

**UNITED STATES DISTRICT COURT
DISTRICT OF COLUMBIA**

**UNITED STATES SECURITIES AND
EXCHANGE COMMISSION,
100 F Street, N.E.
Washington, DC 20549**

Plaintiff,

v.

**CHARLES MICHAEL MARTIN,
1502 North Ivanhoe Street
Arlington, Virginia 22210**

Defendant.

CASE NUMBER 1:07CV00434

JUDGE: Ricardo M. Urbina

DECK TYPE: General Civil

DATE STAMP: 03/06/2007

COMPLAINT

Plaintiff United States Securities and Exchange Commission (the "Commission") alleges for its Complaint against Defendant Charles Michael Martin ("Martin") as follows:

SUMMARY

1. In 2002, Defendant Martin, who was employed by Monsanto Company ("Monsanto") as its Government Affairs Director for Asia, authorized and directed an Indonesian consulting firm ("Consulting Firm") to pay a bribe totaling \$50,000 to a senior Indonesian Ministry of Environment official ("the Senior Environment Official"). The illegal payment was made to influence the Senior Environment Official to repeal language in a decree that was unfavorable to Monsanto's business in Indonesia.

2. To generate the funds to make the illegal \$50,000 payment, and to conceal the unlawful activity, Martin directed the Consulting Firm to create a set of invoices to falsely bill Monsanto in an amount sufficient to cover the illegal payment. Martin subsequently approved the

false invoices for payment by Monsanto, and took steps to ensure that Monsanto paid the false invoices, thereby causing Monsanto's books and records to be falsified and circumventing Monsanto's system of internal accounting controls, which Monsanto was required to devise and maintain. As a result of Martin's actions, Monsanto falsely recorded the \$50,000 payment in its books and records as a payment for consulting services when, in fact, it was an illegal payment to the Senior Environment Official. Even though Martin's scheme was carried out pursuant to his instructions and the \$50,000 payment was made to the Senior Environment Official, the unfavorable decree remained in place.

3. Through his conduct in devising and orchestrating the illegal payment, Martin violated, and aided and abetted violations of, the anti-bribery provisions of the Foreign Corrupt Practices Act, and the internal controls and books and records provisions of the federal securities laws as described below. By this Complaint, the Commission respectfully requests that the Court issue orders permanently enjoining Martin from committing, and from aiding and abetting, violations of the federal securities laws as alleged in this Complaint and directing Martin to pay a civil monetary penalty.

JURISDICTION AND VENUE

4. This Court has jurisdiction over this action pursuant to Sections 21(d)(3), 21(e), and 27 of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78u(d)(3), 78u(e), and 78aa]. In connection with the conduct described herein, the defendant, a United States citizen and national, made use of the mails and a means or instrumentality of interstate commerce corruptly in furtherance of the acts, practices and courses of business alleged here. Martin's unlawful conduct involved the offer, promise, authorization, and payment of money to the Senior Environment Official, a foreign official as defined in Section 30A(f) of the Exchange Act [15 U.S.C. § 78dd-1(f)].

5. Venue lies in the District of Columbia, as certain of the acts, practices, and courses of conduct constituting the violations of the laws alleged in this Complaint occurred in this district, where Martin was based during his employment as Monsanto's Government Affairs Director for Asia.

DEFENDANT

6. Defendant Martin, age 62, a United States citizen and national, was Monsanto's Government Affairs Director for Asia from August of 1999 until his departure from Monsanto on December 17, 2002. During his tenure with Monsanto, Martin was based in Washington, D.C. Martin frequently traveled in and around the Asia Pacific region on behalf of Monsanto.

OTHER RELEVANT ENTITIES

7. Monsanto is a Delaware corporation based in St. Louis, Missouri. Monsanto is a global producer of technology-based solutions and agricultural products for growers and downstream customers in agricultural markets in the United States and abroad. Monsanto's common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act [15 U.S.C. § 781(b)] and is listed on the New York Stock Exchange. On January 6, 2005, the Commission filed settled enforcement proceedings against Monsanto for violating the anti-bribery provisions of the Foreign Corrupt Practices Act, and for violating the books and records and internal control provisions of the Exchange Act. SEC v. Monsanto Co., Case No. 1:05CV00014 (D.D.C. Jan. 6, 2005); Monsanto Company, No. 3-11789, Exchange Act Rel. No. 19023 (Jan. 6, 2005).

FACTS

Background

8. Among its agricultural products, Monsanto develops, produces, and markets certain genetically-modified organisms ("GMOs"). GMOs are promoted as being better than

conventional crops because they resist disease and pestilence, and produce higher yields. The use of GMOs, however, has been controversial in some countries, including Indonesia. To increase acceptance of its GMO crops in Indonesia, Monsanto retained the Consulting Firm, which also represented other United States companies doing business in Indonesia.

