

[Advanced Search](#)[Menu](#)

# Stanford Law School

## Foreign Corrupt Practices Act Clearinghouse a collaboration with Sullivan & Cromwell LLP

United States of America v. Litton Applied Technology Division, et al. · Litton Industries' Involvement in Greece and Taiwan in 1993

[Case Information & Summary](#)[Key Statistics](#)[Defendants, Claims & Jurisdiction](#)[Bribery](#)[Subsidiary Misconduct](#)[Predecessor Misconduct](#)[Controls](#)[Mitigating & Aggravating Factors](#)[Resolution](#)[Documents](#)[Related Enforcement Actions](#)

### Case Information

**Docket or Case Number:** 99-cr-00673

**Court:** C.D. California

**Initiation Date:** 06/29/1999 [i](#)

**Prosecuting Agency:** US Department of Justice

**Name of Prosecuting Attorneys:** Unknown

**Assisting Agencies:** Unknown

**Type of Action:** DOJ Criminal Proceeding

**Origin of the Proceeding:** Unknown

**Whistleblower:** Unknown

**Case Status:** Resolved

## Summary

On July 1, 1999, two Litton Industries units pleaded guilty to fraud and conspiracy and agreed to pay \$18.5 million to settle allegations of having made illegal payments to obtain defense business in Greece and Taiwan.

The Litton Applied Technology division, in San Jose, pleaded guilty to one count of conspiring to defraud the Government. Litton Systems Inc. Canada pleaded guilty to the same charge, plus one count each of mail fraud and causing a false statement to be made to the Government.

The negotiated plea ends investigations of a \$150 million deal to sell radar for F-16 fighter planes to Greece and \$47 million in contracts to upgrade Taiwanese military aircraft. In the Taiwan case, prosecutors accused the Litton units of paying more than \$4.3 million to Richard M. Hei, a retired Taiwanese Air Force major, for using his contacts to help secure contracts. Another Litton unit, Litton Systems International Inc., was named as an uncharged co-conspirator. In Greece, the Applied Technology division was alleged to have paid more than \$12 million to four Greek agents for help in selling the F-16 radars in 1993. Litton's Applied Technology International division was named as a co-conspirator, but was not charged. Most of the payments were uncovered in 1997 during Federal audits of the sale.

In both cases the companies were accused of hiding the payments from American regulators.

The company agreed to pay \$16.5 million in fines, plus restitution in the amount of \$737,000 and costs of investigation in the amount of \$1,263,000.00.

## Key Statistics

Individual Enforcement Action

Aggregated For All Related Enforcement Actions

**Number of Related Enforcement Actions (Including This Enforcement Action):** 1

**Country(ies) involved:** Greece, Taiwan

**Total \$ Bribery Payments:** \$16,300,000

**Total \$ Revenue Generated from Bribery:** \$197,000,000

**Total \$ Profit Earned or Expenses Avoided from Bribery:** Unknown

**Total \$ Monetary Sanctions:** \$18,501,200

**Sanction to Bribe Ratio:**  $\$18,501,200 / \$16,300,000 = (113.50 \%)$

**Sanction to Revenue Ratio:**  $\$18,501,200 / \$197,000,000 = (9.39 \%)$

**Sanction to Profit Ratio:** Not Applicable

## Defendants, Claims & Jurisdiction

---

**Name:** Litton Applied Technology Division

**Place of Incorporation:** United States

**HQ Country(ies):** United States

**Entity Type:** Subsidiary

**FCPA Claims:** None

**Related Claims:** None

**Statutory Basis for FCPA Jurisdiction:** Not Applicable

---

**Name:** Litton Systems Canada, LTD.

**Place of Incorporation:** Canada

**HQ Country(ies):** Canada

**Entity Type:** Subsidiary

**FCPA Claims:** None

**Related Claims:** None

**Statutory Basis for FCPA Jurisdiction:** Not Applicable

---

## Bribery

---

[View Data by Enforcement Action](#)[View Data by Transaction Overview](#)

## TRANSACTION OVERVIEW

### Payments in Greece

**Period of Bribery:** 1993 – 1993

**Total Bribery Payments:** \$12,000,000

**Total Revenue Generated from Bribery:** \$150,000,000

**Total Profit Earned or Expenses Avoided from Bribery:** Unknown

**Country(ies) involved:** Greece

**Officials Potentially Influenced (Name; Title; Organization):**

- Name Unknown, Agents; Greek government;

