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## U.S. Securities and Exchange Commission

### U.S. SECURITIES AND EXCHANGE COMMISSION

Litigation Release No. 20397 / December 13, 2007

*Securities and Exchange Commission v. Robert W. Philip*, Case No. CV 07-1836 (MO) (D. Or. filed December 13, 2007)

#### SEC Charges Former Chairman/CEO of Schnitzer Steel for Authorizing Cash Bribes to Foreign Officials

The Securities and Exchange Commission today charged the former Chairman and CEO of Schnitzer Steel Industries, Inc., with violating anti-bribery provisions of the Foreign Corrupt Practices Act (FCPA) by approving cash payments and other gifts to officials at Chinese government-owned steel mills to entice their business. Without admitting or denying the allegations, Robert W. Philip of Portland, Oregon agreed to pay more than \$250,000 to settle the charges.

The Commission's complaint, filed in U.S. district court in Portland, Ore., alleges that from at least 1999 through 2004, Philip authorized payment of more than \$200,000 in cash bribes and other gifts to managers at government-owned steel mills in China to induce them to purchase scrap metal from Portland-based Schnitzer. The Commission alleges that Schnitzer generated more than \$96 million in revenue, and more than \$6.2 million in profits, from sales to customers who had received the improper payments. The complaint further alleges that Philip authorized more than \$1.7 million in payments to managers of privately owned steel mills in both China and South Korea, generating more than \$500 million in additional revenue for the company.

The SEC's complaint alleges that Philip violated the anti-bribery, recordkeeping and internal controls provisions of the FCPA. Philip agreed to disgorge \$169,863.79 in bonuses and pay \$16,536.63 in prejudgment interest and a \$75,000 civil penalty, and agreed to an order enjoining him from future violations of the FCPA.

In October 2006, Schnitzer paid \$7.7 million in disgorgement to settle related charges by the Commission, and paid \$7.5 million in penalties to settle related criminal charges brought by the U.S. Department of Justice.

The Commission acknowledges the assistance of the Department of Justice in its investigation.

*Securities Exchange Act of 1934 Release No. 54606 (Oct. 16, 2006)*  
*Accounting and Auditing Enforcement Release No. 2493 (Oct. 16, 2006)*

► [SEC Complaint in this matter](#)

<http://www.sec.gov/litigation/litreleases/2007/lr20397.htm>

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Modified: 12/13/2007