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JUSTICE NEWS

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**Alcoa World Alumina Agrees to Plead Guilty to Foreign Bribery
and Pay \$223 Million in Fines and Forfeiture**

Alcoa World Alumina LLC, a majority-owned and controlled global alumina sales company of Alcoa Inc., has agreed to plead guilty later today and pay \$223 million in criminal fines and forfeiture to resolve charges that it paid millions of dollars in bribes through an international middleman in London to officials of the Kingdom of Bahrain, in violation of the Foreign Corrupt Practices Act (FCPA).

Acting Assistant Attorney General Mythili Raman of the Justice Department's Criminal Division, U.S. Attorney David J. Hickton of the Western District of Pennsylvania, Chief Richard Weber of IRS—Criminal Investigation (IRS-CI), and Assistant Director in Charge Valerie Parlave of the FBI's Washington Field Office made the announcement.

"Alcoa World Alumina today admits to its involvement in a corrupt international underworld in which a middleman, secretly held offshore bank accounts, and shell companies were used to funnel bribes to government officials in order to secure business," said Acting Assistant Attorney General Raman. "The law does not permit companies to avoid responsibility for foreign corruption by outsourcing bribery to their agents, and, as today's prosecution demonstrates, neither will the Department of Justice."

"Today's case shows that multinational corporations cannot get away with using middlemen to structure sham business arrangements that funnel kickbacks to government officials," said U.S. Attorney Hickton.

Alcoa World Alumina has agreed to plead guilty in the Western District of Pennsylvania to one count of violating the anti-bribery provisions of the FCPA in connection with a 2004 corrupt transaction, to pay a criminal fine of \$209 million, and to administratively forfeit \$14 million. As part of the plea agreement, Alcoa Inc. (Alcoa) has agreed to maintain and implement an enhanced global anti-corruption compliance program.

In a parallel action, Alcoa settled with the U.S. Securities and Exchange Commission (SEC) and will pay an additional \$161 million in disgorgement, bringing the total amount of U.S. criminal and regulatory penalties to be paid by Alcoa and Alcoa World Alumina to \$384 million.

"This case is the result of unraveling complex financial transactions used by Alcoa World Alumina LLC's agent to facilitate kickbacks to foreign government officials," said Chief Richard Weber of IRS-CI. "IRS-CI will not be deterred by the use of sophisticated international financial transactions as we continue our ongoing efforts to pursue corporations and executives who use hidden offshore assets and shell companies to circumvent the law."

"Corrupt kickback payments to foreign government officials to obtain business diminish public confidence in global commerce," said Assistant Director in Charge Parlave. "There is no place for bribery in any business model or corporate culture. Today's plea demonstrates the FBI and our law enforcement partners are committed to curbing corruption and will pursue all those who try to advance their businesses through bribery."

Today's court filings allege that Alcoa of Australia, another Alcoa-controlled entity, originally secured a long-term alumina supply agreement with Aluminium Bahrain B.S.C. (Alba), an aluminium smelter controlled by the government of Bahrain. At the request of certain members of Bahrain's Royal Family who controlled the tender process, Alcoa of Australia inserted a London-based middleman with close ties to certain Royal Family members as a sham sales agent and agreed to pay him a corrupt commission intended to conceal bribe payments, according to court papers. Over time, Alcoa of Australia expanded the relationship with the middleman, identified as Consultant A in today's court filings, to begin invoicing increasingly larger volumes of alumina sales through his shell companies, which permitted Consultant A to make larger bribe payments to certain government officials, according to today's filings.

As admitted in the charging documents, in 2004, Alcoa World Alumina corruptly secured a long-term alumina supply agreement with Alba by agreeing to purportedly sell over 1.5 million metric tons of alumina to Alba through offshore shell companies owned by Consultant A. The sham distributorship permitted Consultant A to mark up the price of alumina by approximately \$188 million from 2005 to 2009, the duration of the corrupt supply agreement. Court filings allege that Consultant A used the mark-up to pay tens of millions in corrupt kickbacks to Bahraini government officials, including senior members of Bahrain's Royal Family. To conceal the illicit payments, Consultant A and the government officials used various offshore bank accounts, including accounts held under aliases, at several major financial institutions around the world, including in Guernsey, Luxembourg, Liechtenstein and Switzerland.

In addition to the monetary penalty, Alcoa and Alcoa World Alumina agreed to cooperate with the department in its continuing investigation of individuals and institutions involved in these matters.

The plea agreement and related court filings acknowledge Alcoa's current financial condition as a factor relevant to the size of the criminal fine, as well as Alcoa's and Alcoa World Alumina's extensive cooperation with the department, including conducting an extensive internal investigation, making proffers to the government, voluntarily making current and former employees available for interviews, and providing relevant documents to the department. Court filings also acknowledge subsequent anti-corruption remedial efforts undertaken by Alcoa.

The department acknowledges and expresses its appreciation for the cooperation and assistance of the Office of the Attorney General of Switzerland, the Guernsey Financial Intelligence Service and Guernsey Police, the Australian Federal Police, the U.K.'s Serious Fraud Office, and other law enforcement authorities in the department's investigation of this matter. The department also acknowledges and expresses its appreciation for the significant assistance provided by the SEC's Division of Enforcement.

The investigation is being conducted by Special Agents and analysts with the IRS-Criminal Investigation's Washington Field Office and the FBI's Washington Field Office. The case is being prosecuted by Deputy Chief Adam G. Safwat and Trial Attorneys Andrew Gentin, Allan J. Medina and Andrew H. Warren of the Criminal Division's Fraud Section, with the assistance of the U.S. Attorney's Office for the Western District of Pennsylvania. The Criminal Division's Office of International Affairs also provided significant assistance during this investigation.

Additional information about the Justice Department's FCPA enforcement efforts can be found at www.justice.gov/criminal/fraud/fcpa.

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Criminal Division