**Affiliates, Subsidiaries and Joint Ventures Involved in the Misconduct:** None/Unknown

**Third Party Intermediary:** Unnamed private consultants - Agent/Consultant/Broker

**Type of Bribe:** Money

**Cash, Wire or Check:** Unknown

**Purpose of Bribe:** Obtain/retain business

## TRANSACTION OVERVIEW

### Payments in Taiwan

**Period of Bribery:** –

**Total Bribery Payments:** \$4,300,000

**Total Revenue Generated from Bribery:** \$47,000,000

**Total Profit Earned or Expenses Avoided from Bribery:** Unknown

**Country(ies) involved:** Taiwan

**Officials Potentially Influenced (Name; Title; Organization):**

- Richard H. Mei; Retired Air Force Major; Taiwanese Air Force;

**Affiliates, Subsidiaries and Joint Ventures Involved in the Misconduct:** None/Unknown

**Third Party Intermediary:** Unnamed private consultants - Agent/Consultant/Broker

**Type of Bribe:** Money

**Cash, Wire or Check:** Unknown

**Purpose of Bribe:** Obtain/retain business

## Subsidiary Misconduct

**Misconduct by Subsidiary?** Yes

**Parent:** Litton Industries Inc.

**Subsidiary:** Litton Applied Technology Division

- Percentage of Ownership:
- Direct or Indirect Ownership:
- Parent Had Knowledge of Sub’s Bribery?: No
- Subsidiary Expressly Alleged to Be Parent's Agent: No
- Parent Liable for Sub Misconduct?: No

**Subsidiary:** Litton Systems Canada, LTD.

- Percentage of Ownership:
- Direct or Indirect Ownership:
- Parent Had Knowledge of Sub’s Bribery?: No
- Subsidiary Expressly Alleged to Be Parent's Agent: No
- Parent Liable for Sub Misconduct?: No

## Predecessor Misconduct

M&A Negotiated or Completed During Misconduct, Investigation, or Resolution? No

## Controls Existing at Time of Misconduct

Not Applicable

## Mitigating & Aggravating Factors

Mitigating Factors Referenced by the Government (Company Defendants):

Defendant	Self-Report	Cooperation	Voluntary Remedial Measures	Misconduct Limited to Low Level Individuals	Other factors
-----------	-------------	-------------	-----------------------------	---	---------------

Defendant	Self-Report	Cooperation	Voluntary Remedial Measures	Misconduct Limited to Low Level Individuals	Other factors
Litton Applied Technology Division					
Litton Systems Canada, LTD.					

#### Aggravating Factors Referenced by the Government (Company Defendants):

Defendant	Insufficient Cooperation	Insufficient Remedial Measures
Litton Applied Technology Division		
Litton Systems Canada, LTD.		

## Resolution

**Total Monetary Sanctions for the Action:** \$18,501,200

**Case Status:** Resolved

**Disposition:** Plea Agreement

**Date of Disposition:** 06/29/1999

Litton Applied Technology Division

- **Total Monetary Sanctions for Defendant:** \$18,501,200
- **Organizational Probation:** None
- **Compliance Obligation:** No
- **Reporting Obligation:** No Applicable
- **Admission of Guilt/Acceptance of Responsibility:** Yes

**Note:** This sanction may have been imposed jointly and severally on multiple defendants, or it may resolve claims against more than one defendant in this proceeding or related proceedings. You should review the case summaries and resolution documents for all related cases to better understand how sanctions were levied against the defendants. ×

Litton Systems Canada, LTD.

- **Total Monetary Sanctions for Defendant:** \$18,501,200
- **Organizational Probation:** None
- **Compliance Obligation:** No
- **Reporting Obligation:** No Applicable
- **Admission of Guilt/Acceptance of Responsibility:** Yes

## Documents

Document Title	Date	Category
Docket	06/29/1999	Other Proceeding Events
Docket	06/29/1999	Other Proceeding Events
News Article	07/01/1999	Outside Source

## Related Enforcement Actions

None

## About

[About Us](#)

[Methodology](#)

[FAQ](#)

[Sponsors & Partners](#)

· *Rock Center for Corporate Governance*

· *Sullivan & Cromwell LLP*

[Register](#)

[Contact Us](#)

[Legal Notices](#)

[Back to top](#)

Web site managed by the [Arthur and Toni Rembe Rock Center for Corporate Governance](#). Information licensed by [Stanford University](#).

[greekcorruption.dk](http://greekcorruption.dk)