

## AIRBUS S.A.S.

### INDUSTRY

Aerospace / Defense / Security

### CORPORATE HEADQUARTERS

Toulouse, France

### SUMMARY OF ALLEGATIONS

**Nationality of Foreign Officials:** Austria

#### Summary of Allegations:

Airbus allegedly falsely inflated prices during the transactions for a 2003 deal between Austrian Defence Ministry and Airbus under which the company sold 15 fighter jets worth EUR 2 billion to the government. Furthermore, through use of advisory firms, Airbus allegedly paid millions of euros in kickbacks to Australian public officials, including politicians, to secure the deal.

**Approximate Alleged Payments to Foreign Officials:** millions of euros in kickbacks

**Business Advantage Allegedly Obtained:** 2003 deal worth EUR 2bn

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**Nationality of Foreign Officials:** Canada

#### Summary of Allegations:

Airbus allegedly paid bribes to Canadian politicians during Prime Minister Brian Mulroney's term in the 1980s to induce Air Canada to purchase a large number of Airbus jets rather than Boeing jets.

**Approximate Alleged Payments to Foreign Officials:** Unspecified

**Business Advantage Allegedly Obtained:** Attempt to influence contract for purchase of aircraft

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**Nationality of Foreign Officials:** Greece

#### Summary of Allegations:

Airbus Helicopters, Airbus' Eurocopter helicopter unit, allegedly paid EUR 41 million (approximately USD 45 million) in bribes to Greek officials to secure the purchase of the 20 NH-90 helicopters.

Separately, Atlas Elektronik GmbH, a joint venture between Airbus and ThyssenKrupp, allegedly paid bribes in connection with projects in Greece.

**Approximate Alleged Payments to Foreign Officials:** EUR 41 million

**Business Advantage Allegedly Obtained:** Contract to supply 20 NH-90 helicopters

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**Nationality of Foreign Officials:** Indonesia

**Summary of Allegations:**

Atlas Elektronik GmbH, a joint venture between Airbus and ThyssenKrupp, allegedly paid bribes in connection with projects in Indonesia.

**Approximate Alleged Payments to Foreign Officials:** Unspecified

**Business Advantage Allegedly Obtained:** Unspecified

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**Nationality of Foreign Officials:** Pakistan

**Summary of Allegations:**

Atlas Elektronik GmbH, a joint venture between Airbus and ThyssenKrupp, allegedly paid bribes in connection with projects in Pakistan.

**Approximate Alleged Payments to Foreign Officials:** Unspecified

**Business Advantage Allegedly Obtained:** Unspecified

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**Nationality of Foreign Officials:** Romania, Saudi Arabia

**Summary of Allegations:**

German authorities suspect that bribes were paid to enable the company to obtain contracts worth EUR 3 billion euros (GBP 2.3 billion) in Saudi Arabia and Romania.

**Approximate Alleged Payments to Foreign Officials:** Unspecified

**Business Advantage Allegedly Obtained:** Contracts valued at EUR 3 billion

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**Nationality of Foreign Officials:** Saudi Arabia

**Summary of Allegations:**

A former employee of Britain-based GPT alleged that Airbus gave Saudi Arabian officials cars, jewelry, and cash to win a GBP 2 billion (USD 3.4 billion) communications contract. The contract was for an upgrade to the satellite and intranet systems of the Saudi National Guard. According to Lieutenant Colonel Ian Foxley, a former employee of GPT, the Saudi officials were given the gifts by middlemen.

**Approximate Alleged Payments to Foreign Officials:** Cars, jewelry and cash

**Business Advantage Allegedly Obtained:** GBP 2 billion communications contract

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**Nationality of Foreign Officials:** Thailand

**Summary of Allegations:**

Atlas Elektronik GmbH, a joint venture between Airbus and ThyssenKrupp, allegedly paid bribes in connection with projects in Thailand.

