

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 98622 / September 29, 2023

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 4468 / September 29, 2023

ADMINISTRATIVE PROCEEDING
File No. 3-21763

In the Matter of

**ALBEMARLE
CORPORATION**

Respondent.

**ORDER INSTITUTING CEASE-AND-
DESIST PROCEEDINGS PURSUANT TO
SECTION 21C OF THE SECURITIES
EXCHANGE ACT OF 1934, MAKING
FINDINGS, AND IMPOSING A CEASE-
AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Albemarle Corporation (“Albemarle” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Albemarle has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, Respondent admits the Commission’s jurisdiction over it and the subject matter of these proceedings, and consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds¹ that:

SUMMARY

1. This matter concerns violations of the anti-bribery, books and records, and internal accounting controls provisions of the Foreign Corrupt Practices Act of 1977 (the "FCPA") by Albemarle, a global specialty chemicals company that develops and sells catalysts used in the operation of oil refineries. From at least 2009 through 2017, Albemarle's agents paid bribes to obtain sales of catalysts to public-sector oil refineries in Vietnam, India, and Indonesia and to private-sector oil refineries in India. Despite significant red flags indicating a high probability of bribery, Albemarle retained and paid these intermediaries, who in turn made corrupt payments to government officials. Albemarle also failed to implement sufficient internal accounting controls to provide reasonable assurances that payments made to agents in Vietnam, Indonesia, India, China, and the United Arab Emirates ("UAE") were for legitimate services. Albemarle's books and records failed to accurately reflect, or contain reasonable detail supporting, such payments. As a result of its misconduct, Albemarle obtained an improper benefit of approximately \$81.86 million from sales to state-owned customers.

RESPONDENT

2. **Albemarle Corporation ("Albemarle")** is a Virginia corporation with its principal place of business in Charlotte, NC. The company is a global developer, manufacturer, and marketer of specialty chemicals. Albemarle's common stock is and, throughout the relevant period, was registered with the Commission under Section 12(b) of the Exchange Act and trades on the New York Stock Exchange under the ticker "ALB."

FACTS

Background

3. During the relevant period, Albemarle managed and reported its worldwide operations through three global business units (GBUs) corresponding to its primary product markets: catalysts (which contained the Refining Solutions business), lithium, and bromine. The Refining Solutions business developed and sold catalysts to oil refineries through sales offices and intermediaries around the world. The President of the Refining Solutions GBU reported directly to Albemarle's Chief Executive Officer. Albemarle centrally coordinated its compliance, legal, finance, contracting, and internal audit functions.

¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

4. Albemarle sold refinery catalysts to state-owned refineries in Vietnam, India, Indonesia, China, and the UAE through four wholly owned and consolidated foreign subsidiaries: Albemarle Catalysts Company B.V. in the Netherlands (“Albemarle Netherlands”); Albemarle Singapore Pte. Ltd in Singapore (“Albemarle Singapore”); Albemarle Chemicals (Shanghai) Co. Ltd. in China (“Albemarle China”); and Albemarle Middle East FZE in the UAE (“Albemarle Middle East”) (each, an “Albemarle Subsidiary,” and together, the “Albemarle Subsidiaries”). Albemarle also used sales agents to sell refinery catalysts in Vietnam, India, Indonesia, China, and the UAE. The sales agents in Indonesia and China were also retained as distributors.

5. Albemarle exercised control over the sales activities of the Albemarle Subsidiaries, which acted as agents for Albemarle when retaining agents to sell catalysts globally. Albemarle officers served on the Albemarle Subsidiaries’ boards of directors and held signatory authority over bank accounts, at local branches of both U.S. and non-U.S. banks, used to pay sales intermediaries in the relevant countries. Albemarle sold refinery catalysts globally through agents and distributors approved by Albemarle sales, business, legal, compliance, and finance personnel and management. Personnel at the center of the misconduct reported directly or indirectly to issuer-employed managers in Albemarle’s sales and Refining Solutions organizations, who at times met with and communicated directly with customers. These managers also participated in regular sales strategy calls and meetings with Albemarle Subsidiary personnel and participated in evaluating and approving agent commissions and expenses.

