

SEC Charges BHP Billiton With Violating FCPA at Olympic Games

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Washington D.C., May 20, 2015 — The Securities and Exchange Commission today charged global resources company BHP Billiton with violating the Foreign Corrupt Practices Act (FCPA) when it sponsored the attendance of foreign government officials at the Summer Olympics.

BHP Billiton agreed to pay a \$25 million penalty to settle the SEC's charges.

An SEC investigation found that BHP Billiton failed to devise and maintain sufficient internal controls over its global hospitality program connected to the company's sponsorship of the 2008 Summer Olympic Games in Beijing. BHP Billiton invited 176 government officials and employees of state-owned enterprises to attend the Games at the company's expense, and ultimately paid for 60 such guests as well as some spouses and others who attended along with them. Sponsored guests were primarily from countries in Africa and Asia, and they enjoyed three- and four-day hospitality packages that included event tickets, luxury hotel accommodations, and sightseeing excursions valued at \$12,000 to \$16,000 per package.

"BHP Billiton footed the bill for foreign government officials to attend the Olympics while they were in a position to help the company with its business or regulatory endeavors," said Andrew Ceresney, Director of the SEC's Division of Enforcement. "BHP Billiton recognized that inviting government officials to the Olympics created a heightened risk of violating anti-corruption laws, yet the company failed to implement sufficient internal controls to address that heightened risk.

According to the SEC's order instituting a settled administrative proceeding, BHP Billiton required business managers to complete a hospitality application form for any individuals they sought to invite to the Olympics, including government officials. However, the company did not clearly communicate to employees that no one outside the business unit submitting the application would review and approve each invitation. BHP Billiton failed to provide employees with any specific training on how to complete forms or evaluate bribery risks of the invitations. Due to these and other failures, a number of the hospitality applications were

inaccurate or incomplete, and BHP Billiton extended Olympic invitations to government officials connected to pending contract negotiations or regulatory dealings such as the company's efforts to obtain access rights.

"A 'check the box' compliance approach of forms over substance is not enough to comply with the FCPA," said Antonia Chion, Associate Director of the SEC's Division of Enforcement. "Although BHP Billiton put some internal controls in place around its Olympic hospitality program, the company failed to provide adequate training to its employees and did not implement procedures to ensure meaningful preparation, review, and approval of the invitations."

The SEC's order finds that BHP Billiton violated Sections 13(b)(2)(A) and 13(b)(2)(B) of the Securities Exchange Act of 1934. The settlement, in which the company neither admits nor denies the SEC's findings, reflects BHP Billiton's remedial efforts and cooperation with the SEC's investigation and requires the company to report to the SEC on the operation of its FCPA and anti-corruption compliance program for a one-year period.

The SEC's investigation was conducted by Dmitry Lukovsky and Devon Leppink Staren, and the case was supervised by Alec Koch. The SEC appreciates the assistance of the Department of Justice's Fraud Section, the Federal Bureau of Investigation, and the Australian Federal Police.

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