

HOT TOPICS IN INVESTIGATIONS: VOLUNTARY DISCLOSURE ISSUES

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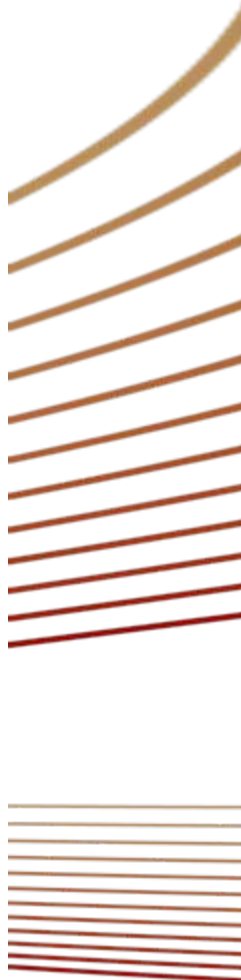


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Part I: FCPA and Global Corruption Risks

Part II: Voluntary Disclosure Considerations

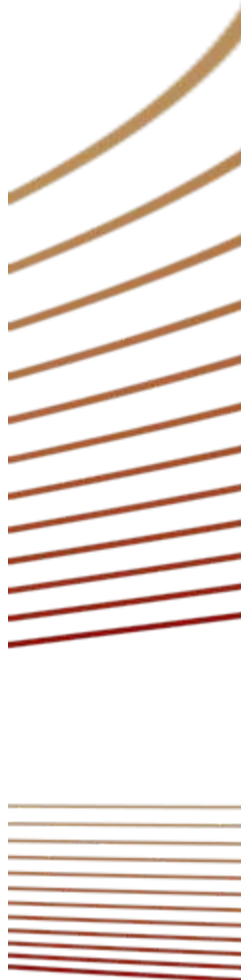
Part III: FCPA Pilot Program and Analysis of FCPA Pilot Program Cases



PART I

Brief Background on the FCPA and Risks of Corruption

- The World Bank estimates that there are over \$1 trillion in bribes paid every year – 3% of the world economy.
 - Over \$2.5 billion in bribes every day or over \$100 million in bribes every hour.
- Corruption issues arise in nearly every stage of an international business:
 - not only when obtaining contracts, but corruption identified in every type of interaction with government officials, including tax disputes, licensing and permitting, real estate transactions and customs clearances.
- In a recent Transparency International Global Corruption Barometer, over one in four people (27%) acknowledged paying a bribe in the last year when interacting with key public institutions and services.
- Corruption issues have been found in nearly every industry and geography, but certain areas have higher risks.

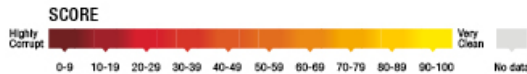
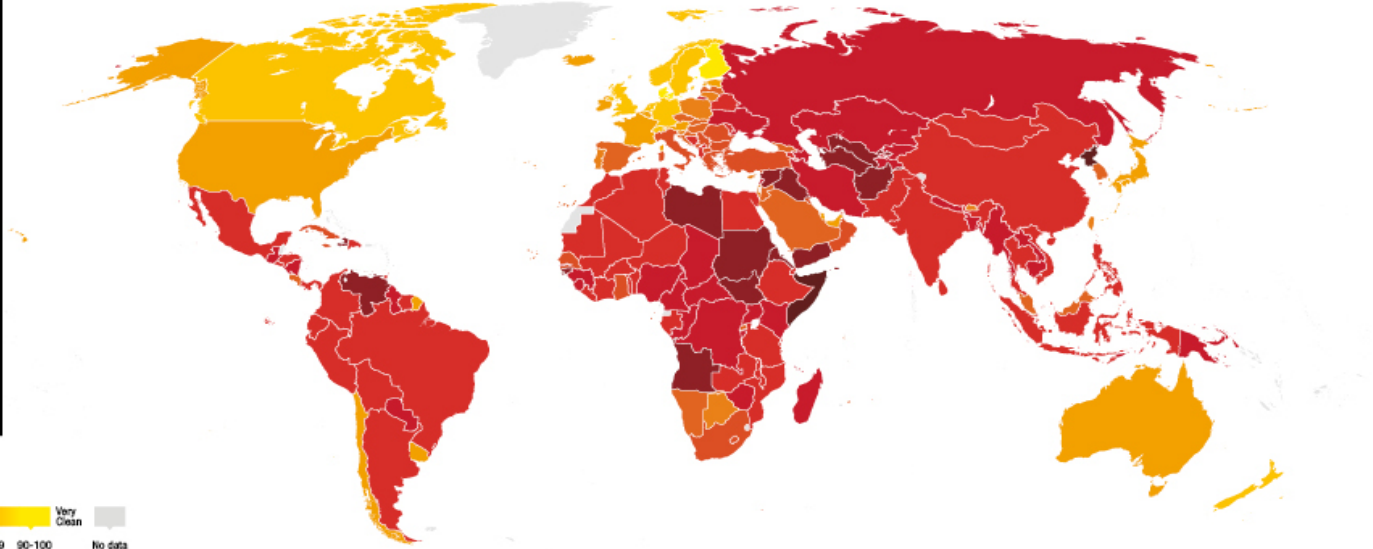