Albemarle failed to timely address identified deficiencies in its internal accounting controls surrounding sales agents and distributors

6. Despite the known risks posed by Albemarle’s reliance on third-party sales agents and distributors in the sale of catalyst products to state-owned and -controlled oil refineries, Albemarle failed for many years to institute sufficient compliance systems and devise and maintain a sufficient system of internal accounting controls concerning the retention, payment, and oversight of these intermediaries.

7. A series of internal audit reports in 2013, 2015, and 2016 identified multiple gaps in Albemarle’s internal accounting controls with respect to the Refining Solutions business’s use of intermediaries. For example, sales agents and distributors were paid: despite incomplete due diligence; despite a lack of an executed contract; despite having a contract that lacked required anti-corruption provisions; and at rates higher than those provided for by contract – all in contravention of Albemarle’s policies and procedures.

8. The audit team for the 2013 internal audit recommended that Albemarle establish a comprehensive program to manage and monitor the entire life cycle for intermediaries. While Albemarle hired compliance personnel, reduced the number of sales agents and distributors without contracts, and implemented software to assist in third-party onboarding and contracting, it failed to devise and maintain a sufficient system of internal accounting controls with respect to commission rates and deviations from contracted rates. As a result, sales personnel were able to increase agents’ commission rates in multiple countries – including Vietnam, India, China, and UAE – despite certain Albemarle personnel having knowledge of red flags indicating the agents would use a portion of the

commission to make bribe payments to obtain contracts, influence tender specifications, or obtain nonpublic information concerning competitors' bids.

9. Other examples of internal accounting controls deficiencies during the relevant period include the payment of sales agents in Vietnam, India, Indonesia, China, and the UAE despite a lack of contractually required reports from the agents describing the services provided. In some instances, Albemarle Subsidiaries also entered backdated agreements with the sales agents and reimbursed vague, unsupported, and extra-contractual expenses. Certain personnel also instructed sales agents to omit detail from their invoices or to re-submit the invoices to a different Albemarle Subsidiary to avoid a lengthy approval process.

Vietnam:

Albemarle's agent paid bribes to obtain contracts from Vietnamese refineries

10. Between 2012 and 2017, Albemarle made sales to two Vietnamese oil refineries through its sales agent for Vietnam ("Vietnam Agent"), which was retained through Albemarle Singapore. In 2012 Vietnam Agent approached Albemarle Subsidiary personnel in Asia Pacific about becoming a sales agent for Vietnam. Although Vietnam Agent had registered to do business in Vietnam only three months earlier and had no catalysts experience, Vietnam Agent touted its ability to secure business for Albemarle based on its friendship with key decision makers at a Vietnamese state-owned refinery ("Vietnam Refinery 1") and past equipment sales he had made to the refinery. Vietnam Agent was hired in 2012 at a 4.25 percent commission rate that Albemarle's sales representative viewed as high for the region, and Albemarle approved an increase to Vietnam Agent's commission to 6.5 percent in 2015 despite emails reflecting a high probability additional funds would be used to bribe Vietnamese government officials.

11. Once retained in 2012, Vietnam Agent provided Albemarle with valuable nonpublic information concerning the Company's competitors and state-owned customers and secured orders for Albemarle. With respect to tenders issued by Vietnam Refinery 1 and a second refinery that was a joint venture of state-owned and private companies ("Vietnam Refinery 2), Vietnam Agent secured non-public and competitively sensitive information from government officials, as well as advance notice of tender requirements, fresh catalyst samples from competitors, information on competitors' tender submissions, and advice in navigating tender processes. With Albemarle's input, Vietnam Agent also secured changes to bid and evaluation criteria that advantaged Albemarle.

