



Red Notice

A Monthly Update on Global Investigations and Prosecutions

June 2012

INTRODUCTION

Welcome to June's edition of *Red Notice*, a publication of Akin Gump Strauss Hauer & Feld LLP. This month in international anti-corruption matters, an American industrial services company faces a significant fine related to gifts and trips provided to eastern European officials, energy companies face questions about corruption in Kazakhstani border crossings, and a second executive of the chemical company Innospec pleads guilty under the UK bribery act. In international cartel developments, DOJ's continuing probe into the auto part industry has led to additional convictions and fines. A district court has ruled that a former top DOJ official cannot represent an executive convicted of price-fixing charges, and Australia's competition authority continues its unprecedented enforcement efforts in the air freight industry, mirroring the U.S. investigation of that industry.

We note that *Red Notice* is expanding its coverage to include significant matters that involve violations of U.S. export control laws. This is an area that we think complements well our original focus on significant international matters involving either corruption or cartel offenses. We will continue to include such matters as developments warrant. We inaugurate our coverage with news that the National Bank of Abu Dhabi has settled allegations that it violated U.S. export sanctions against Sudan.

Thank you as always for reading *Red Notice*.

ANTI-CORRUPTION DEVELOPMENTS

U.S. Firm Agrees to US \$8.8 Million FCPA Penalty for Lithuania Power Plant Bribes

Earlier this month, a Virginia-based power plant services company agreed to pay US \$8.82 million to settle charges that its executives and sub-contractors paid bribes to officials at a state-owned power plant in Lithuania. According to the Justice Department, executives at Data Systems & Solutions LLC of Reston, Virginia paid for a Lithuanian official's vacation and purchased a Cartier watch for another official. The settlement recognized Data Systems & Solutions' cooperation, an internal investigation conducted by the company, the company's dismissal of the executives responsible, and enhancements made to the company's controls. The company is also required to report to the Justice Department periodically on its enhanced compliance program. Read the [coverage](#) at the *Wall Street Journal* and DOJ's [release](#).

Chevron Confirms Internal Investigation of Possible Bribes in Kazakhstan

U.S. oil company Chevron has confirmed that it is investigating allegations of bribe payments in Kazakhstan. Chevron is investigating allegations that a Kazakhstan joint venture in which it participates, may have been involved in a scheme to bribe Kazakhstani officials. The accusations stem from an anonymous tip received by the JV which alleged that JV and employees of a logistics firm bribed customs officials in Kazakhstan to clear the JV's shipments promptly. Karachaganak Petroleum Operating BV, another major cooperative oil venture in Kazakhstan, also reportedly has an investigation underway into a similar corruption scheme involving customs officials. Read the [coverage](#) at *Law360*.

Second Chemical Company Exec Pleads Guilty to Bribery in UK

Earlier this month, the former CEO of Innospec, a chemical company specializing in fuel additives, pled guilty in the UK to corruption charges in connection with bribes paid to Indonesian and Iraqi officials. Paul Jennings is the second Innospec executive convicted in the scheme, which allegedly aimed to pay officials for contracts to supply tetraethyl lead, a fuel additive that has been banned in most countries due to safety concerns. Jennings previously agreed to pay US \$230,000 to settle bribery claims with the U.S. Securities and Exchanges Commission, and Innospec agreed to pay UK £8.2 million (US \$12.7 million) in a controversial plea deal with the UK's Serious Fraud Office. Read the ongoing [coverage](#) at the

US \$12.7 million) in a controversial plea deal with the UK's Serious Fraud Office. Read the ongoing [coverage](#) at the *Telegraph*.

INTERNATIONAL CARTEL ENFORCEMENT DEVELOPMENTS

Swedish Auto Parts Company, Japanese Executive of Separate Company Both Plead Guilty to Price Fixing in the Auto Parts Industry

The Justice Department's record-setting investigation into price fixing in the auto part industry resulted in another guilty plea – Autoliv of Sweden agreed early this month to plead guilty to price fixing charges related to the seatbelt, airbag, and steering wheel markets. The Swedish company will pay US \$14.5 million and DOJ has agreed limit any future prosecutions to three employees from the company's sales division. According to the plea agreement, Autoliv's involvement stemmed from its relationship with a Japanese subsidiary. In one of the company's SEC filings, Autoliv also revealed a European Commission investigation on similar grounds. In a related story, an executive from a Japanese company also implicated in the auto parts investigation agreed to plead guilty. Former Yazaki Corp. executive Kazuhiko Kashimoto agreed to serve 14 months in prison and pay US \$20,000 in fines. Read the [coverage](#) at Reuters and DOJ's [release](#).

Judge Bars Former Acting Solicitor General from LCD Price Fixing Case

Federal District Court Judge Susan Illston determined this month that a former acting Solicitor General cannot represent a former electronics executive seeking to overturn his price fixing conviction because of the former SG's prior involvement in the case (*US v. Lin et al.*, No. 09-CR-00110-SI (N.D. Cal.)). Former AU Optronics Corp. executive Hui Hsiung was convicted in the Justice Department's investigation into price fixing in the LCD screen market. Neal Katyal, who acted as SG from 2009 to 2011, supervised government attorneys working on the case and is precluded from arguing Hsiung's appeals according to Judge Illston's ruling. Read the [coverage](#) at *India West*.

Australia's Competition Authority Hits Airline with AUD \$6 Million Fine for Price Fixing

The Australian Competition and Consumer Commission (ACCC) assessed a AUD \$6 million fine (US \$6.02 million) on Malaysia Airlines Cargo (now MASkargo) for its admission that it fixed prices with other carriers for costs related to shipment from Indonesia. The ACCC claims that this latest fine brings its total penalties for the international air freight investigation to AUD \$58 million (US \$58.26 million), the highest total penalties for any ACCC investigation. As a part of this enforcement effort, the ACCC also investigated international carriers such as Emirates, Cathay Pacific, Thai Airways, and Singapore Airlines. Read the [coverage](#) at ABC News (Australia).

EXPORT VIOLATIONS DEVELOPMENTS

National Bank of Abu Dhabi Settles Potential Liability for Apparent Violations of the Sudanese Sanction Regulations

National Bank of Abu Dhabi has agreed to remit \$855,000 to settle potential civil liability for 45 transactions between November 2004 and December 2005 that may have violated Sudanese sanctions. Some clerical staff in the Sudan branch of the bank removed or omitted references to Sudan in payment instructions routed through financial institutions in the United States. While the bank did not voluntarily self-disclose the apparent violations, they extended substantial cooperation in the investigation and the violations were found to be a non-egregious case. Read the U.S. Treasury's [statement](#).

CONTACT INFORMATION

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Red Notice, a monthly publication of Akin Gump Strauss Hauer & Feld LLP, is edited by [Jacob Weixler](#).

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