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Marubeni Corporation Agrees to Plead Guilty to Foreign Bribery Charges and to Pay an \$88 Million Fine

Marubeni Corporation, a Japanese trading company involved in the handling of products and provision of services in a broad range of sectors around the world, including power generation, entered a plea of guilty today for its participation in a scheme to pay bribes to high-ranking government officials in Indonesia to secure a lucrative power project.

Acting Assistant Attorney General Mythili Raman of the Justice Department's Criminal Division, Acting U.S. Attorney Michael J. Gustafson of the District of Connecticut and Assistant Director in Charge Valerie Parlave of the FBI's Washington Field Office made the announcement.

"Marubeni pleaded guilty to engaging in a seven-year scheme to pay – and conceal – bribes to a high-ranking member of Parliament and other foreign officials in Indonesia," said Acting Assistant Attorney General Raman. "The company refused to play by the rules, then refused to cooperate with the government's investigation. Now Marubeni faces the consequences for its crooked business practices in Indonesia."

"For several years, the Marubeni Corporation worked in concert with a Connecticut company, among others, to bribe Indonesian officials in order to secure a contract to provide power-related services in Indonesia," said Acting U.S. Attorney Michael J. Gustafson. "Today's guilty plea by Marubeni Corporation is an important reminder to the business community of the significant consequences of participating in schemes to bribe government officials, whether at home or abroad."

"Companies that wish to do business in the United States or with U.S. companies must adhere to U.S. law, and that means bribery is unacceptable," said Assistant Director in Charge Parlave. "The FBI continues to work with our international law enforcement partners as demonstrated in this case to ensure that companies are held accountable for their criminal conduct. I want to thank the agents, analysts and prosecutors who brought this case to today's conclusion."

Marubeni entered a plea of guilty to an eight-count criminal information filed today in the U.S. District Court for the District of Connecticut, charging Marubeni with one count of conspiracy to violate the anti-bribery provisions of the Foreign Corrupt Practices Act (FCPA) and seven counts of violating the FCPA. Marubeni admitted its criminal conduct and has agreed to pay a criminal fine of \$88 million, subject to the district court's approval. Sentencing has been scheduled for May 15, 2014.

As part of the plea agreement, Marubeni has agreed to maintain and implement an enhanced global anti-corruption compliance program and to cooperate with the department's ongoing investigation. The plea agreement cites Marubeni's decision not to cooperate with the department's investigation when given the opportunity to do so, its lack of an effective compliance and ethics program at the time of the offense, its failure to properly remediate and the lack of its voluntary disclosure of the conduct as some of the factors considered by the department in reaching an appropriate resolution.

Frederic Pierucci, who was the vice president of global boiler sales at Marubeni's consortium partner, pleaded guilty on July 29, 2013, to one count of conspiring to violate the FCPA and one count of violating the FCPA.

David Rothschild, a former vice president of regional sales at the consortium partner, pleaded guilty on Nov. 2, 2012, to one count of conspiracy to violate the FCPA. Lawrence Hoskins, a former senior vice president for the Asia region for the consortium partner, and William Pomponi, a former vice president of regional sales at the consortium partner, were charged in a second superseding indictment on July 30, 2013. The charges against Hoskins and Pomponi are merely allegations, and the defendants are presumed innocent unless and until proven guilty.

According to court filings, Marubeni and its employees, together with others, paid bribes to officials in Indonesia – including a high-ranking member of the Indonesian Parliament and high-ranking members of Perusahaan Listrik Negara (PLN), the state-owned and state-controlled electricity company in Indonesia – in exchange for assistance in securing a \$118 million contract, known as the Tarahan project, for Marubeni and its consortium partner to provide power-related services for the citizens of Indonesia. To conceal the bribes, Marubeni and its consortium partner retained two consultants purportedly to provide legitimate consulting services on behalf of the power company and its subsidiaries in connection with the Tarahan project. The primary purpose for hiring the consultants, however, was to use the consultants to pay bribes to Indonesian officials.

As admitted in court documents, Marubeni and its co-conspirators retained the first consultant in the fall of 2002. However, in the fall of 2003, before the Tarahan contract had been awarded, Marubeni and its co-conspirators determined that the first consultant was not bribing key officials at PLN effectively. One e-mail between employees of the power company's subsidiary in Indonesia described a meeting between Marubeni employees, employees of its consortium partner, and PLN officials during which the PLN officials expressed "concern" that if Marubeni and its consortium partner win the project, whether the agent would give the officials "rewards" that they would consider "satisfactory," or "only give them pocket money and disappear. Nothing has been shown by the agent that the agent is willing to spend money." Shortly thereafter, a Marubeni employee sent an e-mail to other employees at Marubeni and its consortium partner stating that "unfortunately our agent almost did not execute his function at all, so far. In case we don't take immediate action now now [sic], we don't have any chance to get this project forever."

As a result, Marubeni and its consortium partner decided to reduce the first consultant's commission from three percent of the total contract value to one percent, and pay the remaining two percent to a second consultant who could more effectively bribe officials at PLN. In an e-mail between two employees of Marubeni's consortium partner, they discussed a meeting between Marubeni, an executive from the consortium partner, and the first consultant, stating that the first consultant "committed to convince [the member of Parliament] that 'one' [percent] is enough."

Marubeni and its co-conspirators were successful in securing the Tarahan project and subsequently made payments to the consultants for the purpose of bribing the Indonesian officials. Marubeni and its co-conspirators paid hundreds of thousands of dollars into the first consultant's bank account in Maryland to be used to bribe the member of Parliament. The consultant then allegedly transferred the bribe money to a bank account in Indonesia for the benefit of the official.

This case is being investigated by FBI agents from the Washington Field Office, with assistance from the Resident Agency of the FBI in Meriden, Conn. Significant assistance was provided by the Criminal Division's Office of International Affairs. In addition, the department greatly appreciates the significant cooperation provided by its law enforcement colleagues in Indonesia at the Komisi Pemberantasan Korupsi (Corruption Eradication Commission), the Office of the Attorney General in Switzerland and the Serious Fraud Office in the United Kingdom.

The case is being prosecuted by Assistant Chief Daniel S. Kahn of the Criminal Division's Fraud Section and Assistant U.S. Attorney David E. Novick of the District of Connecticut.

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