

Concurrent Resolution of Foreign Corrupt Practices Act (FCPA), Export Controls and Sanctions Violations Demonstrates Close Cooperation of Federal Agencies

Article By:

Michael M. Rosensaft

On November 26, the **Department of Justice (DOJ)** and the **Securities and Exchange Commission** announced an agreement with three subsidiaries of Swiss oil services company Weatherford International Ltd. to settle **Foreign Corrupt Practices Act (FCPA)** and criminal export violations under the International Emergency Economic Powers Act and the Trading with the Enemy Act. The settlements collectively represent the most significant resolutions to date in which FCPA, export controls and sanctions violations have been concurrently resolved, and they also mark the first time that foreign trade control violations have been resolved through a settlement structure common in FCPA cases.

According to the DOJ press release, Weatherford failed to establish internal controls to prevent FCPA violations, despite the risks posed by the company's industry and the regions in which it operates. This failure allowed the Weatherford subsidiaries to engage in corruption in Africa and the Middle East and fraudulently misuse the United Nations Oil for Food Program. Weatherford subsidiaries also reportedly participated in the unlicensed export or re-export of US-origin goods to sanctioned countries such as Iran and Syria. Acting Assistant Attorney General Raman observed that:

effective internal accounting controls are not only good policy, they are required by law for publicly traded companies – and for good reason. This case demonstrates how loose controls and an anemic compliance environment can foster foreign bribery and fraud by a company's subsidiaries around the globe. Although Weatherford's extensive remediation and its efforts to improve its compliance functions are positive signs, the corrupt conduct of Weatherford International's subsidiaries allowed it to earn millions of dollars in illicit profits, for which it is now paying a significant price.

Under the agreement, the three Weatherford subsidiaries will pay penalties and fines totaling more than \$252 million, and plead guilty to one count of violating the FCPA's internal controls provisions and export controls charges. Weatherford also agreed to settle a civil FCPA enforcement case with the SEC and will enter into two deferred prosecution agreements. The combination of FCPA,

sanctions and export controls violations illustrates a continuing trend of cooperation among the SEC's and DOJ's FCPA units with the US Department of the Treasury's Office of Foreign Asset Control and the US Department of Commerce's Bureau of Industry and Security.

©2025 Katten Muchin Rosenman LLP

National Law Review, Volume III, Number 348

Source URL: <https://natlawreview.com/article/concurrent-resolution-foreign-corrupt-practices-act-fcpa-export-controls-and-sanctio>