**Approximate Alleged Payments to Foreign Officials:** Unspecified

**Business Advantage Allegedly Obtained:** Unspecified

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**Nationality of Foreign Officials:** Turkey

### Summary of Allegations:

Atlas Elektronik GmbH, a joint venture between Airbus and ThyssenKrupp, allegedly paid bribes in connection with projects in Turkey.

**Approximate Alleged Payments to Foreign Officials:** Unspecified

**Business Advantage Allegedly Obtained:** Unspecified

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**Nationality of Foreign Officials:** Unspecified

### Summary of Allegations:

In April 2016, Airbus voluntarily disclosed to U.K. regulators and European export credit authorities of “misstatements and omissions” involving outside contractors in some export financing applications with discrepancies over the amount of agents' fees disclosed. This voluntary disclosure led to further review, which led in July 2017 to the company formally informing U.S. authorities of failure to comply with of the U.S. International Traffic in Arms Regulations rules on political contributions, fees and commissions involved in the export of military equipment.

On 31 October 2017, Airbus announced that it was in talks with the U.S. State and Justice Departments about the failure to properly notify them about Airbus' use of outside sales agents.

**Approximate Alleged Payments to Foreign Officials:** Unspecified

**Business Advantage Allegedly Obtained:** Unspecified

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**Nationality of Foreign Officials:** Unspecified

### Summary of Allegations:

The Guardian stated that it had uncovered a series of questionable financial transactions by Airbus resulting in an unexplained payment. The newspaper alleges that hundreds of pages of leaked bank records, internal memos and financial statements reveal that two companies secretly controlled by the aviation giant engaged in transactions involving EUR 19 million (GBP 16.7 million), a large part of which was then routed to a mysterious company via a tax haven.

Eolia, a Maltese company in the business of retrofitting passenger jets to transport cargo, bought 26% of Avinco Holdings, a Dutch company that sells secondhand aircraft and helicopters. Both companies were secretly under Airbus's effective control.

Avinco Holdings was set up in 2000, principally financed by a UAE businessman, who held 14,999 Avinco shares through a holding company. Airbus owned just one share through a shell company called Yellow Sun Holdings in the tax haven of Curaçao, in the Caribbean. The Guardian alleges that a secret agreement granted Airbus the right to buy the UAE businessman out at any time, effectively seizing control of the company. In exchange, the businessman received a generous annual dividend equivalent to 20% of his total investment.

According to bank documents, Eolia transferred EUR 19.4 million to the businessman's holding company on 4 January 2007, with the transfer marked “share purchase Avinco”. Eight days later, the holding company paid EUR 16.2 million to the bank account of a Panamanian company called Rochade Consultancy, and on the same day Rochade paid an identical sum to yet another company, Malana Holding. It is unclear who owns Malana, or where it is incorporated.

The EUR 16.2 million transaction then appears to have been accounted for unusually. The businessman's holding company records the payment to Rochade as an “interim dividend” in internal financial documents. It is not clear why Rochade, which is not a shareholder in the holding company, would be entitled to any dividend.

**Approximate Alleged Payments to Foreign Officials:** EUR 19m to unknown entities.

**Business Advantage Allegedly Obtained:**

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## **ENFORCEMENT RESULTS**

**Agencies:** Austria: Vienna Prosecution Office

**Results:**

**Year Resolved:**

**Compliance Monitor:**

**Ongoing:** Yes

**Details:**

### **AUSTRIAN allegations**

On 16 February 2017, Austrian Defense Minister Hans Peter Doskozil disclosed that the ministry is pursuing a criminal complaint against Airbus. The Minister alleged that an investigation of a 2003 deal under which Airbus sold 15 twin-engine Eurofighter combat planes worth EUR 2 billion to the Austrian government showed "fraudulent and deceitful actions" taken by Airbus. The minister signaled the ministry could seek more than USD 1 billion in restitution. The Austrian Press Agency reported that the probe by the Ministry found that Airbus had falsely inflated prices during the transaction. Furthermore, Prosecutors in Vienna and Munich has also been investigating whether officials were paid millions of euros through advisory firms to secure the contract. The probe was originally set up in 2007 to look into possible bribes but reportedly closed without concrete conclusions. Five years later, Austrian authorities launched a fresh inquiry.

