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FCPA PRISON TERM

Stunning Jail Sentence Entered for Foreign Corrupt Practices Act Violation

The Department of Justice announced in a news release April 19, 2010, that Charles Paul Edward Jumet was sentenced that day to more than 7 years in prison for paying bribes to former Panamanian government officials to obtain maritime contracts, in violation of the Foreign Corrupt Practices Act (FCPA), and for making false statements to federal agents. The judge in the Eastern District of Virginia also ordered Jumet to pay a \$15,000 fine and serve three years supervised release following the prison term. The prison term is the longest ever imposed against an individual for an FCPA violation.

The FCPA generally prohibits payments, gifts and promises to pay or give, money or any other thing of value, directly or indirectly, to a foreign official (including government officials, political candidates, political parties and their officials, employees of government owned businesses, and so on) for the purpose of influencing the decision or action of the official. The FCPA specifically prohibits payments to third parties, such as sales agents, consultants and intermediaries, when the payor has knowledge, direct or inferred, that some or all of the payment will be paid to a foreign official for the purpose of influencing the decision or action of the official.

According to court documents, Jumet and others conspired to pay a total of more than \$200,000 to Panamanian government officials from approximately 1997 through July 2003 in exchange for awarding contracts to Ports Engineering Consultants Corporation (PECC), which Jumet led as president, to maintain lighthouses and buoys along Panama's waterway. In December 1977, the Panamanian government awarded PECC a no-bid 20 year concession. Jumet also made a false statement to federal agents, claiming

that an \$18,000 check was given to a high-ranking elected Panamanian government official for his re-election campaign, when, in fact, Jumet later admitted it was given as a corrupt payment to obtain the maritime contract.

Jumet pleaded guilty to the FCPA and false statement charges. Jumet's lawyer contended that Jumet did not go to Panama with the intention of bribing officials, but once there was confronted by a corrupt system. Jumet's mistake was participating in the system once he became aware of it. The lawyer argued that Jumet deserved a sentence less than set by the current federal sentencing guidelines, because most of his corrupt behavior occurred before the guidelines were changed in 2002. The judge rejected these arguments.

We can help you stay compliant with the FCPA in your international dealings. Please contact Michael Jensen, 801-323-5968, or any member of our International Section with any questions or comments.

BIOGRAPHY

Michael L. Jensen

Mr. Jensen is a member of Kirton & McConkie's International Law Section and Employment Law Section. His practice focuses on international law for not-for-profit organizations and advising employers on all aspects of the employment relationship. Mr. Jensen has practiced for more than 25 years in Utah and California and lived and worked in Russia, Hong Kong and Germany.