

John Davis Discusses John Deere Settlement in Anti-Corruption Report

"John Deere Settlement: Internal Controls Fail to Prevent T&E Missteps"

ANTI-CORRUPTION REPORT

09.25.2024

In part one of [this](#) two-part series, John Davis discussed the Securities Exchange Commission's (SEC) settlement with Deere & Company (d/b/a John Deere), emphasizing the SEC's continuing focus on how well companies' FCPA compliance programs handle high-risk issues. According to the settlement order, John Deere's wholly owned subsidiary regularly provided travel and entertainment to Thai officials to secure tenders. "The case highlights the continuing FCPA compliance risks created by sales promotion practices involving hospitality and entertainment of customers, especially for government officials and employees of state-owned entities," said Davis. He noted further, "Factory or related business visits can be done appropriately," "...but to do so, factory visits "must be closely tied to legitimate business activities that include, of course, actually conducting the visit at the factory and scheduling business-focused related activities as the core reason for the trip." Additionally, while factory visits "can include non-lavish meals and other appropriate activities, such entertainment should not be at the center of the trip," Davis advised. He also noted that all expenses provided should be "consistent with the rules of the visitors' organization." Finally, Davis observed that "[m]ost companies require that any such activities undergo scrutiny and prior approval from compliance or legal gatekeepers and be appropriately documented."