On the same day, 16 February 2017, Airbus announced that it has not been notified the ministry of the allegations and denied it.

According to media reports, as of 22 May 2017 the Austrian officials are investigating Chief Executive Tom Enders.

12 February 2018 - Reuters reported that Austria provided the findings of the defense ministry's investigation to international authorities, including the US DOJ, in December.

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**Agencies:** Canada: Royal Canadian Mounted Police

**Results:** Acquittal/Dismissal

**Year Resolved:** 2005

**Compliance Monitor:**

**Ongoing:** No

**Details:**

### **CANADA allegations**

Eurocopter and two German executives were charged by the Royal Canadian Mounted Police following a nine-year investigation into the matter. In 2005, a Canadian court dismissed the charges.

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**Agencies:** France: Parquet National Financier

**Results:**

**Year Resolved:**

**Compliance Monitor:**

**Ongoing:** Yes

**Details:**

### **Unspecified location**

On 12 October 2016, David Green, head of the SFO, confirmed that the SFO is working with French authorities in its investigation.

In March 2017, Airbus confirmed that the probe by the Parquet National Financier is looking into possible bribery and corruption in Airbus' civil aviation business related to third-party consultants. French and the UK authorities will coordinate with each other.

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**Agencies:** Germany: Bremen Public Prosecutor's Office

**Results:**

**Year Resolved:**

**Compliance Monitor:**

**Ongoing:** Yes

**Details:**

### **INDONESIA & THAILAND allegations**

In 2016, the Bremen public prosecutor began an investigation into Atlas Elektronik GmbH, a joint venture between Airbus and ThyssenKrupp, for alleged bribery of foreign officials concerning projects in Indonesia and Thailand. The company entered into settlement talks with the prosecutors in November 2016.

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**Agencies:** Germany: Munich Public Prosecutor's Office

**Results:**

**Year Resolved:**

**Compliance Monitor:**

**Ongoing:** Yes

**Details:**

### **ROMANIA & SAUDI ARABIA allegations**

On 3 December 2014, the Munich prosecutor's office confirmed that Airbus's defense unit was under investigation for suspicion of paying bribes to foreign officials and tax evasion in connection with contracts with Romania and Saudi Arabia. Prosecutors said a small number of people were targets of the investigation and they raided homes of the suspects as well at company premises, including offices in Ottobrunn, Unterschleissheim, Manching, Ulm and Friedrichshafen, Sueddeutsche Zeitung reported in October 2014. Confiscated materials are being evaluated.

In October 2016, German authorities announced that they were not continuing with the investigations.

In February 2017, it was reported that the Munich prosecutors are set to finish their preliminary proceedings into Airbus in 2017.

### **AUSTRIA allegations**

In March 2012, after receiving a request for assistance by an Austrian public prosecutor, the German public prosecutor began a criminal investigation into alleged bribery, tax evasion and breach of trust by current and former employees of EADS Deutschland GmbH (renamed on 1 July 2014 Airbus Defence and Space GmbH) and Eurofighter Jagdflugzeug GmbH as well as by third parties relating to the sale of Eurofighter aircraft to Austria in 2003. Airbus provided a report produced after a 2013 internal investigation to the public prosecutors in Germany and has a pending request for access to the prosecutor's file.

On 13 October 2017, Munich prosecutors said they expected soon to complete their investigations into the USD 2 billion deal.

09 February 2018: Airbus SE reached a settlement to resolve this probe, which yielded no proof of bribery, but uncovered internal controls failures. Airbus agreed to pay 81 million euros in disgorgement and a 250,000-euro administrative fine.

