

No. 83-02

Date: July 26, 1983

Review Procedure Releases

The Department of Justice has received a review request from an American company pursuant to the Review Procedure Releases Procedure.

The company, which is a wholly-owned domestic subsidiary of a publicly-held American corporation, currently participates with two foreign companies in a joint venture in a foreign country. The joint venture has a long-term contractual relationship with a foreign entity which is owned and controlled by the government of the foreign country. The joint venture has entered into contracts with the foreign government entity covering the first three of four phases of a project in the foreign country. The joint venture contracts for the first three phases total approximately \$7,000,000. Of this amount, the American participant will receive approximately \$2,700,000.

Although a contract for the final phase of the joint venture project has been signed by the joint venture participants and the foreign government entity, negotiations as to the contract price are not completed. The American participant anticipates, however, that the contract for the final phase will also be for several million dollars, of which the American firm will receive a substantial portion. With respect to all phases of the joint venture project, the amounts received by the American firm represent payment for actual services rendered.

The general manager of the foreign government entity presently intends to travel, at his expense, to the United States in the near future on vacation with his wife. The American joint venture participant intends to invite the general manager to extend his vacation in the United States for approximately 10 days to take a promotional tour of certain facilities of the American joint venture participant and its parent corporation in three locations within the continental United States. These facilities are engaged in the execution, or the supervision of the execution, of the American joint venture participant's performance under the joint venture contracts with the foreign government entity.

The purpose of the promotional tour would be to familiarize the general manager of the foreign government entity with the nature and extent of the American joint venture participant's operations and capabilities. In addition, it is expected that the general manager will be shown one or more projects, not operated by the American joint venture participant or its parent company, to demonstrate facilities similar technologically to the facilities being constructed in the foreign country. The visits to these projects will require minimal travel to and from one of the three company facilities on the general manager's proposed itinerary.

Since the general manager's wife will be with him in the United States, the American joint venture participant intends to invite her to accompany the general manager on the promotional tour of the company's facilities. The company has represented that the promotional tour was discussed with the foreign government official only after the company learned of the official's intention to vacation in the United States. The American firm intends to pay for all of the reasonable and necessary actual expenses of the general manager and his wife incurred during this tour. These expenses would include airfare from the city in the United States where the general manager and his wife will be vacationing to the three company sites within the United States and return to the vacation site, as well as the cost of lodging, meals, ground transportation and entertainment.

It is represented that the amount expended will not exceed \$5,000 and will be paid by the American joint venture participant directly to the providers of these services. The expenses will be recorded accurately on the books and records of the American firm and will also reflect

that the general manager and his wife were the persons for whom the expenses were incurred.

Based on all the facts and circumstances as represented by the American joint venture participant, the Department does not presently intend to take an enforcement action with respect to the payment by the firm of the expenses of the general manager of the foreign government entity and his wife on the proposed promotional tour.

The FCPA Review Letter and this Release have no application to any party which did not join in the request, and can be relied upon by the requesting party only to the extent that the disclosure of facts and circumstances in the request is accurate and complete and continues to accurately and completely reflect such facts and circumstances.