16 months	Closed Closed
Misonix, Inc.	SEC	June 18	33 months	Closed
Walmart Inc.	DOJ SEC	June 20 June 20	92 months 92 months	Action Filed Action Filed
Technip S.A. – Brazil & Africa (merged to become TechnipFMC plc)	DOJ	June 25	39 months	Action Filed
Technip S.A. – Unaoil (merged to become TechnipFMC plc)	DOJ	June 25	31 months	Action Filed
FMC Technologies, Inc. (merged to become TechnipFMC plc)	DOJ	June 25	38 months	Action Filed

What's Next

Even if the DOJ and SEC did not file any more cases for the rest of the year, 2019 would rank fifth overall in terms of highest global sanctions imposed in FCPA-related enforcement actions. Nonetheless, additional enforcement actions appear likely. [TechnipFMC](#) disclosed that it was in final negotiations with the SEC to resolve that agency's investigation into the same misconduct alleged in the DOJ enforcement actions filed on June 25. Also, as we have noted before, [Juniper Networks, Inc.](#) disclosed in its November 7, 2018 10-K that it had accrued \$12 million in anticipation of an SEC enforcement action.

If you have questions about this report, please contact fcpac@law.stanford.edu

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