CORRUPTION PERCEPTION INDEX - 2015



CORRUPTION PERCEPTIONS INDEX 2015

The perceived levels of public sector corruption in 168 countries/territories around the world.



RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE
1	Denmark	91	21	Uruguay	74	61	Italy	44	99	Djibouti	34	139	Guinea	25
2	Finland	90	22	Qatar	71	62	Lesotho	44	100	Gabon	34	140	Kenya	25
3	Sweden	89	23	Chile	70	63	Latvia	55	101	Niger	34	141	Laos	25
4	New Zealand	88	24	Estonia	70	64	Lithuania	55	102	Dominican Republic	33	142	Papua New Guinea	25
5	Netherlands	87	25	France	70	65	Seychelles	55	103	Ethiopia	33	143	Guinea	17
6	Norway	87	26	United Arab Emirates	70	66	South Africa	54	104	Kosovo	33	144	Iraq	16
7	Switzerland	86	27	Bhutan	65	67	Jordan	53	105	Moldova	33	145	Uganda	25
8	Singapore	85	28	Botswana	65	68	Mauritius	53	106	Argentina	32	146	Central African Republic	24
9	Canada	83	29	Portugal	63	69	Namibia	53	107	Belarus	32	147	Congo Republic	23
10	Germany	81	30	Poland	62	70	Georgia	52	108	Cote d'Ivoire	32	148	Chad	22
10	Luxembourg	81	31	Taiwan	62	71	Saudi Arabia	52	109	Ecuador	32	149	Democratic Republic of the Congo	22
10	United Kingdom	81	32	Cyprus	61	72	Bahrain	51	110	Togo	32	150	Afghanistan	11
12	Australia	79	33	Israel	61	73	Croatia	51	111	Honduras	31	151	Korea (North)	8
13	Iceland	79	34	Lithuania	61	74	Hungary	51	112	Malawi	31	152	Somalia	8
14	Belgium	77	35	Slovenia	60	75	Slovakia	51	113	Nepal	27			
15	Austria	76	36	Spain	58	76	Malaysia	50	114	Nicaragua	27			
16	Austria	76	37	Czech Republic	56	77	Kuwait	49	115	Paraguay	27			
16	United States	76	38	Malta	56	78	Cuba	47	116	Ukraine	27			
18	Hong Kong	75	39	Korea (South)	56	79	Ghana	47	117	Comoros	26			
18	Ireland	75	40	Cape Verde	55	80	Greece	46	118	Nigeria	26			
18	Japan	75				81	Romania	46	119	Tajikistan	26			
						82	Burkina Faso	38		Bangladesh	25			
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PART II

Voluntary Disclosure Considerations

PRINCIPLES OF FEDERAL PROSECUTION OF BUSINESS ORGANIZATIONS (USAM 9-28.000)

