



An Examination of the Determinants and Consequences of Firms Accused of Violating the Foreign Corrupt Practices Act of 1977

Samantha Cheng and Dr. Brad Lawson and Dr. Leah Muriel
Oklahoma State University

Background

The Foreign Corrupt Practices Act of 1977 was enacted with the purpose of deterring corporations from engaging in bribery and requiring publicly traded U.S. companies to keep accurate books and records of their transactions.

Contact

Samantha Cheng
E-Mail: sam.cheng@okstate.edu

Dr. Brad Lawson
E-Mail: brad.lawson@okstate.edu

Dr. Leah Muriel
E-Mail: leah.muriel@okstate.edu

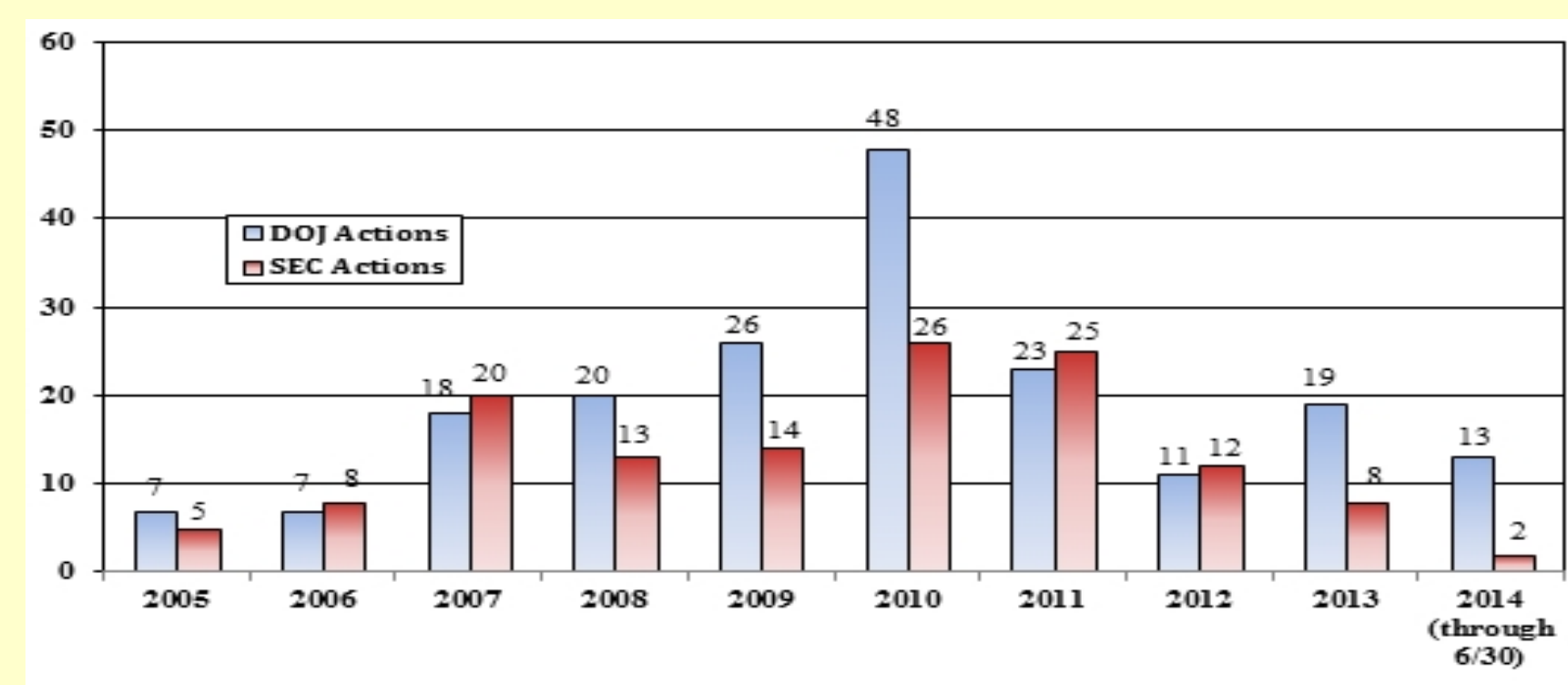
Research Question

Our research goal is to examine trends and associations among U.S. publicly traded firms that experienced an FCPA violation to help explain why companies would choose to violate the Act.

