
FCPA Developments: SEC Enters Into First Deferred Prosecution Agreement

Date: 05/23/11

On May 17, 2011, the Securities and Exchange Commission ("SEC") announced that, for the first time in its history, it had entered into a deferred prosecution agreement ("DPA") with a company that was the target of an SEC investigation. The SEC alleged that the company, Tenaris, S.A. ("Tenaris" or the "Company"), a Luxembourg-based manufacturer and supplier of steel pipe products, violated the Foreign Corrupt Practices Act ("FCPA") by making improper payments to foreign officials, inaccurately accounting for such payments, and failing to maintain sufficient internal controls. Crucial to avoiding prosecution was that Tenaris detected, investigated, and reported the violations, and took steps to significantly enhance its internal controls and compliance program. The SEC's leniency toward the Company demonstrates the importance, in the current regulatory environment, of responding to red flags promptly and aggressively, and proactively cooperating with authorities when serious misconduct is discovered.

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