

FCPA Enforcement: Paying for Trips by Foreign Officials

Date: 03/13/08

On December 21, 2007, the Department of Justice ("DOJ") announced that it had entered into a two year non-prosecution agreement with Lucent Technologies, Inc. to resolve a multi-year investigation into Lucent's practice of providing travel to the United States and other things of value to Chinese governmental officials in connection with the sale of its communications products. Lucent agreed to pay a \$1 million fine to the DOJ and \$1.5 million to the Securities and Exchange Commission ("SEC") to resolve allegations that it violated the foreign corrupt payments and books and records provisions of the Foreign Corrupt Practices Act ("FCPA"). The conduct alleged involved approximately 315 trips to the U.S. by these officials, at least 160 of which were recorded under a "Factory Inspection Account." However, the government alleged that these trips "became primarily sightseeing, entertainment and leisure trips." The Chinese officials who traveled at Lucent's expense were described in Lucent's documents as "decision-makers" regarding future business.