

JUSTICE NEWS

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Chilean Chemicals and Mining Company Agrees to Pay More Than \$15 Million to Resolve Foreign Corrupt Practices Act Charges

Chilean chemicals and mining company Sociedad Química y Minera de Chile (SQM) agreed to pay a criminal penalty of more than \$15 million in connection with payments to politically-connected individuals in Chile in violation of the Foreign Corrupt Practices Act (FCPA), announced Assistant Attorney General Leslie R. Caldwell of the Justice Department's Criminal Division.

According to the company's admissions, SQM knowingly failed to implement internal controls sufficient to ensure that payments from a fund under the control of one of its officers and high-level executives were made for services received and in compliance with Chilean law. Between 2008 and 2015, SQM made donations to dozens of foundations controlled by or closely tied to Chilean politicians. During this period, for example, SQM funneled approximately \$630,000 to foundations controlled by a Chilean official with influence over the government's mining plans in Chile, a key segment of SQM's business.

SQM also admitted to falsifying its books and records to conceal payments to vendors associated with politicians, logging them as consulting and professional services SQM never received. For example, in 2009, SQM paid approximately \$11,000 to the sister-in-law of a Chilean official, recording the payment in SQM's books as a payment for services received, despite the fact that the official's sister-in-law submitted the false invoice solely to disguise payment to a Chilean senatorial campaign.

In total, SQM admitted having paid nearly \$15 million between 2008 and 2015 to vendors despite having no evidence any goods or services were actually received.

SQM entered into a deferred prosecution agreement (DPA) in connection with a criminal information filed today in the District of Columbia, charging the company with one count of failing to implement internal controls and one count of falsifying its books and records. Pursuant to its agreement with the department, SQM agreed to pay a criminal penalty of \$15,487,500; continue to cooperate with the department's investigation; enhance its compliance program; implement rigorous internal controls; and retain an independent corporate compliance monitor for a term of two years, with a third year of self-reporting to occur thereafter.

The Criminal Division's Fraud Section reached this resolution based on a number of factors, including the fact that SQM did not voluntarily disclosure the FCPA violations, but did cooperate with the department's investigation after news of Chilean prosecutors' investigation of the company surfaced in media reports. SQM received a 25 percent reduction off the low end of the applicable U.S. Sentencing Guidelines fine range because of its full cooperation and substantial and ongoing remediation. Because many of SQM's compliance enhancements were more recent, and therefore have been subjected to a relatively short period of testing, the DPA imposes an independent compliance monitor. However, due to the company's size and risk profile, as well as the enhancements the company has already made, the term of the monitor will be two years and the company will be permitted SQM to self-report for the final year of the agreement.

In a related matter, SQM reached a settlement on Jan. 13, 2017, with the Securities and Exchange Commission (SEC), pursuant to which it will pay a \$15 million civil monetary penalty.

Trial Attorneys Lorinda Laryea and Jonathan Robell of the Criminal Division's Fraud Section prosecuted the case, which was previously handled by former Fraud Section Trial Attorney John-Alex Romano.

The Fraud Section appreciates the significant cooperation provided by the SEC in this matter. The Criminal Division's Office of International Affairs and the FBI's International Operations Division also provided assistance during the investigation.

The Fraud Section is responsible for investigating and prosecuting all FCPA matters. Additional information about the department's FCPA enforcement matters can be found at www.justice.gov/criminal/fraud/fcpa.

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