

## SEC v. ITT Corp. (D.D.C. 2009)

### Nature of the Business.

Sale of water pumps for large infrastructure projects in China. ITT Corporation ("ITT"), a U.S. corporation, designs and manufactures a wide range of engineered products and related services, concentrating on water and fluids management, global defense and security, and motion and flow control.

### Influence to be Obtained.

From 2001 through 2005, ITT's wholly-owned Chinese subsidiary, Nanjing Goulds Pumps Ltd. ("NGP"), directly through certain employees and indirectly through third-party agents, allegedly made illicit payments totaling approximately \$200,000 to Chinese government officials, generating more than \$4 million in sales and improper profits of more than \$1 million. NGP, part of ITT's Fluid Technology division, allegedly bribed employees of Chinese state-owned design institutes that assisted in the design of infrastructure projects to ensure that they recommended NGP water pumps for use in the projects. Allegedly, the payments were disguised as commissions in NGP's books and records. The allegedly improper NGP entries were consolidated and included in ITT's financial statements contained in SEC filings for the company's fiscal years 2001 through 2005. ITT discovered the allegedly illegal payments in December 2005, after the company ombudsman received an anonymous complaint from NGP employees alleging illegal payments to Chinese government officials by NGP employees.

### Enforcement.

On February 11, 2009, the SEC filed a complaint alleging violations of the FCPA's books and records and internal controls provisions. ITT, without admitting or denying the allegations in the SEC's complaint, consented to the entry of a final judgment permanently enjoining it from future violations of the FCPA, and agreed to disgorge \$1,041,112, together with prejudgment interest of \$387,538.11, and to pay a \$250,000 civil penalty.

### Key Facts

**Citation.** *SEC v. ITT Corp.*, No. 1:09-cv-00272 (D.D.C. 2009).

**Date Filed.** March 13, 2009.

**Country.** China.

**Date of Conduct.** 2001 – 2005.

**Amount of the Value.** Approximately \$200,000.

**Amount of Business Related to the Payment.** More than \$4 million.

**Intermediary.** Agents and employees.

**Foreign Official.** Officials of Chinese government design institutes.

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

**Other Statutory Provision.** None.

**Disposition.** Consent Order.

**Defendant Jurisdictional Basis.** Issuer.

**Defendant's Citizenship.** United States.

**Total Sanction.** \$1,678,650.

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

**Related Enforcement Actions.** None.

**Total Combined Sanction.** \$1,678,650.