Akin Gump
STRAUSS HAUER & FELD LLP

Red Notice

A Monthly Update on Global Investigations and Prosecutions

July 2012

INTRODUCTION

Welcome to July's edition of *Red Notice*, a publication of Akin Gump Strauss Hauer & Feld LLP. In this month's edition, one of the world's largest publishers settles bribery allegations in Africa, an oil company may face bribery charges in the U.K. based on conduct by one of its agents, and an official involved in Haiti's telecom bribery scandal will serve jail time in the U.S. On the cartel front, a private action against Chinese vitamin manufacturers is heading to trial in Brooklyn, and the long-running civil litigation against LCD manufacturers has produced more settlements. In the world of criminal export violations, ING Bank agrees to forfeit hundreds of millions of dollars for illegal transactions and a Washington company settles allegations that it violated the Cuban Assets Control Regulations.

Thank you as always for reading *Red Notice*.

ANTI-CORRUPTION DEVELOPMENTS

Oxford Publishing Companies Pays $3.5 Million to Settle Corruption Charges, Debarred by World Bank for Three Years

Early this month, Oxford University Press (OUP) acknowledged its role in improper payments given to officials in Africa and reached settlements with both the World Bank and the U.K.'s Serious Fraud Office (SFO). The settlements stem from allegations that two OUP subsidiaries, OUP East Africa Limited and OUP Tanzania Limited, paid government officials in exchange for contracts to supply textbooks in a development project financed by the World Bank. Under the agreement with the World Bank, both African subsidiaries will be debarred by (i.e., ineligible for contracts in Bank-financed projects) for at least three years, and OUP will pay $500,000 (U.S.). In its agreement with the SFO, OUP will pay £1.9 million (U.K.) ($2.98 million (U.S.)) to settle civil proceedings. Read the World Bank statement, the SFO's statement, and coverage from *Reuters*.

BP Reportedly Faces UK Bribery Probe Related to Contractor in Azerbaijan

According to press accounts, the U.K.'s Serious Fraud Office is investigating whether a contractor of British oil and petrochemical company BP paid bribes in Azerbaijan last year. According to the reports, the contractor self-reported the allegations to the SFO. The UK Bribery Act took effect on July 1, 2011, and if the bribes alleged took place after that effective date, BP could be subject to enforcement proceedings for the actions of its agent. Read the coverage from *Dow Jones Newswires* and the report from *The Daily Telegraph*.

Haitian Official Implicated in Telecom FCPA Case Will Serve Jail Time

Two former executives at Florida-based Terra Telecommunications Corp. were convicted last October and sentenced to a combined 22 years in jail on charges that they authorized bribes paid to Haitian officials. This month, Patrick Joseph, the former director of Haiti's state telecommunications company, also was sentenced to jail time after pleading guilty to money laundering charges in connection with the bribery scheme. Joseph could have been sentenced to up to 20 years in prison, but his cooperation with prosecutors and his plea agreement yielded a sentence of just over one year. Read the coverage at *Wall Street Journal*'s Corruption Currents Blog.

INTERNATIONAL CARTEL ENFORCEMENT DEVELOPMENTS

Chinese Vitamin Manufacturers Face November Trial on Price-Fixing Charges

Several Chinese pharmaceutical companies and makers of vitamin supplements are set for trial in Brooklyn later this year

Several Chinese pharmaceutical companies and makers of vitamin supplements are set for trial in Brooklyn later this year on charges that the companies fixed prices for bulk vitamin C sold to U.S. companies (*In Re Vitamin C Antitrust Litigation*, No. 06-MD-01738 (E.D.N.Y.)). The Chinese companies, including Weisheng, North China, Hebei Welcome, Northeast, and China Pharmaceutical had argued that the conduct at issue was compelled by the Chinese government; the district court rejected that argument. According to the complaint, the defendants are dominant players in the supplement market and formed a cartel in 2001. Trial begins Nov. 5. Read the coverage at *Bloomberg*.

LCD Manufacturers Agree to Pay Additional $771 Million (U.S.) to Settle Price-fixing Lawsuits

Electronics manufacturer Sharp has agreed to pay $198.5 million (U.S.) to Dell and two other companies to settle a civil lawsuit stemming from allegations that it, along with Epson, Hitachi, Toshiba and others colluded to inflate prices for LCD panel screens used in televisions, computers, and handheld devices. The products at issue were sold in North America and Europe. Sharp previously paid $120 million (U.S.) as part of a Justice Department criminal price-fixing investigation into the conduct. Separately, LG, AU Optronics and Toshiba agreed to pay $571 million (U.S.) to settle a lawsuit brought by state Attorneys General on behalf of consumers. Read the coverage of the Sharp/Dell settlement at *PC World*, and the coverage of the state AG cases at *CIO*.

EXPORT CONTROL AND SANCTIONS ENFORCEMENT

ING Bank Agrees to Forfeit $619 Million for Illegal Transactions with Cuban and Iranian Entities

The Department of Justice announced a settlement with ING Bank N.V., a financial institution headquartered in Amsterdam. The settlement provides for ING to forfeit $619 million (U.S.) to the Justice Department and the New York County District Attorney's Office for conspiring to violate the International Emergency Economic Powers Act (IEEPA) and the Trading with the Enemy Act (TWEA), and for violating New York state laws, by routing billions of dollars through the U.S. financial system on behalf of sanctioned Cuban and Iranian entities. The bank has also entered into a parallel settlement agreement with the Treasury Department's Office of Foreign Assets Control (OFAC). Read the DOJ's release.

Great Western Malting Co. Agrees to Pay $1.3 Million for Apparent Violations of the Cuban Assets Control Regulations

OFAC announced a settlement with the Great Western Malting Co. of Vancouver, Washington under which the company has agreed to pay $1,347,000 (U.S.) to settle apparent violations of the Cuban Assets Control Regulations (CACR) from the period of August 2006 – March 2009. During that time, Great Western allegedly engaged in unauthorized back-office functions for the sale of non-U.S. origin barley malt to Cuba by a foreign affiliate in violation of the CACR. These actions also involved transactions with Specially Designated Nationals (SDNs) and SDN vessels. While the matter was not self-disclosed, the terms of settlement reflect findings by U.S. enforcement officials that the apparent violations constituted non-egregious violations and consideration of the company's cooperation with OFAC and the fact that the subject goods would have been eligible for an OFAC license. Read the Treasury's release.

CONTACT INFORMATION

For more information about the stories highlighted in *Red Notice*, please contact:

J. Brady Dugan at 1.202.887.4152 or bdugan@akingump.com.

Contact information for attorneys in related practices can be found here.

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

Archived Editions • Subscribe to *Red Notice*

akingump.com

www.twitter.com/akin_gump