7

▪ 9-28.300 - Factors to Be Considered

- any, governing the prosecution of corporations for particular categories of crime (see [USAM 9-28.400](#));
- the pervasiveness of wrongdoing within the corporation, including the complicity in, or the condoning of, the wrongdoing by corporate management (see [USAM 9-28.500](#));
- the corporation's history of similar misconduct, including prior criminal, civil, and regulatory enforcement actions against it (see [USAM 9-28.600](#));
- the corporation's willingness to cooperate in the investigation of its agents (see [USAM 9-28.700](#));
- the existence and effectiveness of the corporation's pre-existing compliance program (see [USAM 9-28.800](#));
- **the corporation's timely and voluntary disclosure of wrongdoing (see [USAM 9-28.900](#))**;
- the corporation's remedial actions, including any efforts to implement an effective corporate compliance program or to improve an existing one, to replace responsible management, to discipline or terminate wrongdoers, to pay restitution, and to cooperate with the relevant government agencies (see [USAM 9-28.1000](#));
- collateral consequences, including whether there is disproportionate harm to shareholders, pension holders, employees, and others not proven personally culpable, as well as impact on the public arising from the prosecution (see [USAM 9-28.1100](#));
- the adequacy of remedies such as civil or regulatory enforcement actions (see [USAM 9-28.1200](#)); and
- the adequacy of the prosecution of individuals responsible for the corporation's malfeasance (see [USAM 9-28.1300](#))

VOLUNTARY DISCLOSURES (USAM 9-28.900)

9-28.900 - Voluntary Disclosures

▪ In conjunction with regulatory agencies and other executive branch departments, the Department encourages corporations, as part of their compliance programs, to conduct internal investigations and to disclose the relevant facts to the appropriate authorities. Some agencies, such as the Securities and Exchange Commission and the Environmental Protection Agency, as well as the Department's Environmental and Natural Resources Division, have formal voluntary disclosure programs in which self-reporting, coupled with remediation and additional criteria, may qualify the corporation for amnesty or reduced sanctions. The Antitrust Division has a policy of offering amnesty to the first corporation that self-discloses and agrees to cooperate.

▪ **Even in the absence of a formal program, prosecutors may consider a corporation's timely and voluntary disclosure, both as an independent factor and in evaluating the company's overall cooperation and the adequacy of the corporation's compliance program and its management's commitment to the compliance program.** See USAM 9-28.700 and 9-28.800. However, prosecution may be appropriate notwithstanding a corporation's voluntary disclosure. Such a determination should be based on a consideration of all the factors set forth in these Principles. See USAM 9-28.300.

VOLUNTARY DISCLOSURES: USAM 9-28.900, 9-28.700 (FN1)

9-28.900 (Voluntary Disclosures)

- Even in the absence of a formal program, **prosecutors may consider a corporation's timely and voluntary disclosure, both as an independent factor and in evaluating the company's overall cooperation and the adequacy of the corporation's compliance program and its management's commitment to the compliance program.** See USAM 9-28.700 and 9-28.800. However, prosecution may be appropriate notwithstanding a corporation's voluntary disclosure. Such a determination should be based on a consideration of all the factors set forth in these Principles. See USAM 9-28.300.

9-28.700 (The Value of Cooperation) (FN1)

- Of course, **the Department encourages early voluntary disclosure of criminal wrongdoing, see USAM 9-28.900, even before all facts are known to the company, and does not expect that such early disclosures would be complete.** However, the Department does expect that, in such circumstances, the company will move in a timely fashion to conduct an appropriate investigation and provide timely factual updates to the Department.
- There may be circumstances where, despite its best efforts to conduct a thorough investigation, a company genuinely cannot get access to certain evidence or is actually prohibited from disclosing it to the government. Under such circumstances, the company seeking cooperation will bear the burden of explaining the restrictions it is facing to the prosecutor.

U.S. SENTENCING GUIDELINES – CHAPTER 8

- 8C2.5(f) “Effective Compliance and Ethics Program” –
 - reduction in penalty not applicable if “the organization unreasonably delayed reporting the offense to appropriate governmental authorities.”

- 8C2.5 (g) “Self-Reporting, Cooperation, and Acceptance of Responsibility”
 - Significant reduction if:
 - “(A) prior to an imminent threat of disclosure or government investigation; and
 - (B) within a reasonably prompt time after becoming aware of the offense, reported the offense to appropriate governmental authorities, fully cooperated in the investigation, and clearly demonstrated recognition and affirmative acceptance of responsibility for its criminal conduct”

PART II

FCPA Pilot Program Considerations

One year “pilot” effective April 5, 2016 – “*provides guidance to [] prosecutors in reaching corporate resolutions*” by “*describing*”:

