

SEC v. Tyson Foods, Inc. (D.D.C. 2011)

Nature of the Business.

Tyson Foods, Inc. ("Tyson"), headquartered in Arkansas, produces protein-based and prepared food products. Tyson de Mexico, Tyson's wholly-owned subsidiary, operates three meat-processing facilities in Mexico and processes prepared foods for sale in Mexico and abroad.

Influence to be Obtained.

The SEC alleges that, from 2004 to 2006, Tyson executives permitted Tyson de Mexico to make illegal payments to Mexican government-employed veterinarians responsible for administering a federal inspection program for meat exports at Tyson de Mexico's plants. Some of these payments were allegedly concealed in the form of salaries paid to the wives of the veterinarians for services never performed. The complaint further alleges that, in August 2004, Tyson executives terminated the salaries of the veterinarians' wives and increased the amount of the service invoices paid to the veterinarians by the sum of the wives' salaries. The improper payments were purportedly recorded as legitimate expenses in Tyson de Mexico's books and records.

Enforcement.

On February 10, 2011, the SEC filed a civil complaint against Tyson. Tyson consented to entry of a final judgment on February 14, 2011 without admitting or denying the SEC's allegations. The judgment requires Tyson to pay a \$1,214,477 penalty (including disgorgement of profits and prejudgment interest), engage in various compliance activities, and periodically report such activities to the SEC. In a related DOJ action, Tyson signed a deferred prosecution agreement that requires Tyson to pay a \$4 million penalty.

Key Facts

Citation. *SEC v. Tyson Foods, Inc.*, No. 1:11-cv-00350 (D.D.C. Feb. 15, 2011).

Date Filed. February 15, 2011.

Country. Mexico.

Date of Conduct. 20064 – 2006.

Amount of the value. More than \$100,311.

Amount of business related to the payment. Net profits of more than \$880,000.

Intermediary. The wives of two Mexican government-employed veterinarians.

Foreign official. Veterinarians responsible for certifying meat exports under a federal inspection program in Mexico.

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

Other Statutory Provision. None.

Disposition. Consent Order.

Defendant Jurisdictional Basis. Issuer.

Defendant's Citizenship. United States.

Total Sanction. \$1,214,477.

Compliance Monitor/Reporting Requirements. Two-year Reporting Requirement.

Related Enforcement Actions. *United States v. Tyson Foods, Inc.*, No. 11-00037 (D.D.C. Feb. 24, 2011) (deferred prosecution agreement).

Total Combined Sanction. \$5,214,477.