

In the Matter of Beam Inc. (2018)

Nature of the Business.

Beam Inc., formerly a Delaware corporation with its headquarters in Chicago, Illinois, is a global manufacturer and seller of alcoholic beverages. Until May 2014, Beam maintained stock that was registered with the SEC under Section 12(b) of the Exchange Act and traded on the New York Stock Exchange. After April 2014, Beam was acquired by Suntory Holdings Limited, a Japanese corporation. Beam Global Spirits & Wine (India) Private Limited ("Beam India"), which was acquired by Beam in 2006, bottled and sold Beam products in India.

Influence to be Obtained.

According to the SEC, from at least 2006 through 2012, Beam India made improper payments to Indian government officials to obtain or retain business in the highly regulated Indian alcohol market. The SEC alleged that Beam India made payments to lower level and senior level government officials to increase government purchases for government-run retail and distribution channels, obtain better positioning of Beam's products, and expedite label licenses and other registrations. Beam India allegedly used third parties, such as promoters who marketed the products, to facilitate the payments to government officials, and the promoters would then submit inflated or fabricated invoices to Beam India for compensation.

The SEC alleged that senior managers at Beam India, as well as certain senior management at Beam Inc., were aware of the practices, particularly after a 2010 internal investigation revealed risks of improper payments. However, the SEC claimed that Beam did not adequately address the known risks to prevent continued payments in contravention of the FCPA.

Enforcement.

On July 2, 2018, the SEC settled its enforcement action against Beam Inc. for violations of the FCPA's books-and-records and internal controls provisions. According to the cease-and-desist order, Beam Inc. agreed to pay \$5,264,340 in disgorgement, \$917,498 in prejudgment interest, and civil monetary penalty of \$2,000,000, for a total penalty of \$8,181,838.

Key Facts

Citation. *In the Matter of Beam Inc.*, Admin. Proc. File No. 3-18568 (July 2, 2018).

Date Filed. July 2, 2018.

Country. India.

Date of Conduct. 2006 – 2012.

Amount of the Value. Not stated.

Amount of Business Related to the Payment. Not stated.

Intermediary. Promoters.

Foreign Official. Unnamed Indian government officials regulating alcoholic beverages.

FCPA Statutory Provision. Books-and-Records; Internal Controls.

Other Statutory Provision. None.

Disposition. Cease-and-Desist Order.

Defendant Jurisdictional Basis. Issuer.

Defendant's Citizenship. Japan.

Total Sanction. \$8,181,838.

Compliance Monitor/Reporting Requirements. None.

Related Enforcement Actions. None.

Total Combined Sanction. \$8,181,838.