▪ **Voluntary Self-Disclosure** –

- Disclosure before “imminent threat of disclosure/government investigation” / “reasonably” promptly after becoming aware of offense
- Disclosure of all known relevant facts (including information on individuals)

▪ **Full Cooperation** –

- Timely disclosure of all relevant facts (including relating to individuals and third parties)
- Proactive (v. reactive) cooperation – giving all “relevant” facts; going beyond requests
- Facilitation of investigation (including facilitating interviews and third-party productions (U.S. and ex-U.S.), and identifying potential information outside the company’s control)

▪ **Remediation** –

- Focus on traditional “hallmarks” of an effective program
- No remediation credit absent cooperation

VOLUNTARY DISCLOSURE

+

FULL COOPERATION

+

REMEDIAATION

CREDIT

“**credit**” = potential reduction of 50% from bottom of Guideline range;
“generally” should avoid monitorship; DOJ will “consider” declination)

Without voluntary disclosure = “markedly less” credit “limited to”
not more than a 25% reduction from bottom of Guideline range

PILOT PROGRAM: THE FIRST 6 MONTHS AT A GLANCE

	Akamai	Nortek	Johnson Controls	Analogic	LATAM	Key Energy	Astra Zeneca	Nu Skin	AB-InBev	Och-Ziff	HMT LLC	NCH Corp.	GSK
Disclosure	Yes	Yes	Yes	Yes	No	Yes	No	No	No	No	Yes	Yes	No
Cooperation	Yes	Yes	Yes	Partial	Yes	Yes	Yes	Yes	No	Partial	Yes	Yes	Yes
Remediation	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
DOJ	Declin.	Declin.	Declin.	NPA	DPA (3 yrs.)	Declin.	Declin.	Declin.	Declin.	DPA	Declin.	Declin.	Declin.
SEC	NPA	NPA	C&D	C&D	C&D	C&D	C&D	C&D	C&D	C&D	N/A	N/A	C&D
Investig. Length	~17 mo.	~17 mo.	~3 yrs	~5 yrs.	~6 yrs.	~2 yrs.	~10 yrs.	~3 yrs.	~7 yrs.	~5 yrs.	Unk.	Unk.	~7 yrs.
Disgorgement	\$652K + \$19.4K int.	\$291K + \$30K int.	\$11.8M + \$1.4M int.	\$7.67M + \$3.81M int.	\$6.74M + \$2.7M int.	\$5M	\$4.325M + \$822K int.	\$431k + \$34.6k int.	\$2.7M + \$292K int.	\$173M + \$25.8M int.	\$2.7M	\$335K	\$0
Penalties	\$0	\$0	\$1.18M (SEC)	\$3.4M (DOJ)	\$12.75M (DOJ)	\$0	\$375K (SEC)	\$300k (SEC)	\$3M (SEC)	\$213M (DOJ)	\$0	\$0	\$20M (SEC)
Monitor	No	No	1-yr. self	3-yr. self	27-mo. indep.	No	No	No	2-yr. self	3-yr indep.	No	No	No
Value of Alleged Misconduct	\$155K	\$290K	\$4.9M	\$20M	\$1.15M			\$431k		~\$5M	\$500K	\$44K	\$482M
Other Factors Cited by DOJ or SEC	Will coop. in indiv. Investig.; will enhance compli.	Will coop. in indiv. Investig.; will enhance compli.	Will coop. in indiv. Investig.; will enhance compli.	No crim. history; will coop. in indiv. Investig.; will enhance compl., serious offense	Crim. history; serious offense; will coop. in indiv. investig.; will enhance compli.	Will coop. in indiv. Investig.; will enhance compli.	Will coop. in indiv. Investig.; will enhance compli.	Coop. and prompt remedial action to enhance compli.	Business dissolved ; amend. agmts; add'l training; doc destruct.; delays in coop.	Coop.; internal investig ; high value; serious offense	Self-discl; coop.; enhance compl.; action against indiv.	Self-discl; coop.; enhance compl.; action against indiv	Coop.; internal investig.; enhance compl.; changes in business ops

AKAMAI (JUNE): DOJ DECLINATION / SEC NPA

- Chinese subsidiary of Massachusetts-based technology company
- Provided gifts and entertainment to Chinese officials and made ~**\$155k** in third-party payments to customers in exchange for purchase of excess network capacity (~**\$40k** to state-owned enterprises)
- Investigation took about **17 months**
- DOJ Declination & SEC NPA (\$652K disgorgement + \$19K interest)
- Received **full mitigation credit**