12. Beginning in 2013, Vietnam Agent made frequent requests to increase its commission. Emails from sales personnel in Asia and Europe reflected that Vietnam Agent had asserted that the commission increase was meant to "settle down," "take care [of]," and "contribute" to state-owned refinery officials. Increasing the commission, the sales personnel understood, would be necessary to "secure orders," "win the job," and avoid "los[ing] the market." In communications with these Albemarle Subsidiary personnel, Vietnam Agent's principal referred to using the commission increase to appease government officials. His messages regarding the increase included numerous coded references to his "Friend" (a key decision-maker at Vietnam Refinery 1) and the "Friend's" views on the desired level of Vietnam Agent's commission. Without the full details of the nature of communications with Vietnam Agent, Refinery Solutions managers at Albemarle Netherlands and Albemarle Europe sprl ("Albemarle Europe") approved an increase to Vietnam

Agent's commission, to 6.5 percent, in March 2015. In June 2016, Albemarle agreed to apply the same 6.5 percent commission rate on sales to the then recently constructed Vietnam Refinery 2. As a result of an internal investigation Albemarle began conducting in 2016, Albemarle terminated Vietnam Agent in 2017. Albemarle obtained improper benefits from sales to Vietnam Refinery 1 between 2013 and 2017 and to Vietnam Refinery 2 between 2016 and 2019 pursuant to contracts obtained through Vietnam Agent between 2013 and 2017.

13. Albemarle's system of internal accounting controls was insufficient to prevent or detect these improper payments, which Albemarle Singapore falsely recorded as legitimate commissions in books and records that were consolidated into Albemarle's financial statements.

India:

Albemarle's agent in India paid bribes to executives of state-owned and private customers

14. In India, an Albemarle consultant and sales agent ("India Agent") paid bribes to decision-makers at a state-owned oil company ("India State-Owned Customer") between 2009 and 2011 and at a private sector customer ("India Private Customer") between 2009 and 2017 to obtain and retain catalyst orders and secure sensitive, nonpublic information for Albemarle.

15. The impetus for retaining India Agent came in May 2009, after India State-Owned Customer reportedly threatened to place Albemarle on a "holiday list" as a sanction for purportedly failing to meet a performance guarantee, which would have barred Albemarle from future business with India State-Owned Customer. India Agent contacted Albemarle Middle East personnel to advise that it was aware of the "holiday list" issue and that it could help Albemarle avoid the "holiday list." Albemarle, contracting through Albemarle Netherlands, then engaged India Agent as a consultant and later sales agent, despite the high probability that India Agent would use a portion of its compensation to bribe a senior decision-maker ("Senior India Official") at India State-Owned Customer.

16. Several red flags emerged during Albemarle's due diligence process. India Agent claimed that its board of directors included two former senior India State-Owned Customer officials, and Albemarle already had a sales agent in India. An Albemarle Subsidiary regional director alerted an Albemarle sales executive ("Sales Executive"), who was employed directly by Albemarle and based in the United States, of his understanding, based on a July 2009 call with India Agent, that the agent would make corrupt payments to keep Albemarle off the holiday list and obtain business from Indian Oil Company and other customers. The regional director warned Sales Executive by email that it was "clear to [him]" that India Agent intended to use a portion of its commission to "handle" the Senior India Official, as well as officials "many levels below." The regional director expressed his concern that engaging India Agent would cause Albemarle to violate the FCPA. On August 13, 2009, despite the regional director's warning, Sales Executive signed a backdated consulting agreement between Albemarle Netherlands and India Agent. The agreement called for payment of a three percent commission to India Agent, a rate three times higher than that paid to Albemarle's existing agent for India. Shortly after Albemarle retained India Agent, the threat to place Albemarle on the "holiday list" was withdrawn.

