

2020 Q1 Report

The FCPA Clearinghouse’s quarterly report provides an overview of some of the more notable trends and statistics in FCPA enforcement activity to emerge during the first quarter of 2020.

Enforcement Statistics

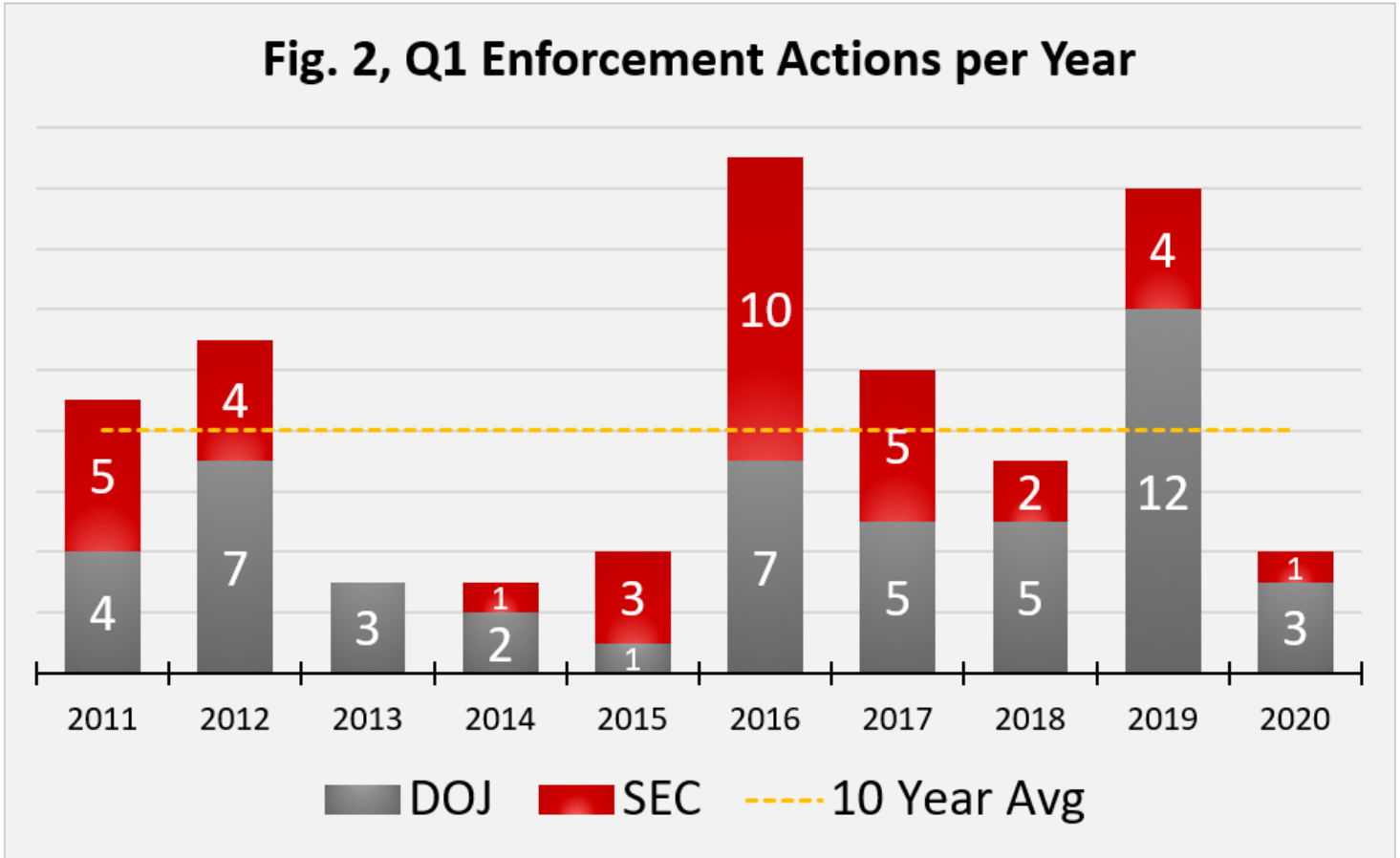
There are a number of different ways to define FCPA enforcement activity and to count the number of new actions initiated each year. The FCPA Clearinghouse does not advocate one counting methodology over another, but instead presents the data in a number of different ways so that users can make their 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.

In the first quarter of 2020, the SEC and DOJ filed four FCPA-related [Enforcement Actions](#), and three previously filed actions were announced or unsealed. DOJ proceedings comprised the bulk of first quarter enforcement activity, claiming six of the seven actions filed, announced, or unsealed in the first three months of the year. Of the seven total actions, only two were against corporate defendants. Four of the five enforcement actions brought against individuals derived from the expansive investigation into corruption at Venezuela’s state-owned oil company, [Petroleos de Venezuela, S.A.](#), which has ensnared at least 37 defendants since 2015. Figure 1 shows all the enforcement actions filed, announced, or unsealed between January and March of 2020.