Factors cited in DOJ Declination:

- ☑ “[P]rompt **voluntary disclosure**” (SEC: “Within weeks” of complaint)
- ☑ “[F]ull **remediation**” (disciplined employees & terminated partners)
- ☑ “[T]horough **investigation**” and “**fulsome cooperation**”
- ☑ Agreement to **cooperate in investigations of individuals**
- ☑ **Enhancement of compliance program & accounting controls**

NORTEK (JUNE): DOJ DECLINATION / SEC NPA

16

- Chinese manufacturing subsidiary of Rhode Island-based industrial services company
- Provided cash payments (400+ totaling ~\$290k), gifts, and entertainment to officials for preferential regulatory treatment
- Investigation took about **17 months**
- DOJ Declination & SEC NPA (\$291K disgorgement + \$30K interest)
- Received **full mitigation credit**

Factors cited in DOJ Declination:

- ✓ “[P]rompt **voluntary disclosure**” (SEC: during internal audit)
- ✓ “[F]ull **remediation**” (terminated employment of wrongdoers)
- ✓ “[T]horough **investigation**” and “**fulsome cooperation**”
- ✓ Agreement to **cooperate in investigations of individuals**
- ✓ **Enhancement of compliance program & accounting controls**

JOHNSON CONTROLS (JUNE): DOJ DECLINATION / SEC CEASE & DESIST ORDER

- Chinese subsidiary of Wisconsin-based global HVAC provider
- Provided **\$4.9M** in illicit payments via a scheme about which the parent company had notice from a prior monitor and in which subsidiary management was directly involved (resulting in **\$11.8M** profit)
- Investigation took ~3 years
- DOJ Declination, SEC C&D Order (\$11.8M disgorgement + \$1.4M interest), Civil Penalty to SEC (\$1.18M), and one-year self-monitorship
- Received **full mitigation credit + civil penalty**

Factors cited in DOJ Declination:

- ✓ “[V]oluntary self-disclosure” (SEC: after retaining outside counsel & 1 mo. after 2nd complaint)
- ✓ “[F]ull remediation” (terminated employment of wrongdoers)
- ✓ “[T]horough investigation” and “full cooperation”
- ✓ Agreement to **cooperate in investigations of individuals**
- ✓ **Enhancement of compliance program & accounting controls**

ANALOGIC (JUNE): DOJ NPA / SEC C&D

- Danish subsidiary (BK Medical ApS) of Mass.-based medical device co.
- Engaged in “hundreds” of “sham transactions” from 2001 to 2011 directed by distributors in six countries, resulting in ~**\$20M** transferred to third parties
- BK Medical CFO allegedly “personally authorized” ~150 payments and submitted “numerous” false certifications to Analogic
- Approx. **five-year investigation**
- DOJ NPA w/ subsidiary (BK Medical); \$3.4M criminal penalty (30% **reduction** from low end of range); three-year self-monitorship; SEC C&D Order against Analogic and BK Medical’s CFO (\$7.67M disgorgement + \$3.81 interest)
- Received **partial mitigation credit**

Factors cited in DOJ NPA:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Voluntary , prompt self-disclosure (SEC: after internal investigation) | <input checked="" type="checkbox"/> Partial cooperation (initial failure to disclose relevant facts from internal investigation) |
| <input checked="" type="checkbox"/> Agreement to implement extensive remedial measures | <input checked="" type="checkbox"/> Nature & seriousness of the offense (10-year scheme to fraudulently conceal ~\$20M in distributor payments) |
| <input checked="" type="checkbox"/> No criminal history | |
| <input checked="" type="checkbox"/> Agreement to cooperate in investigations of individuals | |
| <input checked="" type="checkbox"/> Commitment to enhance compliance program | |

LATAM (JULY): DOJ DPA / SEC C&D

- Predecessor-in-interest (LAN Airlines, S.A.) of Chile-based commercial airline
- Executed false \$1.15M consulting agreement to facilitate payments to Argentine labor union officials to evade labor rules and save **~\$6.7M**
- Significant executive involvement (including CEO)
- Approx. **six-year investigation**
- DOJ DPA (3 years); \$12.75M criminal penalty (25% **above** the low end of range); independent compliance monitor for at least 27 months; SEC C&D Order (\$6.74M disgorgement + \$2.7M interest)
- Received **minimal cooperation credit**

