



worldcompliance

## **FCPA NEWS ARTICLE**

### **BAE Systems**

The British international defense contractor, BAE Systems PLC (BAES) has pled guilty in a U.S. District Court to conspiring to defraud the United States by impairing and impeding its lawful functions; to making false claims about its Foreign Corrupt Practices Act (FCPA) compliance program and to violating the Arms Export Control Act (AECA) as well as International Traffic in Arms Regulations (ITAR.).

These charges were brought after an investigation by the U.S. Immigration and Customs Enforcement Agency as well as other federal agencies. As a result of the violations, BAES was sentenced to pay a \$400 million criminal fine. Additionally, the U.S State Department has put a “temporary administrative hold” on weapons export license by BAE systems or companies using BAE Systems products.

As stated in court documents, BAES consciously failed to establish procedures to ensure compliance with the FCPA as well as the Organization for Economic Cooperation and Development (OECD) Anti-bribery Convention after stating to various U.S government agencies that it would do so. According to court documents, the gain to BAES from the various false statements and failures to make required disclosures to the U.S. government was more than \$200 million.

BAE Made a plea bargain with the Department of Justice earlier this year to settle the investigation into the bribery allegations, BAE agreed to appoint an independent compliance monitor approved by the U.S. authorities. The monitor would be at BAE for up to three years and would make sure the company stuck to the terms of the plea bargain.

U.S. court documents show BAE has already put forward three candidates who were rejected by the D.O.J. on the grounds they did not have enough experience in similar compliance work, know the defense industry well enough or have an investigative background in the relevant parts of criminal law.

BAE claims the experience now being sought went beyond the original specifications. Under the original terms, BAE had until June 4th to appoint a monitor. That has been extended by 90 days to Aug 30.