

Panasonic fined \$280 mn by US in bribery scheme

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US Justice Department and SEC fine Panasonic for a bribery scheme to win business in the Middle East

Panasonic will pay \$280 million in fines to settle charges over bribes to an employee at government-owned airline to win business for its aircraft

electronics unit, US authorities announced Monday.

Panasonic Avionics Corporation, a subsidiary of the Japanese electronics giant, paid \$875,000 to install a government official who served as a "consultant" while the government airline was negotiating business with the company, the US Justice Department said.

The payments were made between 2008 and 2014 at a time when PAC was negotiating two agreements with the airline worth more than \$700 million, according to the Securities and Exchange Commission, which called the payments "a bribery scheme."

The SEC did not disclose the name of the airline, but said the bribery occurred in the Middle East.

The [government official](#) "provided little or no services" in exchange for the money, which were routed through an "unrelated third-party vendor to conceal the payments," the SEC said.

However, the official assisted PAC's efforts to win business, providing confidential information and "maintaining the relationship with the government airline."

The Justice Department fined Panasonic Avionics \$137.4 million for charges of the Foreign Corrupt Practices Act and entered into a deferred prosecution agreement with the company.

The SEC, fined parent company Panasonic Corp. \$143 million for FCPA violations and accounting fraud.

The SEC also sanctioned PAC for poor internal controls and for not keeping accurate records of payments to consultants and sales agents used to solicit business throughout the Middle East and Africa.

"Investors rightfully expect that the companies they invest in will not engage in bribery or fraud," said Antonia Chion, associate director of the SEC's enforcement division.

"Issuers must implement effective controls for the selection and engagement of consultants and agents to ensure compliance with anti-bribery statutes."

PAC said it has taken steps to resolve the issues at the [company](#) in the wake of the probe, including hiring new leadership, including a new chief executive, chief compliance officer and [chief financial officer](#) and enhancing corporate controls over third-party agents and consultants.

"We are pleased to have resolved these investigations; we have taken extensive steps over the past few years to strengthen Panasonic Avionics' compliance programs and internal controls," said Hideo Nakano, chief of Panasonic Avionics.

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