

Dow Chemical to pay \$325,000 to settle SEC's bribery charges

By SIOBHAN HUGHES, Dow Jones Newswires

WASHINGTON (Dow Jones)--Dow Chemical Co. (DOW), the big U.S. chemical maker, will pay a \$325,000 civil penalty to settle charges that a subsidiary made improper payments to Indian government officials who held sway over regulatory approvals for the company's pesticides, the Securities and Exchange Commission announced late on Tuesday.

Dow Chemical, based in Midland, Michigan, also agreed to cease and desist from future violations of the Foreign Corrupt Practices Act. It settled with the SEC without admitting or denying wrongdoing.

The SEC found that, from 1996 through 2001, Dow Chemical's DE-Nocil Crop Protection Ltd. unit paid an estimated \$200,000 in improper payments and gifts to Indian state and federal officials as it sought to register several products slated for marketing in time for India's growing season. The SEC said these payments weren't adequately reflected in Dow Chemical's books and records, and that the company's system of internal controls failed to prevent the payments.

The SEC said Dow Chemical conducted an internal investigation and voluntarily presented the results to the SEC, and also disciplined employees. The company also hired an independent auditor to review its books, and expanded training in how to comply with the Foreign Corrupt Practices Act, the SEC said.

"This was a voluntary approach," said Garry Hamlin, a Dow Chemical spokesman. "We commissioned an internal investigation, then we voluntarily notified the SEC of what we had found."

He said a number of employees at DE-Nocil had "succumbed to pressure from Indian officials who were demanding personal payments. Because the employees knew that this would not be acceptable to us as part-owners, they falsified books and records to keep us in the dark."

Dow Chemical had a 75.5% stake in DE-Nocil as of March 2001, according to the SEC.

-By Siobhan Hughes, Dow Jones Newswires; 202-862-6654;
Siobhan.Hughes@dowjones.com