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Senior Official at Ministry of Environment and Others / Monsanto Bollgard Cotton Case

Case Control Number:
70
Description :

In 2005, the Monsanto company settled with the US authorities criminal and civil cases that arose in regards to improper payments made to Indonesian officials as part of the company's efforts to grow its Bollgard Cotton, a Genetically-Modified Organism, in South Sulawesi, Indonesia. Monsanto's illicit payments were as follows:(1) From 1997 to 2002, Monsanto's Indonesian affiliates made at least $700,000 of illicit payments to "at least 140 current and former Indonesian government officials and their family members. The largest payment was made in 1998 and 1999 for the purchase of land and the design and construction of a house in the name of the wife of a senior Ministry of Agriculture official for amount equivalent to US $373,990. The funds for these illicit payments came from the more than twenty nominee companies established by Monsanto's two Indonesian affiliates, PT Monagro Kimia ("PTMK"), a majority-owned subsidiary of Indonesia and PT Branita Sandhini ("PTBS"), a contractually-controlled nominee company of Monsanto headquartered in Jakarta. The nominee companies engaged in a scheme of over-invoicing, and the monies siphoned off were used to pay the Indonesian officials. (2) In 2002, Monsanto made an illicit payment of $50,000 to a senior official of the Ministry of Environment. In 2001, the Ministry of Environment had issued a decree requiring agricultural products such as Monsanto's Bollgard Cotton to undergo an environmental impact assessment prior to cultivation in Indonesia. When lobbying efforts to have the decree repealed failed, Charles Michael Martin, then Monsanto's Government Affairs Director for Asia, authorized and directed an Indonesian consulting firm Harvest (owned by Harvey Goldstein) to pay the bribe to a senior Environmental Ministry official and to conceal the illicit payment by false invoices by the business consulting company. The payment was made in cash. (3) Payment of approximately $29,500 to South Sulawesi Department of Agriculture officials through a scheme whereby PTBS entered into a ginning contract with an affiliate of the consulting firm to gin the cotton grown in South Sulawesi using cotton gins "rented" from the Indonesian government. PTBS instituted a program wherein it paid local South Sulawesi Dept of Agriculture officials a certain percentage of each kilogram of cotton fruit produced. In January 2005, following Monsanto's U.S. settlement, the Indonesian Corruption Eradication Commission (KPK) conducted investigations into the matter, and various ministers were reported as having denied receiving bribes.

Type of Illicit activity involving Public Official :

Bribery

Impediments to investigation:

Fake invoices

Most recent legal action against Public Official?:
Other legal action/ other prosecutions:
Region:
EAP
Country of Public Official:
Indonesia
Sources:
In the Matter of Monsanto Company, Respondent, Order Instituting Cease-and-Desist Proceedings, Making Findings, and Imposing a Cease-and-Desist Order Pursuant to Section 21C of the Securities Exchange Act of 1934, Admin. Proc. File No. 3-11789 (Jan. 6, 2005) Deferred Prosecution Agreement and Statement of Facts, US v. Monsanto Company, (D.D.C. 2005) Complaint, SEC v. Martin, No. 07-cv-00434 (D.D.C. 2007) US Department of Justice Press Release. "Monsanto Company Charged with Bribing Indonesian Government Official: Prosecution Deferred for Three Years." Jan. 6, 2005,

accessed at http://www.justice.gov/opa/pr/2005/January/05_crm_008.htm Sri Saraswati, Muninggar. "KPK to investigate Monsanto bribery case." The Jakarta Post, Jan. 10, 2005, accessed http://www.thejakartapost.com/news/2005/01/10/kpk-investigate-monsanto-bribery-case.html Sri Saraswati, Muninggar. "Bungaren denies receiving bribe from Monsanto." The Jakarta Post, Jan. 15, 2005
Position of Public Official during scheme:
Senior Official at Ministry Environment Official and others
Is there a pending case or appeals?:
Unk (Indonesia); No (United States)
UNCAC Articles(s) Implicated:
Art. 16
Art. 23
Money laundering Implicated?:
Yes
Year scheme began:
1997