

Chemical Maker Violates U.S.-Cuba Embargo

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WASHINGTON (AP) — Specialty chemicals maker Innospec Inc. pleaded guilty Thursday to federal charges of bribery, defrauding the United Nations and violating the U.S. embargo against Cuba, U.S. authorities said.

The Justice Department said Innospec entered a guilty plea before a federal judge in Washington to charges of wire fraud in connection with kickbacks it paid to the former Iraqi government under the UN oil-for-food program and bribes to officials in the Iraqi Oil Ministry.

Innospec also admitted to selling chemicals to Cuban power plants in violation of the U.S. embargo, Justice and other government agencies said.

The company, which has manufacturing plants and sales operations around the world, offices in the U.S. and Britain and is incorporated in Delaware, also agreed to pay \$40.2 million in a settlement with the Justice Department, the Treasury Department's Office of Foreign Assets Controls, the Securities and Exchange Commission and Britain's Serious Fraud Office.

Innospec is said to be the world's only manufacturer of the anti-knock compound tetraethyl lead, used in leaded gasoline. The additive is sold to oil refineries around the world and generates a large part of the company's sales. It also makes chemicals used in personal care and photographic markets, among others.

Innospec's Swiss subsidiary, Alcor, was awarded five contracts from 2000 to 2003 worth more than 40 million euros to sell tetraethyl lead to refineries run by the Iraqi Oil Ministry under the UN oil-for-food program, according to documents filed with the court.

To secure the contracts, Innospec admitted, Alcor paid or promised to pay at least \$4 million in kickbacks to the former Iraqi government, according to the documents. They say Alcor inflated the price of the contracts by about 10 percent to cover the cost of the kickbacks before submitting them to the UN for approval, and then recorded the payments on the company's books as "commissions" paid to Ousama Naaman, its agent in Iraq.

An attorney representing Innospec didn't immediately return a telephone call seeking comment.

Included in the \$40.2 million settlement is a \$14.1 million criminal fine. Innospec will also hire an independent monitor for at least three years to oversee a new program of anti-corruption and export-control measures. The company also agreed to cooperate with the authorities in ongoing investigations into bribes by Innospec employees and agents, Justice said in a news release.

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Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

"Today's case is a win for law-abiding companies trying to compete fairly in the marketplace," Assistant Attorney General Lanny Breuer said in a statement. "Fraud and corruption cannot be viewed simply as a cost of doing business."

The SEC accused Innospec of paying or promising more than \$9.2 million in illegal bribes to officials in Iraq and Indonesia to obtain or keep business. Innospec agreed to pay \$11.2 million in restitution to the SEC, which is also included in Thursday's settlement. The company neither admitted nor denied the SEC's allegations but did agree to refrain from future violations of the securities laws.

Source URL (retrieved on 02/01/2015 - 9:48pm):

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