9. An employee of the Consulting Firm (“the Consulting Firm Employee”), who is a United States citizen and national, led the Monsanto account. The Consulting Firm Employee worked closely with Martin, who, as Monsanto’s Government Affairs Director for Asia, was responsible for certain government affairs activities in the Asia Pacific region, including lobbying for Indonesian legislation favorable to Monsanto’s business interests and monitoring Indonesian legislation that could potentially negatively impact Monsanto’s business interests.

10. On behalf of Monsanto, Martin and the Consulting Firm Employee lobbied members of the Indonesian government for legislation and ministerial decrees favorable to GMO crops. In February of 2001, Monsanto obtained limited approval from Indonesia’s Ministry of Agriculture allowing farmers in South Sulawesi, Indonesia to grow Bollgard Cotton, one of Monsanto’s GMO crops.

11. However, later in 2001, the Ministry of Environment issued a decree (“2001 AMDAL Decree”) reiterating Indonesia’s longstanding law requiring an environmental impact assessment (“AMDAL process”) for industry and buildings, and inserting several lines of text that made the AMDAL process apply to bio-technology products. As a result of the 2001 AMDAL Decree, GMOs, such as Monsanto’s Bollgard Cotton, were required, for the first time, to undergo an AMDAL process before they could be cultivated in Indonesia. As written, the 2001 AMDAL Decree posed a considerable obstacle to the success of Monsanto’s existing Bollgard Cotton project and Monsanto’s ability to successfully market other GMOs in Indonesia and elsewhere in the Asia Pacific region. To remove this obstacle, Martin focused on lobbying the Senior

Environment Official for repeal of the 2001 AMDAL Decree and gave the Consulting Firm Employee the specific task of neutralizing the impact of the 2001 AMDAL Decree upon Monsanto by having the “offensive” language in the 2001 AMDAL Decree removed or repealed.

Martin’s Plan to Bribe the Senior Environment Official

12. Due to a change in administration, in August of 2001, new Indonesian Ministry of Environment officials were appointed. Martin focused his lobbying efforts on the repeal of the 2001 AMDAL Decree. Martin then met on several occasions with the Consulting Firm Employee and called the Consulting Firm Employee numerous times concerning the repeal of the 2001 AMDAL Decree. Martin also met on several occasions with the Senior Environment Official. Throughout the relevant period, the Senior Environment Official was a foreign official within the meaning of the Foreign Corrupt Practices Act.

13. Near the end of 2001, it became clear that the lobbying efforts with the Senior Environment Official were not having any effect. Martin then told the Consulting Firm Employee to “incentivize” the Senior Environment Official by offering a cash payment of \$50,000 to repeal the “offensive” language in the 2001 AMDAL Decree.

14. The Consulting Firm Employee discussed Martin’s offer of the \$50,000 cash payment with the Senior Environment Official and understood that the Senior Environment Official would attempt to repeal the amendment in exchange for the payment. The Consulting Firm Employee informed Martin of this conversation. Martin directed the Consulting Firm Employee to proceed with the illegal payment and instructed the Consulting Firm Employee not to speak to anyone about the illegal payment other than his supervisor at the Consulting Firm and Martin himself.

Martin Directs the Falsification of Invoices to Fund the Illegal Payment

15. In order to fund the \$50,000 payment, Martin directed the Consulting Firm Employee to submit false invoices from the Consulting Firm to Monsanto for consulting services which, once paid, would generate the funds necessary to carry out the unlawful payment. Martin sent several e-mails, which were processed on a server located in the United States, to the Consulting Firm Employee and spoke to him in person and over his cellular phone regarding the invoicing scheme. Martin instructed the Consulting Firm Employee to create several false invoices totaling approximately \$66,000 (approximately 710,411,600 Indonesian Rupiah), so that the amount paid by Monsanto would include the sum for the bribe and the amount necessary to cover the tax consequences when the Consulting Firm reported Monsanto's payment on those invoices as "consulting fee" income. Martin directed the Consulting Firm Employee to bill Monsanto for the hours that the Consulting Firm Employee spent traveling on two trips to St. Louis, Missouri in December 2001 and January 2002. The false invoices were submitted to Monsanto in the United States on several weeks prior to the second trip.

16. Martin approved the false invoices for payment. Martin also convinced other Monsanto managers to approve the invoices for payment, despite Martin's knowledge that the invoices were false. By approving the invoices and convincing other Monsanto managers to approve the invoices, Martin knowingly circumvented Monsanto's system of internal controls and ensured that the false invoices would be inaccurately and improperly recorded by Monsanto as payment for bona fide consulting services when Martin knew that the sole purpose of the invoices was to generate the funds for the illegal payment. In early March 2002, the Consulting Firm received payment on the false invoices from Monsanto.

17. As a result of Martin's actions, Monsanto inaccurately recorded the invoices as payment for consulting services. The improper entry was subsequently included within the

presentation of Monsanto's 2002 Statement of Consolidated Operations, which was filed with the Commission on March 13, 2003 on Form 10-K.

