

ADMINISTRATIVE PROCEEDING

File No. 3-17759

SEC Charges Cadbury Limited and Mondelēz International, Inc. with Violating the Internal Accounting Controls and Books and Records Provisions of the FCPA

January 6, 2017 – The Securities and Exchange Commission today announced that Cadbury Limited (Cadbury) and Mondelēz International, Inc. (Mondelēz) have agreed to pay \$13 million to settle charges of violating the internal controls and books-and-records provisions of the Foreign Corrupt Practices Act (FCPA). According to the SEC Order, the FCPA violations arose from payments their subsidiary in India made to a consultant to obtain government licenses and approvals for a chocolate factory in Baddi, India.

An SEC investigation found that in February 2010, Mondelēz, formerly known as Kraft Foods, Inc., acquired Cadbury and its subsidiaries, including Cadbury India Limited, which manufactures and sells chocolate products in India. In 2010, Cadbury India retained and made payments to an agent to interact with Indian government officials to obtain licenses and approvals for a chocolate factory in Baddi, India. Cadbury India failed to conduct appropriate due diligence on, and monitor the activities of, the agent. From February 2010 to July 2010, the agent submitted five invoices to Cadbury India for, among other things, preparing license applications. Cadbury India employees at Baddi, not the agent, prepared these license applications. Cadbury India paid the agent a total of \$90,666 (after withholding tax) upon receipt of the invoices. After receiving each payment, the agent withdrew from its bank account most of the funds in cash. During this time period, Cadbury India obtained some of the licenses and approvals.

Cadbury India's books and records, which were consolidated into the books and records of Cadbury and Mondelēz, did not accurately and fairly reflect the nature of the services rendered by the agent. Cadbury did not implement adequate FCPA compliance controls at its Cadbury India subsidiary, which created the risk that funds paid the agent could be used for improper or unauthorized purposes.

The SEC's order finds that Cadbury violated Sections 13(b)(2)(A) and 13(b)(2)(B) of the Securities Exchange Act of 1934, by failing to keep accurate books, records, and accounts and failing to devise and maintain adequate internal accounting controls. The order also finds that Mondelēz, as the acquirer of Cadbury, is also responsible for Cadbury's violations.

Solely for the purpose of these proceedings, and without admitting or denying the findings, Cadbury and Mondelēz agreed to a cease-and-desist order and payment of a \$13 million civil penalty.

In determining to accept the offer, the SEC considered Mondelēz's cooperation and remedial actions.

The SEC's investigation was conducted by Daniel A. Weinstein and Antony R. Petrilla with assistance from Duane Thompson, Britt Biles, and Jan Folena. The investigation was supervised by Brian O. Quinn and Scott W. Friestad.

See also: [Order](#)