

University of Minnesota Duluth
Labovitz School of Business and Economics
Undergraduate Research Opportunity Project
(UROP)

**An Examination of the Relationship between
the Audit Quality and Fraudulent Financial Reporting
--Evidence from Firm's Violation of Foreign Corrupt Practice Act**

Submitted by:

Accounting student
Nithurshun Sivaloganathan

Faculty advisor
Professor Daniel Hsiao

May 17, 2013

Introduction:

The research was based on the analysis of a list of companies investigated by the Securities and Exchange Commission (“SEC”) and Department of Justice (“DOJ”), regarding the payment of bribe to obtain or retain business. The analysis was made on a list of 100 companies (Appendix - Table 1), whose information was obtained from the Lexi-Nexis Academic database through the University of Minnesota Duluth library. The goal of the research is to examine the effect of the Foreign Corrupt Practices Act (“FCPA”) announcement to the U.S. home country’s capital market and understand the market reaction to these announcements.

Foreign Corrupt Practices Act (“FCPA”):

Bribery is defined as both the giving and receiving of bribes in terms of someone who offers, promises or gives another, or requests, agrees to receive or accepts, a financial or other advantage in connection with a person performing a function improperly. FCPA enforcement is a top priority of both the SEC and the DOJ, and they will be devoting all resources necessary in enforcing this statute. According to WorldCompliance, the most comprehensive database of profiles of individuals and organizations, the FCPA is a law enacted in 1977 to prohibit companies from paying bribes to foreign government officials and political figures for the purpose of obtaining business. Enforcement of the regulation has increased drastically in the recent years.

There are three types of entities prohibited from making improper payments.

These are:

- Issuers: Companies that have securities registered in the U.S. or are required to file reports with the Securities and Exchange Commission.
- Domestic Concerns: Any person or business entity, as well as nationals and residents of the U.S. are considered domestic concerns. This includes any entities who have their principal place of business in the U.S or who are recognized under the laws of the U.S. Both issuers and domestic concerns may be held liable for any act that promotes a corrupt payment, by using the U.S. mail or any means or instrument of interstate commerce or for an act which occurs outside of the U.S
- Foreign nationals and businesses: A foreign national or business may be held liable for any act that promotes a corrupt payment within the U.S. Unlike the first two entities, foreign nationals and businesses are not liable for acts committed outside of the U.S.
- Third parties and agents: A third party or agent acting on behalf of an issuer, domestic concern or foreign national or business is liable under the same conditions as the issuer, domestic concern or foreign national or business.

The definition of "American" in the FCPA law has expanded greatly to include foreign companies that are listed on U.S. stock exchanges, that sell securities in the United States or that do business in USA. The FCPA potentially applies to any individual, firm, officer, director, employee or agent of the firm, and any stockholder

acting on behalf of the firm. Individuals and firms may also be penalized if they offer, authorize or assist someone else to violate the anti-bribery provisions, or if they conspire to violate those provisions. The costs can be enormous for companies found to be in violation of the FCPA and similar anti-corruption laws. An exception to the law is that there are three situations in which payments to foreign officials would not result in liability under the FCPA. One situation is when the conduct falls under “routine governmental action” and the other two situations involve what are known as “affirmative defenses” (“Foreign Corrupt Practices Act”, 2011)

Requirements Under The FCPA:

The FCPA not only has laws regarding the anti-bribery, but it requires companies to have proper accounting procedures. The FCPA generally prohibits the bribing of foreign officials. According to the SEC Office of Investor Education and Advocacy, the FCPA also requires publicly traded companies to maintain accurate books and records and to have a system of internal controls sufficient to provide reasonable assurances that transactions are executed and assets are accounted for in accordance with management’s authorization and recorded as necessary to permit the preparation of financial statements in conformity with generally accepted accounting principles (“GAAP”). The anti-bribery provisions of the FCPA generally prohibit any offer, payment, promise, or authorization to pay money or anything of value to any foreign official, foreign political party, or candidate for public office, intended to influence any act or decision in order to assist in obtaining or retaining business. (2011, p.1)

