

United States v. Latin Node, Inc. (S.D. Fla. 2009)

Nature of the Business.

Interconnection agreements with state-owned telecommunications companies in Honduras and Yemen by Latin Node, Inc. ("Latin Node"), a privately held U.S. corporation acquired in 2007 by eLandia International Inc. ("eLandia"), a U.S. corporation. Latin Node provided telecommunications services using Internet protocol technology.

Influence to be Obtained.

From March 2004 through June 2007, Latin Node paid or caused to be paid approximately \$1,099,889 to a third party consultant, Latin Node employees, and Honduran officials, knowing that some or all of these funds would be passed on as bribes to officials of Hondutel, the Honduran state-owned telecommunications company. Latin Node admitted it made these payments in exchange for obtaining an interconnection agreement with Hondutel as well as reducing the rate per minute under the interconnection agreement. From July 2005 to April 2006, Latin Node made payments totaling approximately \$1,150,654 either directly to Yemeni officials or to a third party consultant knowing that some or all of the money would be passed on to Yemeni officials in exchange for favorable interconnection rates in Yemen. Payments were made from Latin Node's Miami bank account and approved by senior executives of Latin Node.

In September 2007, eLandia disclosed that, after it acquired Latin Node, it discovered the improper payments in the course of reviewing Latin Node's internal controls and procedures. eLandia conducted an internal investigation, terminated the improperly-obtained agreements, and voluntarily disclosed the unlawful conduct to the DOJ and the SEC. eLandia has written off its investment and sued Latin Node's former CEO and parent company for misrepresentation.

Enforcement.

On March 23, 2009, the DOJ filed charges against Latin Node. On April 3, 2009, Latin Node pleaded guilty to one count of violating the anti-bribery provisions of the FCPA and agreed to pay a \$2,000,000 fine. The DOJ cited eLandia's cooperation, internal investigation, and remedial action with approval.

Key Facts

Citation. *United States v. Latin Node, Inc.*, No. 1:09-cr-20239 (S.D. Fla. 2009).

Date Filed. March 24, 2009.

Country. Honduras; Yemen.

Date of Conduct. 2004 – 2007.

Amount of the Value. \$2,250,543.

Amount of Business Related to the Payment. Not Stated.

Intermediary. Third party consultant, Servicios IP, S.A., a Guatemalan company created at the direction of Latin Node, that entered into sham agreements to facilitate payments to officials in Honduras and an unnamed third party consultant in Yemen.

Foreign Official. Officials at Hondutel, the Honduran state-owned telecommunications company; officials at TeleYemen, the Yemeni state-owned telecommunications company; and officials from the Yemeni Ministry of Telecommunications.

FCPA Statutory Provision. Anti-Bribery.

Other Statutory Provision. None.

Disposition. Plea Agreement.

Defendant Jurisdictional Basis. Domestic Concern.

Defendant's Citizenship. United States.

Total Sanction. \$2,000,000.

Compliance Monitor/Reporting Requirements. Reporting Requirements.

Related Enforcement Actions. *United States v. Vasquez*; *United States v. Granados, et al.*; *United States v. Salvoch*.