

United States v. JGC Corporation (S.D. Tex. 2011)

Nature of the Business.

Engineering, procurement, and construction (“EPC”) contracts to design and build a liquefied natural gas (“LNG”) plant and several expansions on Bonny Island, Nigeria. JGC Corporation (“JGC”), a Japanese company, was part of a four-company joint venture formed in 1990 for bidding on a series of these contracts. The joint venture consisted of Technip S.A., Snamprogetti Netherlands B.V., Kellogg, Brown & Root, Inc., and JGC (collectively, “TSKJ”). TSKJ was awarded four EPC contracts for the Bonny Island Project between 1995 and 2004.

Influence to be Obtained.

From August 1994 until June 2004, senior executives, employees, and agents of JGC and its partners in the joint venture authorized, promised, and paid bribes to Nigerian government officials—including officials in the executive branch, employees of the government-owned Nigerian National Petroleum Corporation, and employees of government-controlled Nigeria LNG Limited—to win and retain Bonny Island EPC contracts. The joint venture ultimately obtained four contracts worth \$6 billion. Employees and agents of TSKJ held “cultural meetings” with Nigerian officials to discuss how to pay bribes. To conceal the bribes, the joint venture entered into sham consulting or services agreements through which bribes were negotiated and paid to Nigerian officials. JGC, along with its joint venture partners, conspired to transfer \$182 million to consultants to be used, in part, for bribes to Nigerian officials.

Enforcement.

On April 6, 2011, JGC agreed to pay a \$218.8 million criminal penalty as part of a two-year deferred prosecution agreement. The other companies in the TSKJ joint venture and three related agents and employees were subjected to previous DOJ criminal and SEC civil actions. Collectively, these defendants have paid approximately \$1.5 billion in civil and criminal fines for bribery and related violations associated with the Bonny Island Project in Nigeria.

This case also illustrates the widening jurisdictional scope of the FCPA. JGC is the first Japanese company prosecuted under the FCPA, and is neither a domestic concern nor an issuer. Jurisdiction was based on JGC’s role in conspiring to execute the bribery scheme with co-conspirators who are domestic concerns or issuers, and causing allegedly corrupt U.S. dollar payments to be wire transferred via correspondent bank accounts in New York.

Key Facts

Citation. *United States v. JGC Corp.*, No. 4:11-cr-00260 (S.D. Tex. 2011).

Date Filed. April 6, 2011.

Country. Nigeria.

Date of Conduct. 1994 – 2004.

Amount of the Value. Approximately \$182 million.

Amount of Business Related to the Payment. More than \$6 billion.

Intermediary. Consultant; Japanese Trading Company; Agents.

Foreign Official. Officials of Nigeria’s executive branch; Officials of the government-owned company responsible for developing and regulating Nigeria’s oil and gas industry (Nigerian National Petroleum Company); Officials of Nigeria LNG Limited, the government-controlled company formed to develop the Bonny Island Project.

FCPA Statutory Provision. Conspiracy (Anti-Bribery); Aiding and Abetting (Anti-Bribery).

Other Statutory Provision. None.

Disposition. Deferred Prosecution Agreement.

Defendant Jurisdictional Basis. Conspiracy; Aider and Abettor.

Defendant’s Citizenship. Japan.

Total Sanction. \$218,800,000.

Compliance Monitor/Reporting Requirements. Compliance Monitor.

Related Enforcement Actions. None.