17. Between 2009 and 2017, Albemarle also paid India Agent what personnel understood was an excessive commission to obtain catalyst orders from India Private Customer. As Albemarle's sales to India Private Customer grew, India Agent demanded increases to its commission rate. In support of one such request, India Agent provided nonpublic details about a competitor's bid and a confidential report by India Private Customer's technical team on the results of a performance evaluation. India Agent noted that Albemarle was obtaining sales "very easily due to our relationships, without any competition." Alluding to its relationship with India Private Customer's management, India Agent contended that the increase had been "discussed with all the friends and . . . agreed upon." In response, Albemarle increased India Agent's commission in 2010 (via a backdated agreement) and again in 2012. A July 2014 email from an Albemarle Europe sales executive to India Agent described the commissions as "extremely high" and "far from any possible realistic justification."

18. India Agent obtained business from India Private Customer by paying a senior executive ("Private Customer Executive") and his family more than \$190,000 between August 2009 and March 2018, including monthly payments directly to Private Customer Executive's wife and son. In 2011, at the request of Sales Executive, Albemarle sales personnel in Brazil arranged a hotel and tour of Rio de Janeiro for Private Customer Executive's son, who was working in Brazil at the time, and transferred the charge to India Agent's credit card. In March 2014, India Private Customer suspended shipments under Albemarle's supply contract while conducting a trial of a competitor's products. India Agent paid Private Customer Executive \$81,000 by check to restore Albemarle's catalyst order. India Private Customer resumed Albemarle's deliveries in July 2014 and placed additional catalyst orders through December 2017.

19. Although India Agent's agreement required it to cover all expenses associated with contract performance, it submitted more than \$100,000 in vague and unsupported "Business Development Expenses" and "HPC division Expenses" to Albemarle Netherlands. An Albemarle Subsidiary regional sales manager directed India Agent to resubmit its invoices through Albemarle Middle East, which would pay the invoices "without any lengthy authorization."

20. Albemarle's system of internal accounting controls was insufficient to prevent or detect the improper and extra-contractual payments made to and through India Agent, which Albemarle Netherlands and Albemarle Europe falsely recorded as "commissions" and reimbursements of legitimate expenses in books and records that were consolidated into Albemarle's financial statements.

Indonesia:
Albemarle's agent bribed officials of Indonesia's state-owned oil and gas company

21. Between 2012 and 2014 Albemarle, acting through Albemarle Singapore, used a sales agent in Indonesia ("Indonesia Agent") to sell catalysts to Indonesia's state-owned oil and gas company ("Indonesia State-Owned Customer"). Indonesia Agent bribed officials of Indonesia State-Owned Customer to obtain contracts and non-public information concerning tenders and competitors' products.

22. In April 2012, an official of Indonesia State-Owned Customer urged Albemarle Subsidiary personnel to replace Albemarle's existing agent with Indonesia Agent. The official reported that a key decision-maker at the customer ("Indonesia Official") was "very close friend[s]" with Indonesia Agent's president and that Indonesia Official's son served on Indonesia Agent's board of directors. Albemarle Subsidiary managers in Asia and Europe understood that, if they refused to use Indonesia Agent, Albemarle would "lose the business opportunity" to sell catalysts to Indonesia State-Owned Customer. Despite these red flags of the corrupt relationship between Indonesia Agent and Indonesia Official, Albemarle retained Indonesia Agent effective August 2012.

23. Over the next two years, Indonesia Agent provided Albemarle Subsidiary personnel with sensitive, nonpublic information and arranged for Indonesia Official to intervene in tenders on Albemarle's behalf. In August and November 2012, an Albemarle Subsidiary sales representative for the Asia Pacific region asked Indonesia Agent to obtain samples of competitor catalysts from Indonesia State-Owned Customer in connection with an upcoming tender. In response to the second request, Indonesia Agent cautioned that the first one had "cost us quite a sum." The sales representative understood Indonesia Agent to mean it had paid bribes to obtain the initial samples. The same sales representative directed Indonesia Agent not to include detail in its invoices concerning certain "tips" paid to staff of the Indonesia State-Owned Customer.

