



# Department of Justice

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## **Ingersoll-Rand Agrees to Pay \$2.5 Million Fine in Connection with Payment of Kickbacks Under the U.N. Oil for Food Program**

WASHINGTON – The Ingersoll-Rand Company Limited has agreed to pay a \$2.5 million fine as part of an agreement with the U.S. government regarding charges brought in connection with an ongoing investigation of the U.N. “Oil for Food” program, Assistant Attorney General Alice S. Fisher of the Criminal Division announced today.

A criminal information filed at U.S. District Court in the District of Columbia charges Ingersoll-Rand subsidiary Thermo King Ireland Limited with conspiracy to commit wire fraud. Another information also filed at the federal court in Washington, D.C., charges subsidiary Ingersoll-Rand Italiana SpA with conspiracy to commit wire fraud and to violate the books and records provisions of the Foreign Corrupt Practices Act.

Ingersoll-Rand has acknowledged responsibility for the behavior of its subsidiaries and has agreed to pay a \$2.5 million penalty as part of a deferred prosecution agreement. In recognition of Ingersoll-Rand’s thorough review of the improper payments and the company’s implementation of enhanced compliance policies and procedures, the Justice Department has agreed to defer prosecution of criminal charges against Ingersoll-Rand and its subsidiaries for three years. If Ingersoll-Rand abides by the terms of the deferred prosecution agreement, the Justice Department will dismiss the criminal charges against its subsidiaries.

According to the deferred prosecution agreement, Ingersoll-Rand acknowledges that employees and agents of its subsidiaries paid kickbacks to the Iraqi government in order to obtain contracts with Iraqi ministries to provide road construction equipment, air compressors and parts, and refrigerated trucks.

In a related matter, Ingersoll-Rand reached a settlement today with the Securities and Exchange Commission on a complaint and agreed to pay \$1.95 million in civil penalties and approximately \$2.27 million in disgorgement of all profits, including pre-judgment interest, in connection with contracts for which its subsidiaries paid kickbacks to the Iraqi government.

According to the court documents filed today, between October 2000 and August 2003, employees of Ingersoll-Rand subsidiaries paid a total of approximately \$600,000, and offered to pay an additional \$250,000, in kickbacks to the Iraqi government by inflating the price of contracts by approximately 10 percent before submitting them to the United Nations for approval, and concealed from the United Nations the fact that the contract prices contained a kickback to the Iraqi government.

The Oil for Food program was established by the United Nations to enable Iraq to sell its oil for humanitarian purposes, in the context of an extensive international sanctions regime. The program mandated that the proceeds of oil sales be deposited in a U.N. bank account and that those proceeds be used by the Iraqi government only to purchase humanitarian goods and services, such as food and medicine, approved by the United Nations. Beginning in 2000, the Iraqi government began requiring companies wishing to sell humanitarian goods to government ministries to pay a kickback, often mischaracterized as an “after sales services fee,” to the government in order to be granted a contract. The amount of that fee was usually 10 percent of the contract price. Such payments were not permitted

under the Oil for Food program or other sanctions regimes then in place.

The Department's investigation of Ingersoll-Rand is being conducted by the Fraud Section of the Criminal Division along with the Federal Bureau of Investigation. This case is being prosecuted by Trial Attorney Kathleen Hamann and Assistant Chief William B. Jacobson of the Fraud Section. The Enforcement Division of the Securities and Exchange Commission has provided significant assistance to the Justice Department's investigation of the Oil for Food program.

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