



Public Citizen's Exposé of the U.S. Chamber of Commerce



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## **Alcoa Joins the Gang of U.S. Chamber of Commerce Directors in Trouble over FCPA Violations**

[Web FCPA Alcoa, Board of Directors, bribery, corruption, Department of Justice, DOJ, FCPA, Foreign Corrupt Practices Act, SEC, Securities and Exchange Commission 0](#)

The government has taken action against yet another company, subsidiary or executive represented on the board of directors of the U.S. Chamber of Commerce or its Institute for Legal Reform for violations of the Foreign Corrupt Practices Act (FCPA). On Thursday, Alcoa World Alumina, a company controlled by Alcoa Inc., pleaded guilty in federal court to bribing officials in Bahrain to win a supply deal in violation of the FCPA, which bars U.S. companies from bribing foreign officials to gain a business advantage. Alcoa [will pay a \\$161 million civil penalty](#), the [third largest FCPA-related disgorgement ever](#).

Public Citizen's November 2013 report "[License to Bribe](#)" documented the efforts made by the U.S. Chamber of Commerce since 2010 to weaken the FCPA. The Chamber has proposed five changes that are wolves in sheep's clothing and would undermine the law. All of the

proposed changes were rebuffed by the Department of Justice (DOJ) and Securities and Exchange Commission (SEC), which have joint jurisdiction to enforce the FCPA and released guidelines responsive to the U.S. Chamber's requests to weaken the law.

One change the Chamber seeks is to limit a company's liability for the acts of its subsidiaries. The DOJ and the SEC responded in a set of guidelines, saying that such a limitation would give companies an incentive to create subsidiaries for the purpose of engaging in bribery. Indeed, that is the mechanism through which many FCPA violations have taken place – including the Alcoa violations identified by the government.

The U.S. Chamber's membership is a well-kept secret, but the organization's efforts to weaken the FCPA seem to coincide with the behavior of a number of the companies represented on its board of directors. How much overseas bribery would the companies funding the U.S. Chamber commit if there were no law against it?

Additionally, why don't those companies step out of the shadows and lobby openly against the FCPA, rather than hiding behind the U.S. Chamber? Would they still lobby against the FCPA if they didn't have the cloak of anonymity afforded by the Chamber?

Alcoa's subsidiary, Alcoa World Alumina, earned \$446 million in gross profit on transactions facilitated by bribes between 2005 and 2009, [according to the DOJ](#). The subsidiary will pay \$223 million in fines and criminal penalties for violating the FCPA, while the parent company [will pay a separate \\$161 million civil penalty](#) for related SEC violations. [According to the SEC](#), Alcoa's subsidiary used an intermediary to funnel the illicit payments to Bahraini officials, and "Alcoa lacked sufficient internal controls to prevent and detect the bribes, which were improperly recorded in Alcoa's books and records as legitimate commissions or sales to a distributor."

The \$384 million total settlement [ranks fifth](#) on the top 10 FCPA cases of all time; the civil [penalty ranks third](#) on the list of the biggest FCPA-related corporate disgorgements.

No. 1 on [the list of top enforcement actions](#) is the \$800 million fine levied in 2008 against Siemens Corporation, whose President and CEO is a Chamber director.

The Chamber's record of trying to weaken the FCPA in ways that would legalize bribery, and its continued allocation of leadership positions to bad corporate actors, should cast a pall of ethical questionability over everything else it does.

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