24. In December 2012, Indonesia Official intervened in a tender to Albemarle's benefit. Following initial catalyst testing results, Indonesia Official changed the tender procedure to permit purchase of an initial supply based on a "paper" qualification process that did not require testing. This allowed Albemarle to supply catalysts despite its technical disqualification. Likewise, Indonesia Official arranged for an April 2013 tender to use a paper-only qualification process.

25. During a February 2013 meeting in Singapore with three sales personnel of Albemarle Subsidiaries in the Asia Pacific region, Indonesia Agent requested a commission increase expressly to fund bribes to Indonesia State-Owned Customer officials, purportedly to compete with one of Albemarle's competitors. Although Albemarle sales personnel declined to increase the commission and reportedly told Indonesia Agent that Albemarle did not conduct business via bribery, they did not report concerns to their supervisors, Legal, or Compliance personnel or take any steps to terminate the agency relationship. Instead, Albemarle made contractual commission payments and certain extra-contractual expense reimbursements to Indonesia Agent throughout 2013 in connection with a contract Indonesia State-Owned Customer awarded to Albemarle in April 2013. A portion of these funds was used to pay bribes. After Indonesia Official retired in 2015, Albemarle terminated Indonesia Agent.

26. Albemarle's system of internal accounting controls was insufficient to prevent or detect the improper payments made to and through Indonesia Agent, which Albemarle Singapore falsely recorded as legitimate commissions and business expenses in books and records that were consolidated into Albemarle's financial statements.

Albemarle had insufficient internal accounting controls surrounding the payment of high-risk agents in China and the UAE

27. As a result of weaknesses in Albemarle’s internal accounting controls surrounding intermediaries, Albemarle hired, paid, and increased commission rates for agents in additional countries, including China and the UAE, despite elevated risks of bribery and without reasonable assurance that its payments compensated legitimate services.

28. From 2013 through 2017, Albemarle obtained catalyst sales from a refinery (“China State-Owned Customer”) through a sales agent (“China Agent”) retained through Albemarle China based on the recommendation of an official from China State-Owned Customer. Emails among Albemarle Subsidiary personnel described a senior official (“China Official”) at China State-Owned Customer as the “uncle” of China Agent’s principal (“China Agent’s Principal”), a situation they recognized was “thorny.” Neither China Agent nor Albemarle Subsidiary personnel identified China Agent’s Principal, or reported the possible familial connection to China Official, in the due diligence questionnaire or other documents submitted to Albemarle compliance personnel conducting due diligence on China Agent. However, Albemarle compliance department due diligence revealed that China Agent had no website and was authorized to do business only a few weeks before China Agent’s Principal first met with Albemarle personnel.

29. Despite these red flags, Albemarle retained China Agent. When an Albemarle business director questioned China Agent’s compensation as “high,” an Albemarle Netherlands business director replied that he anticipated large returns on the contract. In February 2014 Albemarle agreed to increase China Agent’s commission if it obtained higher prices from China State-Owned Customer. In August 2016 Albemarle China further increased the commission rate. Albemarle Subsidiary management knew that, due to a “powerful agent” who had a “good connection” to China State-Owned Customer’s management, Albemarle was able to obtain business on a sole source basis and at an “incredibly high price.” Albemarle’s system of internal accounting controls provided inadequate assurances that payments and discounts to China Agent were used for legitimate purposes. Moreover, Albemarle China’s books and records, which were consolidated into Albemarle’s financial statements, lacked support for payments to China Agent that were recorded as legitimate commissions or for discounts recorded as appropriate adjustments to sales.

30. In the UAE, Albemarle, contracting through Albemarle Netherlands, used a sales agent (“UAE Agent”) between 2011 and 2016 to obtain catalyst orders from a state-owned refinery (“UAE State-Owned Customer”). In violation of Albemarle policy, due diligence was conducted on UAE Agent only after entering sales agency agreements with the agent, including an addendum increasing its commission. UAE Agent had close and well publicized ties to the UAE government and royal family, contrary to UAE Agent’s representations in its due diligence questionnaire.

