



worldcompliance

FCPA ARTICLE

ABB Settles with DOJ, SEC over FCPA Violations in Mexico

Swiss firm ABB, a major player in the electrical technology industry, has reached two expensive settlements regarding its violations of the Foreign Corrupt Practices Act. The penalties total \$58 million: \$16.5 million in civil penalties and \$22.8 million in revenue returned to the Security and Exchange Commission, and a criminal fine of \$19.1 million paid to the U.S. Department of Justice.

ABB Inc., the company's United States subsidiary, pleaded guilty to bribing state-owned Mexican utilities [Luz y Fuerza del Centro and Comisión Federal de Electricidad (CFE)] to win lucrative contracts. CFE Operations Director Nestor Moreno and several other higher-level officials were allegedly provided with shopping sprees, a relative's military school tuition, and cruises to the Mediterranean. The officials involved have not been charged with crimes in the United States due to their full cooperation with authorities.

ABB also agreed to a deferred prosecution agreement related to its subsidiary in Jordan's intention to commit wire fraud intended to violate the FCPA's books and records provisions.