

United States v. Goodyear Int'l Corp. (D.D.C. 1989)

Nature of the Business.

Marketing of car and truck tires to the Iraqi government by Goodyear Int'l Corp. ("Goodyear"), a Delaware corporation and a domestic concern.

Influence to be Obtained.

In early 1978, an employee (the Employee) of the Middle East regional export manager for Goodyear International Corp. (GIC), met with officials of the Iraqi state-owned trading organization, Iraqi Trading Company (ITC), which purchases virtually all of the tires for sale in Iraq. In a private meeting with the Employee, one of the ITC officials, Mohammed Jassem, informed the Employee that GIC's competitors in France, Korea, and Japan had been willing to pay cash commissions to ensure "good relationships" with ITC and that it would only get a limited amount of business with ITC without such payments. The Employee initially declined but, after getting pressured from his superiors to get the business despite ITC's request, later negotiated a 7% cash commission for the ITC officials. Following this agreement, GIC received over \$19 million worth of business from ITC through three transactions.

The Employee and other GIC officials used advertising agencies to cover the cash commissions to be paid to the ITC officials. In one instance, they engaged a Greek company to conduct "marketing studies," who provided a very superficial report. The invoiced amount was deposited into the Greek company's bank account in the Union Bank of Switzerland (UBS). The Employee opened an account under his name in the same bank, and a substantial portion of the invoiced amount was then transferred to the Employee's account. The Employee withdrew money from this account to pay the ITC officials. In another instance, the Employee and other GIC officials had false invoices prepared on the letterhead of a defunct advertising agency for purportedly placing Arabic advertisements in Baghdad newspapers. The invoiced amounts were deposited into an account in UBS which was opened under the name of the defunct advertising agency for this specific purpose. The Employee then transferred the money into his account at UBS.

Enforcement.

As a result of the conduct described above, Goodyear pled guilty to the single count of violating the FCPA bribery section and was fined \$250,000.

Key Facts

Citation. *United States v. Goodyear Int'l Corp.*, No. 89-cr-0156 (D.D.C. 1989).

Date Filed. May 11, 1989.

Country. Iraq.

Date of Conduct. 1978 - 1984.

Amount of the Value. \$981,124, a 7% payment on sale of tires.

Amount of Business Related to the Payment. \$10 million in business.

Intermediary. Use of a Greek company and Goodyear's advertising manager for Greece to prepare bogus advertising and marketing studies to conceal payments of cash to representatives of Iraqi foreign officials in Switzerland.

Foreign Official. An official of the Iraqi Trading Company, an Iraqi state-owned trading organization, through which the Iraqi government purchased virtually all of the tires for sale in Iraq.

FCPA Statutory Provision. Anti-Bribery.

Other Statutory Provision. None.

Disposition. Plea Agreement.

Defendant Jurisdictional Basis. Domestic Concern.

Defendant's Citizenship. United States.

Total Sanction. \$250,000.

Compliance Monitor/Reporting Requirements. None.

Related Enforcement Actions. None.