Factors cited in DOJ DPA:

Full cooperation

Commitment to **enhance compliance program**

Agreement to **cooperate in ongoing FCPA prosecutions of individuals**

Failure to **voluntarily disclose**
Failure to **remediate adequately** –
did not discipline responsible employees, incl. executive

Inadequate compliance program
when misconduct occurred

Nature & seriousness of the offense

Criminal history, including a subsidiary's guilty plea in 2009 re: price-fixing conspiracy

KEY ENERGY SERVICES (AUGUST): DOJ DECLINATION / SEC C&D

- Houston-based energy company with Mexican subsidiary
- Between 2010 to 2014, Mexican subsidiary made 58 payments to a purported consulting firm totaling about \$561K, at least \$229K of which went to an employee of Mexico's state-owned oil and gas monopoly for inside information and help landing contracts
- Involvement by Mexico country head
- Approx. **two-year investigation**
- DOJ declination (announced in May 2016); SEC C&D Order (\$5M disgorgement only; SEC did not impose a civil penalty after considering the company's current financial condition and its ability to maintain necessary cash reserves to fund operations and meet liabilities)
- Received **significant cooperation credit**

Factors cited in SEC C&D Order.

Self-disclosure and full cooperation

Commitment to **enhance compliance program**, including hiring a new CCO

Voluntarily **disclosed results of internal investigation**

Commitment to **enhance compliance program**, including enhanced vendor due diligence and compliance audits

Inadequate compliance program and internal controls when misconduct occurred

Nature & seriousness of the offense

ASTRAZENECA (AUGUST): DOJ (NO ACTION)/ SEC C&D

- UK-based pharmaceutical company with subsidiaries around the world, including China and Russia
- China and Russia sales and marketing staff made improper payments of gifts, conference support, travel, cash, and other benefits to government-employed health care providers to reward or influence purchases of AstraZeneca products
- Involvement of executives at China and Russia subsidiaries
- Approx. **ten-year investigation**; company waived five-year statute of limitation defense for civil penalties
- DOJ closed investigation and took no action
- SEC C&D Order (\$4.325M disgorgement + \$822K interest + \$375K civil penalty)
- Received **significant cooperation credit**

Factors cited in SEC C&D ORDER:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Significant cooperation , despite not self-reporting initially | <input type="checkbox"/> Inadequate controls, compliance program, and training when misconduct occurred |
| <input checked="" type="checkbox"/> Voluntarily disclosed results of internal investigation | <input type="checkbox"/> Length of misconduct period (5 years) |
| <input checked="" type="checkbox"/> Commitment to enhance compliance program | |
| <input checked="" type="checkbox"/> Independently initiated remedial measures prior to investigation | |

NU SKIN (SEPTEMBER): DOJ (NO ACTION) / SEC C&D

- US-based cosmetic and nutritional product company with global subsidiaries, including in China
- Chinese officials launched an investigation into Nu Skin China's direct marketing without a license. Nu Skin China employees sought intervention of a Chinese Communist Party official to influence the investigation.
- Nu Skin China employees arranged a ¥1 million (approx. \$154,000) payment to a charity designated by the Party official, as well as letters of recommendation by an influential US person for college applications of the Party official's son. Following the donation and letters of recommendation, the Chinese investigation was closed with no charges or fines.
- Approx. **three-year investigation**; only the second FCPA case based solely on charitable contributions.
- DOJ took no action; SEC C&D Order (\$431k disgorgement + \$34.6K interest + \$300K civil penalty)
- Received credit for **"remedial acts promptly undertaken" and cooperation**

Factors cited in SEC C&D ORDER:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Full cooperation | <input type="checkbox"/> Inadequate controls and due diligence related to charitable contributions |
| <input checked="" type="checkbox"/> Initiated prompt remedial measures | |