**Fig. 1, FCPA-Related Enforcement Actions
Initiated or Announced in Q1, 2020**

Case	Date Initiated	Date Announced/Unsealed	Sanctions
U.S. v. Junji Kusunoki, et al. Junji Kusunoki Reza Moenaf Eko Sulianto	Nov. 14, 2013	Unsealed and Announced Feb. 18, 2020	Ongoing
U.S. v. Lennys Rangel	Nov. 1, 2019	Unsealed Mar. 11, 2020	Ongoing
U.S. v. Edoardo Orsoni	Nov. 1, 2019	Unsealed Mar. 12, 2020	Ongoing
U.S. v. Airbus SE	Jan. 28, 2020	Announced Jan. 31, 2020	\$2,091,978,881
U.S. v. Tulio Anibal Farias-Perez	Feb. 7, 2020	Announced Feb. 19, 2020	Ongoing
In the Matter of Cardinal Health, Inc.	Feb. 28, 2020	Announced Feb. 28, 2020	\$8,816,887
U.S. v. Leonardo Santilli	Mar. 20, 2020	Unannounced	Ongoing

Quarter-level enforcement data is noisy, with significant variance from quarter to quarter, so it may not be a reliable predictor of year-end statistics. However, in six of the last ten years, first quarter enforcement activity tracked later enforcement statistics for the entire year, and only once has below-average enforcement activity in the first three months of the year resulted in an above-average year. The four enforcement actions filed in the first quarter of 2020 tracked well below the ten-year average of eight. Figure 2 compares the level of enforcement activity between January and March in each of the last ten years.



Sanctions

While the level of enforcement activity was lower than average, total corporate sanctions imposed by U.S. regulators was very high. Indeed, comparing the totals sanctions imposed in the first quarter of each of the last ten years, 2020 ranks the highest by a wide margin. However, looking at sanctions from a quarterly perspective is not particularly instructive. The timing of big FCPA cases introduces too much variability into quarterly numbers. More revealing is to look at individual cases. The DOJ’s sole corporate enforcement action in the first quarter, [U.S. v. Airbus SE](#), yielded the second highest sanctions in FCPA history. Figure 3 shows the ten largest sanctions imposed by U.S. regulators in FCPA history.

Fig. 3, Top Ten U.S.-Imposed Sanctions by Entity Group

Entity Group	Year	Sanctions
Odebrecht S.A.	2016	\$3,557,626,137
Airbus SE	2020	\$2,091,978,881
Petroleo Brasileiro S.A. – Petrobras	2018	\$1,786,673,797
Telefonaktiebolaget LM Ericsson	2019	\$1,060,570,832
Telia Company AB	2017	\$965,604,372

Mobile Telesystems PJSC	2019	\$850,000,400
Siemens Aktiengesellschaft	2008	\$800,002,000
VimpelCom Ltd	2016	\$795,326,798
Alstom S.A.	2014	\$772,291,200
Societe Generale S.A.	2018	\$585,553,288