### **GREECE allegations**

In 2013, a public prosecutor began an investigation into employees and managing directors of Atlas Elektronik GmbH, a joint venture between Airbus and ThyssenKrupp, for alleged bribery of foreign officials concerning projects in Greece.

## **TURKEY allegations**

In 2015, a public prosecutor began an investigation into employees and managing directors of Atlas Elektronik GmbH, a joint venture between Airbus and ThyssenKrupp, for alleged bribery of foreign officials concerning projects in Turkey. In 2016, the investigation expanded to include five current and former employees of Atlas Elektronik's shareholders.

## **PAKISTAN allegations**

In 2016, a public prosecutor began an investigation into two former employees of Atlas Elektronik GmbH, a joint venture between Airbus and ThyssenKrupp, for alleged bribery of foreign officials concerning projects in Pakistan.

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**Agencies:** Greece: Athens Public Prosecutor's Office

**Results:** Suspension/Debarment

**Year Resolved:**

**Compliance Monitor:**

**Ongoing:** Yes

**Details:**

## **GREECE allegations**

In February 2015, Greek Alternate Defense Minister announce that Greece plans to exclude Airbus Helicopter from public procurement and the Defense Ministry is investigating the purchase of 20 NH-90 military helicopters.

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**Agencies:** Internal Investigation

**Results:**

**Year Resolved:**

**Compliance Monitor:**

**Ongoing:** Yes

**Details:**

Airbus announced it has launched an internal investigation into possible corruption after the Guardian uncovered a series of questionable financial transactions resulting in an unexplained payment of EUR 19 million.

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**Agencies:** United Kingdom: Serious Fraud Office

**Results:**

**Year Resolved:**

**Compliance Monitor:**

**Ongoing:** Yes

**Details:**

## **Unspecified location**

On 8 August 2016, the SFO announced that it opened a criminal investigation against Airbus Group in July 2016. The investigation relates to allegations of fraud, bribery and corruption in its civil aviation business relating to irregularities concerning third party consultants. On 12 October 2016, David Green, head of the SFO, confirmed that the SFO is working with French authorities in its investigation.

Airbus has stated that it is cooperating with the investigation.

David Green has stated that he would like to resolve the Airbus investigation by the time he leaves the SFO in April 2018.

## SAUDI ARABIA allegations

In May 2011, media reported that the SFO confirmed a preliminary investigation is under way and Foxley has been interviewed by the investigators.

On 7 August 2012, the SFO announced that it decided to open a criminal investigation into allegations concerning GPT and aspects of the conduct of their business in Saudi Arabia.

On 9 July 2014, the SFO questioned and arrested six people at GPT in connection with a long-running investigation into the alleged corrupt business practices in Saudi Arabia. The individuals include two current GPT employees, two former GPT employees and two U.K. Ministry of Defence ("MoD") officials.

The SFO reportedly informed GPT Special Project Management's former commercial director Richard Moody and Chief Financial Officer Laurence Bryant that the agency is not pursuing charges against them. Both Moody and Bryant were part of the individuals arrested and questioned by the SFO in 2014. Another individual and former employee, Malcolm Peto was told by the SFO that they weren't in a position to make a decision on Peto's case yet.

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**Agencies:** United States: Department of Justice

**Results:**

**Year Resolved:**

**Compliance Monitor:**

**Ongoing:** No

**Details:**

### Austrian Allegations:

12 February 2018 - Reuters reported that Austria provided the findings of the defense ministry's investigation of Austria's 2003 Airbus Eurofighter jet purchase to international authorities, including the US DOJ, in December 2017. It is not clear whether the DOJ has launched its own official investigation into the matter.

