
SEC Charges Elbit Imaging Ltd. With Violating Books and Records and Internal Accounting Controls Provisions of the FCPA

ADMINISTRATIVE PROCEEDING

File No. 3-18397

March 9, 2018 – The Securities and Exchange Commission today announced that it charged Israel-based Elbit Imaging Ltd. for violating the books and records and the internal accounting controls provisions of the Foreign Corrupt Practices Act (FCPA).

According to the SEC’s order instituting a settled administrative proceeding, Elbit and Plaza Centers NV, an indirect subsidiary over which Elbit exerts functional control, paid millions of dollars to third-party offshore consultants and a sales agent purportedly for their services related to a real estate development project in Romania and the sale of a large portfolio of real estate assets in the U.S. Elbit and Plaza made these payments even though they lacked evidence that the consultants and the sales agent had actually provided the contracted for services. In addition, Elbit and Plaza failed to devise and maintain sufficient internal accounting controls to provide reasonable assurances that the companies’ funds would only be used as authorized, rather than the funds being embezzled or used to make corrupt payments. As detailed in the SEC’s order, they also failed to record these payments in their books and records accurately in a manner that fairly reflected the true nature of the payments.

The SEC’s order finds that Elbit violated Sections 13(b)(2)(A) and 13(b)(2)(B) of the Securities Exchange Act of 1934. Without admitting or denying the findings, Elbit agreed to a cease-and-desist order and to pay a \$500,000 civil money penalty. In determining to accept the offer, the SEC considered Elbit’s self-reporting, cooperation, remedial acts, and that it is in the process of winding down operations by selling its principal assets.

The SEC’s investigation was conducted by John C. Lehmann and Charles D. Riely, and supervised by Lara Shalov Mehraban of the SEC’s New York Regional Office.

Related Materials

- Order – Elbit Imaging Ltd.

Modified: March 9, 2018