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General Cable Corporation Agrees to Pay \$20 Million Penalty for Foreign Bribery Schemes in Asia and Africa

General Cable Corporation, a Kentucky-based manufacturer and distributor of cable and wire, entered into a non-prosecution agreement and agreed to pay a \$20 million penalty, reflecting a 50 percent reduction off the bottom of the U.S. Sentencing Guidelines fine range, to resolve the government's investigation into improper payments to government officials in Angola, Bangladesh, China, Indonesia and Thailand to corruptly gain business in violation of the Foreign Corrupt Practices Act (FCPA), announced Assistant Attorney General Leslie R. Caldwell of the Criminal Division and Assistant Director Stephen Richardson of the FBI's Criminal Investigative Division.

"General Cable paid bribes to officials in multiple countries in a scheme that involved a high-level executive of the company and resulted in profits of more than \$50 million worldwide," said Assistant Attorney General Caldwell. "But General Cable also voluntarily self-disclosed this misconduct to the government, fully cooperated and remediated. This resolution demonstrates the very real upside to coming in and cooperating with federal prosecutors and investigators. It also reflects our ongoing commitment to transparency."

"In 2015, International Corruption Squads across the country were formed to address the national and international implications of foreign corruption," said Assistant Director Richardson. "This settlement is an example of the exceptional efforts of those dedicated squads and investigators. The FBI looks forward to continuing to work with our law enforcement partners to address corruption, no matter how big or small."

According to General Cable's admissions, some parent-level and subsidiary-level employees, including executives, knew that some of its foreign subsidiaries used third-party agents and distributors to make corrupt payments to foreign officials in order to obtain and retain business. In one case the foreign subsidiary made corrupt payments directly to foreign officials. The corrupt conduct began in 2002. In 2011, when employees from a General Cable subsidiary expressed concerns to regional and parent-level executives that commission payments were being used for improper purposes, including potentially bribery, General Cable nevertheless failed to implement and maintain a system of internal accounting controls designed to detect and prevent such corruption and otherwise illegal payments.

According to admissions by General Cable made in connection with the resolution, these payments were discussed openly in email messages. For example, in June 2012, a sales agent in Bangladesh emailed an executive and other employees of General Cable's subsidiary in Thailand and said that a portion of the money that the Thailand subsidiary paid the sales agent would "be shared by decision makers in [the] customer, concerned higher ups in [the] Ministry[,] and some top executives at [the] bidder." In May 2013, the executive, who had become an executive at General Cable in December 2012, approved a payment to the Bangladeshi sales agent. In addition, in 2011, the same executive, who was at that time working at General Cable's Thailand subsidiary, informed a General Cable executive that payments to a distributor in Thailand were being used for corrupt purposes. General Cable did not investigate those payments, which continued to be made.

Between 2002 and 2013, General Cable subsidiaries paid approximately \$13 million to third-party agents and distributors, a portion of which was used to make unlawful payments to obtain business, ultimately netting the company approximately \$51 million in profits.

General Cable entered into a non-prosecution agreement and agreed to pay a criminal penalty of \$20,469,694.80 to resolve the matter. As part of the agreement, General Cable has agreed to continue to cooperate with the department in any ongoing investigations and prosecutions relating to the

conduct, including of individuals, to enhance its compliance program and to report to the department on the implementation of its enhanced compliance program.

The department reached this resolution based on a number of factors, including that General Cable voluntarily and timely disclosed the conduct at issue, fully cooperated in the investigation and fully remediated. General Cable's cooperation included conducting a thorough internal investigation; making regular factual presentations and proactively providing updates to the Fraud Section; voluntarily making foreign-based employees available for interviews in the United States; producing documents, including translations, to the Fraud Section from foreign countries in ways that did not implicate foreign data privacy laws; collecting, analyzing and organizing voluminous evidence and information for the Fraud Section; identifying, investigating and disclosing conduct to the Fraud Section that was outside the scope of its initial voluntary self-disclosure; and, by the conclusion of the investigation, providing to the Fraud Section all relevant facts known to it, including information about individuals and third parties involved in the misconduct. General Cable also took extensive remedial measures, including taking employment action against 13 employees who participated in the misconduct, resulting in their departure from the company, and terminating its relationships with 47 third-party agents and distributors who participated in the misconduct. Based on these actions and other considerations, the company received a non-prosecution agreement and an aggregate discount of 50 percent off of the bottom of the U.S. Sentencing Guidelines fine range.

In related proceedings, the U.S. Securities and Exchange Commission (SEC) filed a cease and desist order against General Cable, whereby General Cable agreed to pay approximately \$55 million in disgorgement to the SEC, including prejudgment interest. Thus, the combined penalties and disgorgement paid by General Cable is approximately \$75.75 million. The Fraud Section appreciates the cooperation and assistance provided by the SEC in this matter.

The FBI's International Corruption Squad in Washington, D.C., investigated the case. The department appreciates the cooperation and assistance provided by the U.S. Attorney's Office of the Eastern District of Kentucky in this matter. Trial Attorneys Christopher Cestaro and Lorinda Laryea of the Criminal Division's Fraud Section prosecuted the case. The Criminal Division's Office of International Affairs also provided substantial assistance in this matter.

The Criminal Division's Fraud Section is responsible for investigating and prosecuting all FCPA matters. Additional information about the department's FCPA enforcement efforts can be found at www.justice.gov/criminal/fraud/fcpa.