31. In May 2011, a consultant (“UAE Consultant”) approached an Albemarle Middle East regional sales representative offering to assist in obtaining business from UAE State-Owned Customer. UAE Consultant claimed to have good contacts with the engineering, procurement, and construction (“EPC”) firm to which UAE State-Owned Customer had outsourced portions of the catalysts tender. UAE Agent formally retained UAE Consultant in June 2012, purportedly to assist it with logistics and administrative functions in connection with Albemarle’s bid for additional

business with UAE State-Owned Customer. Although certain Albemarle Subsidiary personnel in the Middle East and the Netherlands knew of UAE Consultant's involvement, they did not inform Albemarle Legal or Compliance personnel of the relationship, and no due diligence was conducted on UAE Consultant. The agreement with UAE Agent was amended in 2013 to increase its commission by one percent -- the same amount UAE Agent agreed to pay UAE Consultant. UAE Consultant provided no discernable services other than conveying confidential tender evaluations and competitors' bids obtained from the refinery and the EPC firm.

32. In addition to commissions that Albemarle paid to UAE Agent (and, through it, UAE Consultant), Albemarle paid UAE Agent undefined "administrative charges" equal to ten percent of its invoices for customs clearance and other non-sales services. These undocumented charges fell outside the scope of Albemarle's agreement with UAE Agent. Albemarle's system of internal accounting controls provided inadequate assurances that payments to UAE Agent were used for legitimate services. Moreover, Albemarle Netherlands and Albemarle Middle East, whose books and records were consolidated into Albemarle's financial statements, lacked support for payments to UAE Agent that were recorded as legitimate commissions and business expenses.

LEGAL STANDARDS AND VIOLATIONS

33. Under Section 21C(a) of the Exchange Act, the Commission may impose a cease-and-desist order upon any person who is violating, has violated, or is about to violate any provision of the Exchange Act or any rule or regulation thereunder, and upon any other person that is, was, or would be a cause of the violation, due to an act or omission the person knew or should have known would contribute to such violation.

Albemarle Violated Exchange Act Section 30A

34. The anti-bribery provisions of the FCPA, Section 30A of the Exchange Act, make it unlawful for any issuer with securities registered pursuant to Section 12 of the Exchange Act or which is required to file reports under Section 15(d) of the Exchange Act, or any officer, director, employee, or agent acting on its behalf, to make use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of the provision of or offer to provide anything of value, directly or indirectly, to foreign officials for the purpose of influencing their official decision-making, in order to assist in obtaining or retaining business. 15 U.S.C. § 78dd-1(a).

35. Additionally, under Section 30A(g) of the Exchange Act it is unlawful for any issuer organized under the laws of the United States, or a State, territory, possession, or commonwealth of the United States or for any United States person that is an officer, director, employee, or agent of such issuer, to corruptly do any act outside the United States in furtherance of the provision of or offer to provide anything of value, directly or indirectly, to foreign officials for the purpose of influencing their official decision-making, to assist in obtaining or retaining business, irrespective of whether such issuer or such officer, director, employee, or agent makes use of the mails or any means or instrumentality of interstate commerce. 15 U.S.C. § 78dd-1(g).

36. As a result of improper offers and payments made through Albemarle's sales agents to foreign officials in Vietnam, India, and Indonesia to win public tenders from state-owned customers as described above, Albemarle violated Exchange Act Sections 30A(a) and (g).

Albemarle Violated Exchange Act Section 13(b)(2)(A)

37. The books and records provision of the FCPA, Section 13(b)(2)(A) of the Exchange Act, requires every issuer with a class of securities registered pursuant to Section 12 of the Exchange Act or which is required to file reports under Section 15(d) of the Exchange Act to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer. 15 U.S.C. § 78m(b)(2)(A). As described above, Albemarle's books and records inaccurately characterized payments to agents in Vietnam, India, and Indonesia that included portions intended for bribes as commissions and legitimate business expenses, and it lacked sufficient detail and support to record payments to agents in Vietnam, India, Indonesia, China, and the UAE as legitimate commissions and business expenses. Therefore, Albemarle violated Exchange Act Section 13(b)(2)(A).

