

## United States v. AB Volvo (D.D.C. 2008)

## United States v. Volvo Construction Equipment AB (D.D.C. 2008)

## United States v. Renault Trucks SAS (D.D.C. 2008)

### Nature of the Business.

Sales of heavy commercial construction equipment and vehicles and other equipment to Iraq under the U.N. Oil-for-Food Program.

### Influence to be Obtained.

In April 1995, the U.N. adopted Security Council Resolution 986, which permitted the government of Iraq to sell oil and to use proceeds from those sales to purchase humanitarian supplies such as food for the Iraqi people (“U.N. Oil-for-Food Program”). In an extensive scheme, the Iraqi government received illicit payments in the form of surcharges from oil purchasers and kickbacks, often termed “after sales service fees,” from humanitarian goods suppliers. The kickback payments were masked by inflating the contract price, usually by 10% of the contract value. The government did not allege bribery of any individual foreign governmental officials.

Volvo Construction Equipment (formerly Volvo Construction Equipment International, AB or “Volvo Construction”) is an international seller of heavy commercial construction equipment. Between December 2000 and January 2003, Volvo Construction paid approximately \$1.3 million in kickbacks to the Iraqi government, improperly labeled as “commission” payments in its books and records. These kickbacks were included in various contract prices submitted by Volvo Construction and its distributors and ensured that Volvo Construction was awarded a total of approximately \$13.8 million worth of contracts to supply construction vehicles to the Iraqi government.

From November 2000 through April 2003, Renault Trucks SAS (“Renault”) entered into 17 contracts with various Iraqi ministries, including the 10% kickback payment. In performing the contracts, Renault used a Swiss bodybuilder to tailor the requested vehicles to the Iraqi ministry’s specifications. Renault provided extra payments to that company and was aware that these extra payments were being passed on to the Iraqi government to ensure that they were awarded additional contracts. Overall, the Iraqi government received \$4.8 million in kickbacks from Renault. In return for these kickbacks, Renault Trucks SAS obtained contracts to supply vehicles and other equipment approximately worth €61 million.

### Enforcement.

On March 20, 2008, AB Volvo (the parent company of Volvo Construction and Renault Trucks SAS) entered into a three-year deferred prosecution agreement with the DOJ. Pursuant to the agreement, the DOJ filed two criminal informations against Volvo Construction and Renault respectively alleging conspiracy to commit wire fraud and to violate the FCPA’s books-and-records provisions. Under the agreement, AB Volvo agreed to pay a fine totaling \$7 million. In June 2011, the Court granted the DOJ’s motion to dismiss the information against AB Volvo because it had complied with the terms of the DPA. In addition, AB Volvo settled related charges with the SEC. In March 2009, three unnamed executives at Volvo Construction were criminally charged by Swedish prosecutors for their involvement in the bribery scandal. They could face jail sentences if convicted.

### Key Facts

**Citation.** *United States v. AB Volvo, et al.*, No. 1:08-cr-00069 (D.D.C. 2008); *United States v. Volvo Const. Equip. AB*, No. 1:08-cr-00069 (D.D.C. 2008); *United States v. Renault Trucks SAS*, No. 1:08-cr-00069 (D.D.C. 2008).

**Date Filed.** March 20, 2008.

**Country.** Iraq.

**Date of Conduct.** 2000 – 2003.

**Amount of the Value.** \$6.1 million in kickbacks to the Iraqi government.

**Amount of Business Related to the Payment.** \$13.8 million and €61 million.

**Intermediary.** Distributors and “Bodybuilder.”

**Foreign Official.** None.

#### FCPA Statutory Provision.

- **AB Volvo.** None.
- **Volvo Construction Equip.** Conspiracy (Books-and-Records).
- **Renault Trucks.** Conspiracy (Wire Fraud).

#### Other Statutory Provision.

- **AB Volvo.** None.
- **Volvo Construction Equip.** Conspiracy (Wire Fraud).
- **Renault Trucks.** Conspiracy (Wire Fraud).

#### Disposition.

- **AB Volvo.** Deferred Prosecution Agreement.
- **Volvo Construction Equip.** Deferred Prosecution Agreement.
- **Renault Trucks.** Deferred Prosecution Agreement.

#### Defendant Jurisdictional Basis.

- **AB Volvo.** Issuer.
- **Volvo Construction Equip.** Conspiracy; Agent of Issuer.
- **Renault Trucks.** Conspiracy; Agent of Issuer.

**Defendant's Citizenship.**

- **AB Volvo.** Sweden.
- **Volvo Construction Equip.** Sweden.
- **Renault Trucks.** France.

**Total Sanction.** \$7,000,000.

**Compliance Monitor/Reporting Requirements.**  
None.

**Related Enforcement Actions.** *SEC v. AB Volvo.*

**Total Combined Sanction.** \$19,602,649.