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Department of Justice

Office of Public Affairs

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Beam Suntory Inc. Agrees to Pay Over \$19 Million to Resolve Criminal Foreign Bribery Case

Beam Suntory Inc. (Beam), a Chicago-based company that produces and sells distilled beverages, has agreed to pay a criminal monetary penalty of \$19,572,885 to resolve the department's investigation into violations of the Foreign Corrupt Practices Act (FCPA).

The resolution arises in part out of Beam's scheme to pay a bribe to an Indian government official in exchange for approval of a license to bottle a line of products that Beam sought to market and sell in India, and related internal controls and books and records violations, which included efforts by a then-member of Beam's legal department to affirmatively avoid uncovering information related to improper activities and practices by third-parties engaged by Beam in India that presented corruption risks.

Beam entered into a three-year deferred prosecution agreement with the Criminal Division's Fraud Section and the U.S. Attorney's Office for the Northern District of Illinois in connection with a criminal information unsealed today in the Northern District of Illinois charging Beam with one count of conspiracy to violate the anti-bribery, internal controls, and books and records provisions of the FCPA.

"Beam and its Indian subsidiary not only paid bribes to Indian government officials, they intentionally failed to implement internal controls to prevent bribery and falsified their books and records to conceal the corrupt activity," said Acting Assistant Attorney General Brian C. Rabbitt of the Justice Department's Criminal Division. "Companies that use corrupt influence instead of competing in a fair, ethical, and honest manner should take note of today's agreement: paying bribes to obtain and retain business is not business as usual, it is a crime."

"U.S. companies that attempt to gain the upper hand in foreign business ventures by engaging in corruption must be held accountable," said U.S. Attorney John R. Lausch Jr. for the Northern District of Illinois. "The Foreign Corrupt Practices Act has a long reach, and for good reason. It is critical that our global economy remain on a fair playing field."

"Bribery undermines the public's trust in our markets, and the FBI will never stop fighting to hold corrupt companies accountable whenever and wherever they abuse that trust," said Special Agent in Charge Emmerson Buie Jr. of the FBI's Chicago Office.

According to its admissions, Beam conspired with others to violate the FCPA by, among other things, engaging in a scheme to pay a bribe of one million Indian Rupees (approximately equal to \$18,000 at the then exchange rate) to a senior Indian government official in exchange for that official's approval of a license to bottle "Ready-to-Drink" (RTD) products that Beam sought to market and sell in India through its subsidiary, Beam Global Spirits & Wine (India) Private Ltd. (Beam India). The bribe was authorized by a high-ranking executive at Beam's Asia Pacific/South America regional business unit, who directed that the payment be made through Beam India's third-party bottler in order to conceal it.

According to its admissions, from the time Beam acquired the Indian business in 2006 through the end of the third quarter of 2012, Beam India paid bribes and made other improper payments to various Indian government officials, including corrupt payments to obtain or retain business in the Indian market. Most of the corrupt payments were made

through third-party sales promoters and distributors, who paid government officials to secure orders of Beam products at government controlled depots and retail stores, obtain prominent placement of Beam products in government retail stores, acquire and renew label registrations and licenses, and enable the distribution of Beam spirit products from Beam India's Behror bottling facility to warehouses in other states throughout India.

As part of the conspiracy, Beam also agreed with others to fail to implement and maintain an adequate system of internal accounting controls, which would have helped to detect and halt Beam India's longstanding practice of making corrupt payments to Indian government officials, and to falsify its books and records. On numerous occasions, Beam was cautioned by outside advisors regarding the need to implement sufficient internal accounting controls relating to risks associated with improper activities by third parties in India, but Beam failed to implement sufficient controls. Beam also maintained falsely recorded expenses, including corrupt payments concealed as commission expenses, and falsified certifications, including false sub-certification letters submitted under the Sarbanes-Oxley Act of 2002, in its consolidated books, records, and accounts.

As part of the deferred prosecution agreement, Beam agreed to continue to cooperate with the department in any ongoing or future criminal investigations concerning Beam, its executives, employees, or agents. In addition, under the agreement, Beam agreed to enhance its compliance program and to report to the government on the implementation of its enhanced compliance program.

The government reached this resolution with Beam based on a number of factors, including the failure to timely disclose the conduct that triggered the investigation; the nature and seriousness of the offense, including the involvement of a then-executive officer of Beam, a then-high-level employee in Beam's Legal Department, and a then-high-level executive at Beam India; the lack of an effective compliance program at the time of the misconduct; the company's failure to fully cooperate, including positions taken by Beam that were not consistent with full cooperation, as well as significant delays caused by Beam in reaching a timely resolution and its refusal to accept responsibility for several years; and Beam's failure to fully remediate, including its failure to discipline certain individuals involved in the conduct.

The criminal monetary penalty for Beam reflects a 10 percent reduction off the bottom of the U.S. Sentencing Guidelines fine range because Beam received partial credit for its remediation and cooperation with the government's investigation.

In July 2018, in a related matter with the U.S. Securities and Exchange Commission (SEC), Beam agreed to pay the SEC disgorgement and prejudgment interest totaling approximately \$6 million and a civil monetary penalty of \$2 million but the department is not crediting any portion of the penalty paid to the SEC because Beam did not seek to coordinate a parallel resolution with the department.

The FBI's Chicago Office investigated the case. Trial Attorneys John-Alex Romano and Della Sentilles of the Criminal Division's Fraud Section and Assistant U.S. Attorney Tyler C. Murray of the U.S. Attorney's Office for the Northern District of Illinois are prosecuting the case.

The Justice Department's Office of International Affairs provided significant assistance in this case.

The Fraud Section is responsible for investigating and prosecuting all FCPA matters. Additional information about the Justice Department's FCPA enforcement efforts can be found at www.justice.gov/criminal-fraud/foreign-corrupt-practices-act.

The year 2020 marks the 150th anniversary of the Department of Justice. Learn more about the history of our agency at www.Justice.gov/Celebrating150Years.

Attachment(s):

[Download Beam Deferred Prosecution Agreement](#)

[Download Beam Information](#)

Topic(s):

Foreign Corruption

Component(s):

Civil Rights - Criminal Section

Criminal - Criminal Fraud Section

Criminal - Office of International Affairs

Federal Bureau of Investigation (FBI)

USAO - Illinois, Northern

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