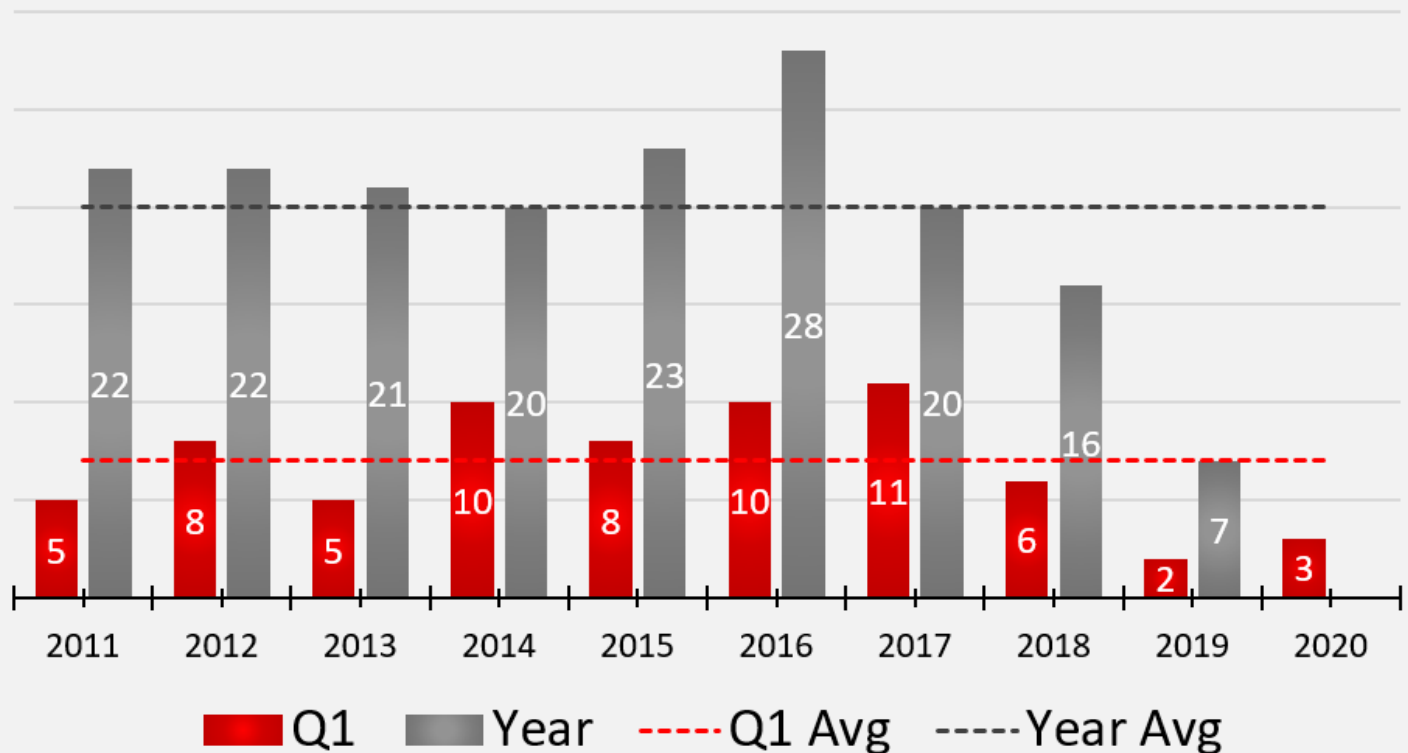
Investigations

U.S. authorities are currently [investigating](#) at least 43 different entity groups for possible FCPA violations. Last quarter, three companies first disclosed new FCPA-related **Investigations** by the DOJ or SEC. One of these investigations ([Landec Corporation](#)) was initiated by the company in the fourth quarter of 2019, although Landec first reported the DOJ and SEC investigations in Q1 2020, shortly after Landec voluntarily disclosed the misconduct to the agencies. Figure 4 shows all entity groups that disclosed new FCPA investigations in the first quarter. Figure 5 compares the number of investigations initiated by U.S. regulators in the first quarter and full year for each of the last ten years.

Fig. 4, DOJ and SEC Investigations Disclosed in Q1 2020

Company	Agency	Date Investigation Disclosed	Internal Investigation Disclosed?	Country/Region Investigated
Landec Corporation	DOJ, SEC	Jan. 2, 2020	Yes	Mexico
Raytheon Company	SEC	Feb. 12, 2020	Yes	Middle East
Kosmos Energy Ltd.	SEC	Feb. 25, 2020	No	Senegal

Fig. 5, Disclosed Q1 and Full Year Investigations by Year



According to information disclosed in SEC filings and charging and settlement documents, U.S. authorities resolved four publicly-disclosed FCPA-related investigations in the first three months of 2020. All four investigations were resolved by the DOJ, one by enforcement action while the other three were closed without further action. The SEC brought stand-alone enforcement actions in 2019 against two of the companies ([Deutsche Bank](#) and [Barclays](#)) whose investigations the DOJ concluded in the first quarter.

Hoskins

The DOJ's case against [Lawrence Hoskins](#), initially filed in 2013, continues to develop in unexpected ways. After a jury convicted him on FCPA and money laundering charges on November 8, 2019, Hoskins [moved](#) the court to set aside the verdict and acquit him of all the charges. In a rare move, the court partially granted Hoskins' motion on February 26, 2020, [acquitting](#) him on the FCPA charges but letting stand the money laundering conviction. The court held that no reasonable jury could have found that an agency relationship existed between Hoskins and Alstom Power, Inc., Alstom's U.S. subsidiary for which Hoskins allegedly acted as an agent. This surprise twist, however, will not be the final word in the Hoskins saga. The DOJ has notified the court that it intends to appeal the acquittal, and both Hoskins and the DOJ have indicated to the court that they plan to appeal the court's sentencing of Hoskins on the remaining money laundering charges.

Looking Ahead

As the Clearinghouse has noted before, the number of new publicly-disclosed FCPA-related investigations has declined significantly in the past few years. The first three months of 2020 do not appear to have changed that trend. Thus, despite several years of robust enforcement and blockbuster sanctions, the coming years may see an overall slowdown in FCPA enforcement activity. Nevertheless, at least three companies ([Herbalife Nutrition Ltd.](#), [John Wood Group plc](#), and [World Acceptance Corp.](#)) disclosed accruals in the first quarter in anticipation of upcoming settlements of FCPA-related investigations.

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