AB-INBEV(SEPTEMBER): DOJ (NO ACTION) / SEC C&D

- Anheuser-Busch InBev – one of the largest beverage conglomerates with operations worldwide
- Company's minority-owned JV used third-party sales promoters to make improper payments to Indian government officials to secure extra brewing hours and increase sales and production.
- Company also ignored whistleblower report, fired him in retaliation, and entered into a Separation Agreement that forbade disclosure of information to government authorities.
- Company also failed to intervene after SEC informed it that JV employees intended to destroy documents.
- Approx. **seven-year investigation**.
- DOJ took no action; SEC C&D Order (\$2.7M disgorgement + \$292K interest + \$3M civil penalty; imposition of two-year reporting requirement on compliance improvements)
- Received credit for **subsequent remedial measures**, including training

Factors cited in SEC C&D ORDER:

- | | |
|--|--|
| <ul style="list-style-type: none"> ✓ JV dissolved ✓ Amended separation agreements to make clear no prohibition on communications with government ✓ Conducted FCPA training | <ul style="list-style-type: none"> ✗ Ignored whistleblower and retaliatory firing ✗ Document destruction ✗ Delayed response to subpoenas ✗ Over-assertion of privilege to stymie investigation |
|--|--|

OCH-ZIFF CAPITAL MANAGEMENT GROUP (SEPTEMBER): DOJ (DPA) / SEC C&D

- Hedge fund manager and global alternative asset management firm with more than \$39 billion in assets under management.
- Paid bribes to officials in at least four African countries to help win mining rights for a JV involving Och-Ziff. One employee even removed language from an internal audit report that called for an investigation into possible bribery.
- Also paid bribes (approx. \$2.5M) to officials in Libya to encourage sovereign wealth fund investments in Och-Ziff managed funds.
- Africa subsidiary also pled guilty to FCPA violations; sentencing in March 2017.
- CEO paid \$2.2M in settlement with SEC; CFO agreed to settlement (amount TBD)
- Approx. **five-year investigation**.
- DOJ (\$213M criminal penalty [**20% reduction for cooperation**] + 3 year compliance monitor); SEC C&D Order (\$173M disgorgement + \$25.8M interest)
- Received credit for **cooperation and “very thorough and comprehensive internal investigation”**

Factors cited in DPA:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Significant improvements to compliance program and internal controls | <input checked="" type="checkbox"/> Failed to self report |
| <input checked="" type="checkbox"/> Agreement to imposition of independent monitor | <input checked="" type="checkbox"/> Delays in early stages of investigation |
| | <input checked="" type="checkbox"/> High value of bribes and seriousness of offense |

HMT LLC AND NCH CORPORATION (SEPTEMBER): DOJ (DECLINATION + DISGORGEMENT)

- HMT LLC
 - Non-public Texas-based manufacturer of above-ground liquid storage tanks for the oil and gas industry.
 - Paid \$500K in bribes to officials in Venezuela and China in exchange for business that profited \$2.7M.
 - DOJ issued declination letter, but required disgorgement of \$2.7M, with no penalties.
- NCH Corporation
 - Non-public Texas-based cleaning products manufacturer.
 - China subsidiary gave Chinese officials approx. \$44,000 in cash, gifts, meals, and entertainment in exchange for business that profited \$335K.
 - DOJ issued declination letter, but required disgorgement of \$335K, with no penalties.
- DOJ cited Pilot Program in letters of declination that both companies:
 - Provided timely, voluntary self-disclosure
 - Conducted thorough and comprehensive global investigations
 - Committed to full cooperation
 - Agreed to disgorgement of profits
 - Implemented enhancements to compliance regimes
 - Took employment action against culpable individuals



GLAXOSMITHKLINE (SEPTEMBER): DOJ (NO ACTION) / SEC C&D

- Pharmaceutical giant with operations worldwide, including in China.
- Chinese authorities accused GSK of paying \$482M in bribes (including gifts, improper travel and entertainment expenses, shopping excursions, family and home visits, and cash) to health officials and doctors to boost sales between 2010 and 2013.
 - In 2014, a Chinese court fined GSK \$490M.
- Approx. **seven-year investigation**.
- SEC C&D Order (\$20M civil monetary penalty + 2 year reporting obligation on compliance improvements)
- Received credit for ***prompt and regular briefings regarding its own internal investigation; prompt response to document requests; global changes to business operations.***

Factors cited in C&D:

- Extensive cooperation**
- Timely disclosure of facts** learned in internal investigation
- Enhancements to compliance program**, third party oversight, and training
- Significant changes in business operations** in the area of the investigation
- Pervasive misconduct**
- High value of bribes and seriousness of offense**

THE AMERICAS

Atlanta
Chicago
Houston
Los Angeles
New York
Orange County

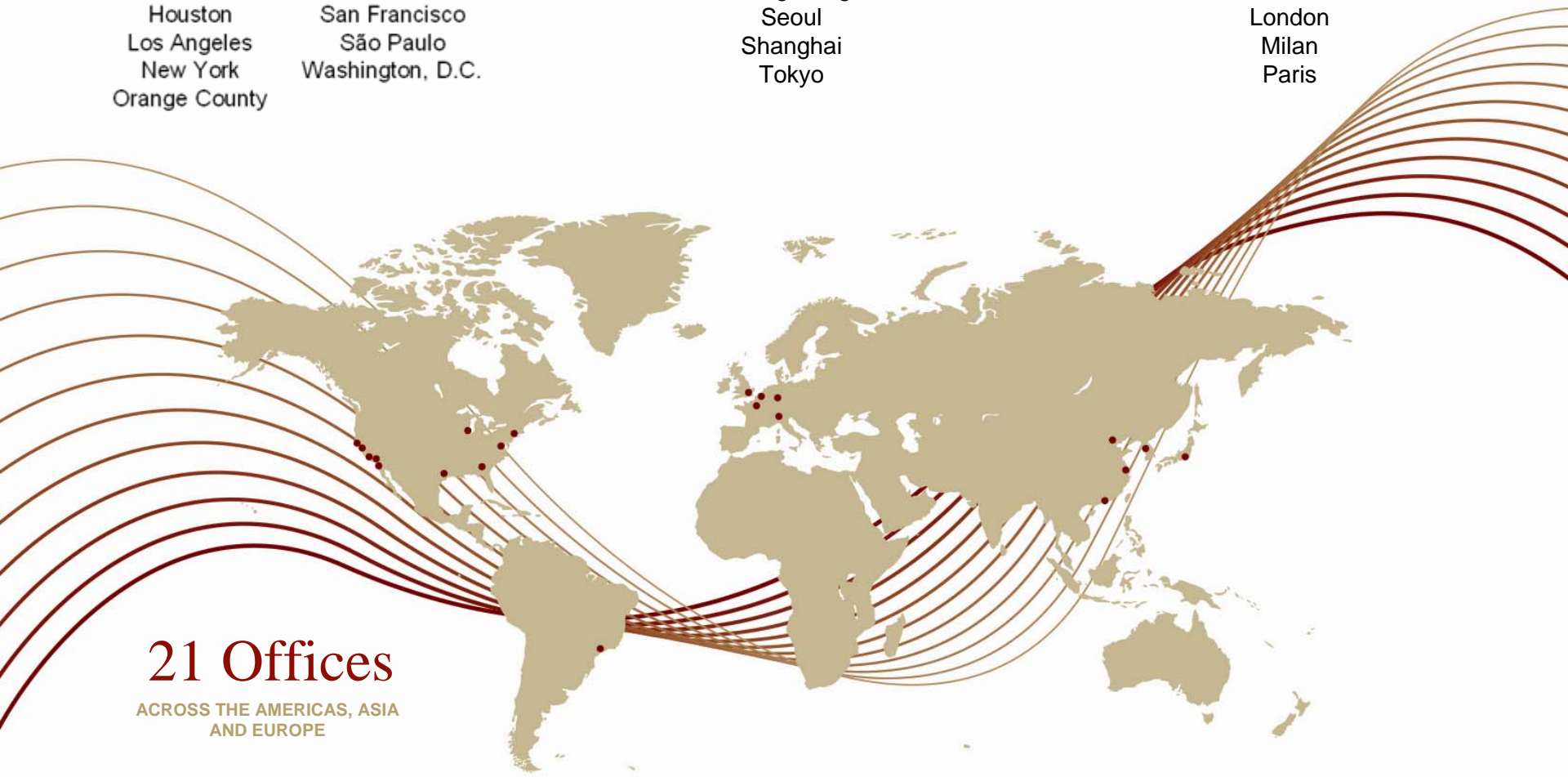
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São Paulo
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ASIA

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