Albemarle Violated Exchange Act Section 13(b)(2)(B)

38. Section 13(b)(2)(B) of the Exchange Act requires companies with a class of securities registered under Section 12 of the Exchange Act or which are required to file reports under Section 15(d) of the Exchange Act to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary (I) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (II) to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. 15 U.S.C. § 78m(b)(2)(B).

39. As described above, Albemarle failed to implement a system of internal accounting controls sufficient to provide reasonable assurances that access to assets was permitted, and transactions were executed, only in accordance with management's general or specific authorization. Specifically, Albemarle had insufficient internal accounting controls over vendor management and accounts payable to provide reasonable assurances that the Albemarle Subsidiaries were adhering to Albemarle's anti-corruption policy and procedures before paying agents, lacked sufficient entity-level controls over the Albemarle Subsidiaries, and failed to address repeated audit findings regarding identified deficiencies in its controls surrounding intermediaries. By this conduct, Albemarle violated Exchange Act Section 13(b)(2)(B).

ALBEMARLE'S DISCLOSURES, COOPERATION, AND REMEDIATION

40. In determining to accept the Offer, the Commission considered Albemarle's self-disclosures, cooperation, and remedial efforts.

41. Albemarle made an initial self-disclosure to the Commission of potential FCPA violations in Vietnam following its completion of an internal investigation of such conduct and, at the same time, self-reported potential violations it was investigating in India, Indonesia, and China. Albemarle later self-disclosed to the Commission potential violations in other jurisdictions as part of an expanded internal investigation.

42. Albemarle's cooperation included providing regular updates on its internal investigation; giving regular and detailed factual presentations to the staff; voluntarily producing relevant documents (including translations, bank records, emails, and text messages); making current and certain former employees available to the Commission staff, including those who needed to travel to the United States; and summarizing the results of forensic accounting and auditing analysis.

43. Albemarle began its remediation upon identifying issues and continued its efforts thereafter. Its remediation included: (1) terminating culpable personnel and intermediaries; (2) exercising third-party audit rights; (3) revamping its anti-corruption policies, procedures, and systems; (4) enhancing internal accounting controls over the retention, payment, and oversight of third parties, including the use of transaction monitoring and data analytics; (5) hiring a dedicated and experienced compliance officer and compliance staff; and (6) ceasing use of all sales agents globally across its business units, including Refining Solutions, and significantly decreasing the use of other third parties involved in the sale or resale of its products; and (7) enhancing risk-based training regarding anti-corruption, internal accounting controls, and other compliance matters.

DISGORGEMENT AND CIVIL PENALTIES

The disgorgement and prejudgment interest ordered in section IV is consistent with equitable principles and does not exceed Respondent's net profits from its violations, and allowing Respondent to retain such funds would be inconsistent with equitable principles. Therefore, in these circumstances, distributing disgorged funds to the U.S. Treasury is the most equitable alternative. The disgorgement and prejudgment interest ordered in section IV shall be transferred to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Exchange Act.

Albemarle acknowledges that the Commission is not imposing a civil penalty based upon the imposition of a \$99,000,000 criminal fine as part of Albemarle's resolution with the U.S. Department of Justice.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent's Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondent shall cease and desist from committing or causing any violations and any future violations of Sections 30A, 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78dd-1, 78m(b)(2)(A), and 78m(b)(2)(B)].

B. Respondent shall, within 14 days of the entry of this Order, pay disgorgement of \$81,856,863 and prejudgment interest of \$21,761,447 for a total of \$103,618,310 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600.

C. Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Albemarle as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Charles Cain, Unit Chief, FCPA Unit, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

By the Commission.

Vanessa A. Countryman
Secretary