The Illegal Payment is Made to the Senior Environment Official

18. After submitting the false invoices, the Consulting Firm Employee withdrew \$50,000 from the Consulting Firm's Indonesian bank account. On or about February 5, 2002, the Consulting Firm Employee visited the Senior Environment Official at his home. The Consulting Firm Employee briefly spoke with the Senior Environment Official, informed the Senior Environment Official that he had the money, and then gave an envelope containing \$50,000 in \$100 bills to the Senior Environment Official. The Consulting Firm Employee then reported back to Martin that he had made the illegal payment to the Senior Environment Official. Despite the cash payment, the Senior Environment Official never repealed the language within the 2001 AMDAL Decree that required Monsanto's products to undergo the AMDAL process.

FIRST CLAIM FOR RELIEF

Martin Violated Exchange Act Section 30A

19. Paragraphs 1 through 18 are realleged and incorporated by reference.

20. As described above, Martin, acting on behalf of Monsanto and its subsidiaries, violated the anti-bribery provisions of the Foreign Corrupt Practices Act as codified at Exchange Act Section 30A [15 U.S.C. § 78dd-1], by making use of the mails or a means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay, or authorization of the payment of any money, while knowing that all or a portion of such money would be offered, given, or promised, directly or indirectly, to a foreign official for the purpose of influencing the official's acts or decisions, securing an improper advantage, or inducing him to use his influence, to assist Monsanto in obtaining or retaining business.

21. By reason of the foregoing, Martin violated, and unless restrained and enjoined by this Court will continue to violate, the anti-bribery provisions of the Foreign Corrupt Practices Act.

SECOND CLAIM FOR RELIEF

Martin Aided and Abetted Violations of Exchange Act Section 30A

22. Paragraphs 1 through 21 are realleged and incorporated by reference.

23. As a consequence of the conduct described above, Monsanto violated the anti-bribery provisions of the Foreign Corrupt Practices Act as codified at Exchange Act Section 30A [15 U.S.C. § 78dd-1], and Martin knowingly and substantially assisted Monsanto in its violations of these provisions.

24. By reason of the foregoing, Martin aided and abetted, and unless restrained and enjoined by this Court will continue to aid and abet, violations of the anti-bribery provisions of the Foreign Corrupt Practices Act.

THIRD CLAIM FOR RELIEF

Martin Violated Exchange Act Section 13(b)(5) and Exchange Act Rule 13b2-1

25. Paragraphs 1 through 24 are realleged and incorporated by reference.

26. As described more fully above, Martin knowingly circumvented Monsanto's system of internal accounting controls, as described in Exchange Act Section 13(b)(2)(B) [15 U.S.C. § 78m(b)(2)(B)]. Martin also directly or indirectly falsified, or cause to be falsified, Monsanto's books, records or accounts subject to Exchange Act Section 13(b)(2)(A) [15 U.S.C. § 78m(b)(2)(A)].

27. By reason of the foregoing, Martin violated, and unless restrained and enjoined will continue to violate, Exchange Act Section 13(b)(5) [15 U.S.C. § 78m(b)(5)] and Exchange Act Rule 13b2-1 [17 C.F.R. § 240:13b2-1].

FOURTH CLAIM FOR RELIEF

Martin Violated Aided and Abetted Violations of Exchange Act

Sections 13(b)(2)(A) and 13(b)(2)(B)

28. Paragraphs 1 through 27 are realleged and incorporated by reference.

29. As detailed above, Monsanto violated Exchange Act Section 13(b)(2)(A) [15 U.S.C. § 78m(b)(2)(A)] by failing to make and keep books and records which, in reasonable detail, accurately and fairly reflected Monsanto's transactions and disposition of its assets. Monsanto also violated Exchange Act Section 13(b)(2)(B) by failing to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that: (i) transactions were executed in accordance with management's general or specific authorization; and (ii) transactions were recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for its assets. Through his conduct as described above, Martin knowingly provided substantial assistance to Monsanto in its violations of these provisions.

30. By reason of the foregoing, Martin aided and abetted violations of Exchange Act Sections 13(b)(2)(A) and 13(b)(2)(B), and unless restrained and enjoined by this Court, will continue to aid and abet such violations.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court enter a final judgment against Martin that:

1. Permanently restrains and enjoins Martin from violating Exchange Act Sections 30A and 13(b)(5) and Exchange Act Rule 13b2-1, and from aiding and abetting violations of Exchange Act Sections 30A, 13(b)(2)(A) and 13(b)(2)(B);

2. Orders Martin to pay a civil money penalty pursuant to Exchange Act Sections 21(d)(3) [15 U.S.C. § 78u(d)(3)] and 32(c) [15 U.S.C. § 78ff(c)]; and
3. Grants such other and further relief as is just and proper.

Dated: March 6, 2007

Respectfully submitted,



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