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## ENTITIES/INDIVIDUALS INVOLVED

- Airbus S.A.S. (formerly EADS) ("Airbus")
- GPT Special Project Management Ltd., subsidiary of Airbus ("GPT")
- Lieutenant Colonel Ian Foxley (whistleblower)
- Eurocopter S.A. (an EADS company that is an important supplier in all Airbus programs)
- Eolia (Maltese company)
- Avinco Holdings (Dutch company that sells secondhand aircraft and helicopters)
- Yellow Sun Holdings (shell company in Curaçao)
- Rochade Consultancy (Panamanian company)
- Malana Holding (unknown)

## DETAILS OF HOW CONDUCT WAS DISCOVERED

**Discovery Method:** Whistleblower

**Details:**

Lieutenant Colonel Ian Foxley made a report to the UK SFO after he was allegedly fired after raising concerns within the company about the possibility of bribes.

**Country:**

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## KEY TAKEAWAYS

## RELATED DOCUMENTS

[Canada.com: "Judge's ruling lays to rest Airbus affair" \(26 November 2005\)](#)  
[National Post: "Commons committee unfair say Mulroney lawyers" \(24 January 2008\)](#)  
[Oliphant Commission: Press Release \(Airbus\) \(6 November 2009\)](#)  
[Oliphant Commission: Commission Report \(26 May 2010\)](#)  
[Telegraph: "SFO probes EADS defence contract with Saudi Arabia" \(29 May 2011\)](#)  
[UK SFO: Press Release \(EADS\) \(7 August 2012\)](#)  
[Financial Times: "Airbus staff quizzed in SFO probe into alleged Saudi corruption" \(8 July 2014\)](#)  
[Bloomberg: "Airbus Raided in Probe Over Romania, Saudi Arabia Bribery" \(3 December 2014\)](#)  
[Reuters: "Munich prosecutors investigate Airbus border security projects" \(3 December 2014\)](#)  
[Keep Talking Greece: "Greece to exclude Siemens, Rheinmetall & Eurocopter from public procurements" \(27 February 2015\)](#)  
[Wall Street Journal: "U.K. Investigates Airbus Over Alleged Fraud, Bribery and Corruption" \(7 August 2016\)](#)  
[Bloomberg: "U.K.'s Airbus Inquiry Seeks to Shed Light on Use of Middlemen" \(7 August 2016\)](#)  
[UK SFO: Press Release \(Airbus Group\) \(8 August 2016\)](#)  
[Fortune: "UK Fraud Agency Boss Expects to Move Quickly in Airbus Inquiry" \(12 October 2016\)](#)  
[Bloomberg: "U.K. Prosecutor Drops Two From Airbus GPT Saudi Investigation" \(10 February 2017\)](#)  
[Independent: "Austria's defence ministry to sue Airbus over alleged corruption and bribery" \(16 February 2017\)](#)  
[Wall Street Journal: "Austria Seeks Compensation From Airbus on Eurofighter Deal" \(16 February 2017\)](#)  
[Bloomberg: "Expansion of Airbus Fraud Probe Increases Scrutiny of Middlemen" \(16 March 2017\)](#)  
[Bloomberg: "Airbus Probed by French Authorities as U.K. Fraud Case Widens" \(17 March 2017\)](#)  
[The Wall Street Journal: "SFO Moving Into High Gear to Resolve Big Corruption Cases" \(22 March 2017\)](#)  
[Airbus Group SE: Annual Report \(2016\)](#)  
[The Wall Street Journal: "Airbus Seeks Outside Help to Review Compliance Amid Corruption Probes" \(22 May 2017\)](#)  
[The Guardian: Airbus launches internal investigation after Guardian expose \(Sept. 18, 2017\)](#)  
[Wall Street Journal: Airbus in Talks with U.S. Regulators About Compliance Violations \(Oct. 31, 2017\)](#)  
[Wall Street Journal: "Airbus to Pay \\$99 Million to Resolve German Probe" \(09 Feb. 2018\)](#)  
[Reuters: "Austria hands findings on 2003 Eurofighter purchase to U.S." \(12 Feb. 2018\)](#)