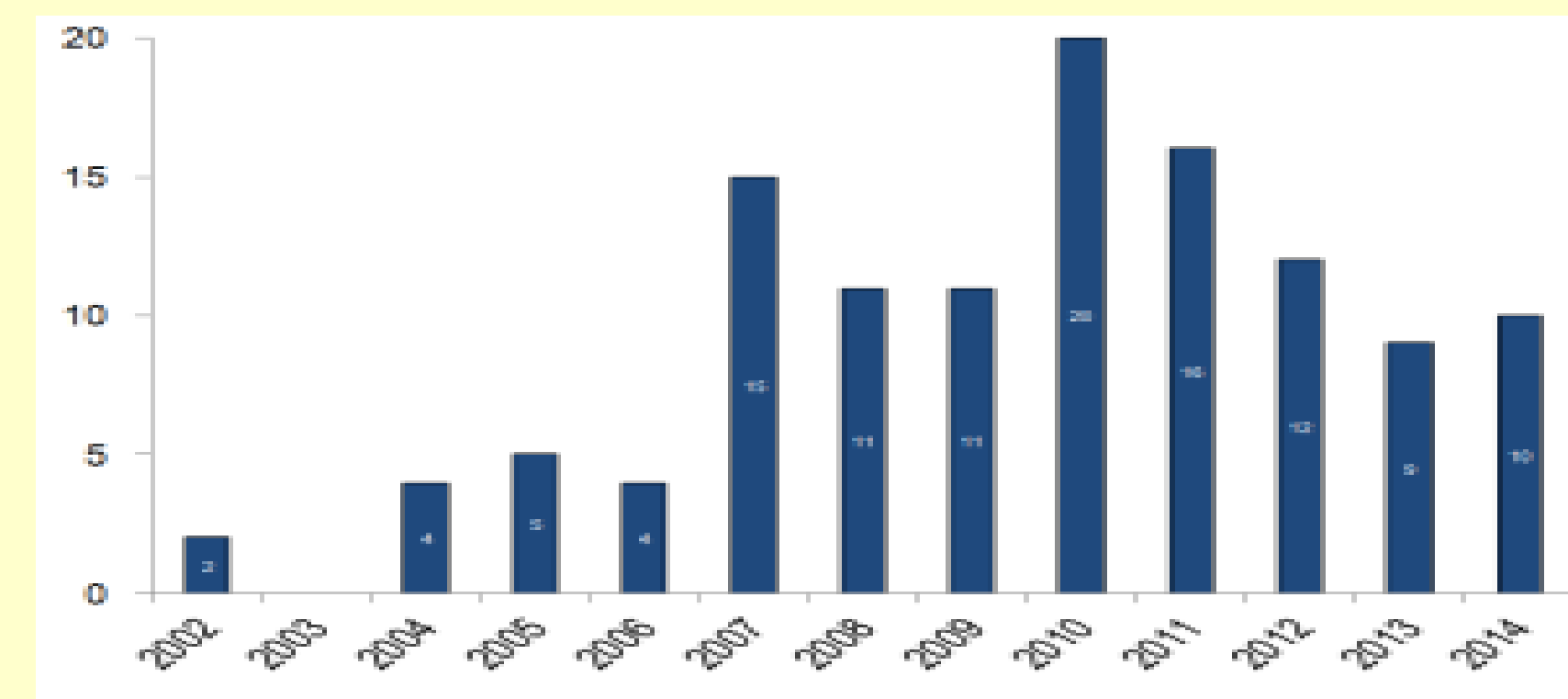
Methodology

Dr. Lawson and Dr. Muriel began by researching companies who had violated the FCPA. I assisted the two in creating a database in Microsoft Excel based on research done by Sherman & Sterling LLP. I entered information regarding the companies, their individual infractions, and penalties into the database.

Data



FCPA Enforcement Actions from 2005-2014 (through 6/30)



Total Aggregate Corporate Cases: 2002-2014

Example

On February 24, 2015, Goodyear Tire & Rubber Company was charged by the Securities and Exchange Commission for violating the FCPA. Goodyear failed to prevent or detect over \$3.2 million in bribes of subsidiaries in sub-Saharan Africa. Goodyear also failed to keep proper records. The bribes were recorded as legitimate business transactions. As a result of these infractions, Goodyear agreed to pay over \$16 million in penalties.

Other well known corporations such as Walmart and Pfizer have also encountered similar charges due to violations.

Acknowledgements

I would like to thank Dr. Brad Lawson and Dr. Leah Muriel for allowing me to assist with the research process. I would also like to thank the Freshman Research Scholars Program and Tim O'Neil for allowing me the opportunity to become involved in my field of interest.

Bibliography

- "2014 Mid-Year FCPA Update." *Gibson Dunn*. Gibson, Dunn & Crutcher LLP, 7 July 2014. Web. 15 Apr. 2015.
- "Foreign Corrupt Practices Act." *The United States Department of Justice*. N.p., n.d. Web. 10 Apr. 2015.
- Urofsky, Philip, and Danforth Newcomb. "Recent Trends and Patterns in the Enforcement of the Foreign Corrupt Practices Act." *FCPA Digest* (2015): n. pag. Jan. 2015. Web. 15 Apr. 2015.