

In the Matter of Kinross Gold Corporation

Nature of the Business.

Kinross Gold Corporation is a Toronto, Canada-headquartered gold mining company. The company maintains stock that is registered with the SEC under Section 12(b) of the Exchange Act and trades on the New York Stock Exchange.

Influence to be Obtained.

According to the SEC, Kinross purchased two mining subsidiaries, based in Mauritania and Ghana, in 2010. Kinross allegedly purchased these subsidiaries with full knowledge that they lacked anti-corruption compliance programs and associated internal accounting controls. Indeed, low-level employees in Mauritania and Ghana routinely contracted with vendors and made payments with petty cash without appropriate controls.

The SEC alleges that Kinross became aware of suspicious payments at the Ghanaian and Mauritanian subsidiaries after the company conducted an internal audit. That audit allegedly revealed numerous payments—sometimes reoccurring for a period of years—without reasonable assurances that the payments were for their stated purpose. For example, Kinross allegedly paid a Ghanaian government customs officer for his weekly expenses in traveling to a mine to sign necessary papers, even when that officer did not travel to the mine. Moreover, Kinross allegedly paid a former Ghanaian employee to expedite the visa process for its employees. According to the SEC, Kinross paid that employee \$1,000 per visa, even though there was no evidence of actual services rendered.

Even after Kinross developed an internal controls program, the company allegedly failed to maintain those controls. According to the SEC, Kinross devised controls to contract only with parties offering the lowest price and the highest quality. In April 2014, Kinross prepared to execute a contract with an international shipping company and identified a low-cost, high-quality bidder. However, a high-level Mauritanian government official allegedly expressed displeasure with Kinross's choice, insofar as the bidder was controlled by persons active with the political opposition. Accordingly, Kinross allegedly selected a more expensive bidder that was controlled by persons with ties to the Mauritanian official. The SEC alleges that Kinross also engaged a Mauritanian consultant with ties to high-level government officials without performing the requisite degree of due diligence on the consultant. Kinross allegedly paid the consultant \$715,000 in the span of eleven months.

Enforcement.

On March 26, 2018, the SEC settled its enforcement action against Kinross for violations of the FCPA's books-and-records and internal controls provisions. According to the cease-and-desist order, Kinross agreed to pay a \$950,000 penalty and to report on its remedial measures for a period of one year.

Key Facts

Citation. *In the Matter of Kinross Gold Corporation*, Admin. Proc. File No. 3-18407 (Mar. 26, 2018).

Date Filed. March 26, 2018.

Country. Mauritania, Ghana.

Date of Conduct. 2010 – 2014.

Amount of the Value. Not stated.

Amount of Business Related to the Payment. Not stated.

Intermediary. None.

Foreign Official. Unnamed Ghanaian and Mauritanian government officials.

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

Other Statutory Provision. None.

Disposition. Cease-and-Desist Order.

Defendant Jurisdictional Basis. Issuer.

Defendant's Citizenship. Canada.

Total Sanction. \$950,000.

Compliance Monitor/Reporting Requirements. Reporting Requirement (12 months).

Related Enforcement Actions. None.