

Aon settles allegations that it bribed foreign officials to get business

Posted On: Dec. 20, 2011 12:00 AM CST

Matt Dunning

WASHINGTON—Insurance brokerage Aon Corp. will pay more than \$16 million to settle allegations it violated the U.S. Foreign Corrupt Practices Act, the Securities and Exchange Commission announced Tuesday.

As part of its settlement of the enforcement action, Aon agreed to pay \$14.5 million to the SEC in disgorgement and prejudgment interest. It also will pay nearly \$1.8 million in criminal penalties to the Department of Justice.



Aon said it already has implemented a comprehensive anti-corruption plan.

In its complaint against Aon, the SEC accused the Chicago-based brokerage of making more than \$3.6 million in illegal payments directly or indirectly to foreign government officials between 1983 and 2007, primarily as a means of securing insurance business for its subsidiaries in Bangladesh, Costa Rica, Egypt, Indonesia, Myanmar, Vietnam and United Arab Emirates.

According to an SEC statement, Aon paid individuals who could award business contracts, influence others to award the contracts, or produce other favorable business conditions for the company.

Those payments, the SEC alleged, never were properly recorded in Aon's financial statements, a violation of the FCPA's books and records provision. The company also did not maintain an "adequate internal control system reasonably designed to detect and prevent the improper payments," according to the SEC.

"This case highlights the pitfalls of a weak control environment," Kara Brockmayer, FCPA unit chief of the SEC's enforcement division, said in a statement. "Aon's liability is not premised on an isolated instance of misconduct. Rather, for years, Aon's subsidiaries repeatedly engaged in misconduct around the world."

"Maintaining accurate books and records and adequate internal controls systems are essential tools in detecting and preventing foreign bribery," she added.

The SEC alleged that Aon's improper payments consisted primarily of training, travel and entertainment expenses for employees of foreign, government-owned clients and third parties, as well as some payments made to third-party facilitators. Those payments resulted in a profit of more than \$11.4 million for Aon, the SEC said.

Aon neither admitted to nor denied the SEC's allegations as a provision of the settlement. In a statement released shortly after the agreement was announced, the Chicago-based broker said its own 2007 internal review of the allegations led to the implementation of “a comprehensive, global and robust anti-corruption program designed to prevent and detect improper conduct.”

That program, the company noted, was modeled after a similar program adopted by London-based Aon Ltd. after a related settlement with the U.K. Financial Services Authority.

“Acting with integrity is Aon's core value and we embody this in our commitment to the highest professional standards for our clients, markets and colleagues,” Greg Case, president and CEO of Aon, said in the statement. “Aon has invested a significant amount of time and resources in anti-corruption compliance and transparency to greatly enhance our controls and processes.”

The company said it does not expect the settlement to impact its fourth-quarter earnings.