Prosecution Under The FCPA

DOJ and SEC are very devoted in pursuing bribery cases and billions of dollars in penalties are recouped under the law, and corporations dealing with a single investigation spend millions. Individuals are also prosecuted; they are imprisoned and will pay a considerable financial penalty. The FCPA provides both criminal and civil penalties for the violation of its provision. According to Jessica Tillipman in her research paper, "Foreign Corrupt Practices Act Fundamentals", Corporations are fined up to \$2million, but it varies depending on the impact/size of the bribe. Individuals are fined and up to \$100,000 and five years' imprisonment for willful violations, this includes non-U.S. nationals as well. Violations of the recordkeeping and internal control provisions are typically punished with civil penalties that range in size depending on the circumstances. (Tillipman 2008, p.15)

According to the article, "The Foreign Corrupt Practices Act: Aggressive Enforcement and Lack of Judicial Review Create Uncertain Terrain for Businesses", corporate FCPA investigations are generally resolved by means of a Deferred Prosecution Agreement ("DPA") or an Non-Prosecution Agreement ("NPA") with DOJ and/or a civil settlement with the SEC. DPAs and NPAs are agreements between companies and prosecutors, in which the company agrees to comply with a set of terms for a specific period, in exchange for an agreement not to prosecute. Corporations have faced severe financial consequences and even the "corporate death penalty". The terms of DPAs and NPAs can be severe, including: monetary payments (restitution, disgorgement of profits, and penalties), a requirement to enhance the company's compliance procedures and in some cases, a requirement to

hire an independent monitor to oversee compliance and internal controls and determine whether the company meets the agreement's requirements. (2013, p.4)

Anti-Bribery Laws Around The World:

The idea of combating corruption is catching on globally. According to John Tredennick in the article "With FCPA Actions on the Rise, Search Takes Center Stage", England recently enacted a similar law called the UK Bribery Act. It came into effect in July 2011, and it will impact U.S. as well as Asian companies. Other European governments are following suit. In December 2010, Spain passed legislation allowing companies to be held accountable for criminal liability and making it a crime to bribe foreign officials. The Asian region isn't ignoring this issue either; Singapore has the Corrupt Practices investigation Bureau ("CPIB"), which is dedicated to enforce its Prevention of Corruption Act. Interestingly enough, China has an Anti-Bribery Law as well, which came into effect in December 2008. The Chinese Anti-Bribery law was amended to include making it an offense to bribe government officials outside of China and non-government officials too. Japan is in the game as well. In a recent case, prosecutors in Japan got four former senior executives of a Japanese company to plead guilty to bribing a Vietnamese transport official. (Tredennick 8)

Literature Review

Several research papers were analyzed and information from those papers were identified to support my analysis, in the later section and to add more credibility to my analysis.

Consequences of Being Involved in a FCPA Case:

Potential FCPA violators face significant pressure to cooperate with DOJ and SEC investigations. According to the article, *The Foreign Corrupt Practices Act: Aggressive Enforcement and Review Create Uncertain Terrain for Businesses* In particular, businesses targeted under the FCPA face significant pressure on stock prices and impairment in obtaining credit; moreover, “businesses in some industries can be debarred from government contracting or denied government licenses upon an indictment or conviction.” (2013, p.4)

According to Stephen Choi and Kevin Davis in the research paper, “*Foreign Affairs and Enforcement of the Foreign Corrupt Practices Act*”, evidence shows that the sanctions in an individual FCPA action are positively correlated with the size of bribe, the profit related to the briber, and the amount of business affected by the bribe. The DOJ has jurisdiction over civil and criminal enforcement. (Choi and Davis 2012, p.4)

Beyond criminal penalties, other consequences may result. According to Layne E. Kruse in the article, “*FCPA compliance a challenge for US oil, gas companies*”, first, there could be a loss of export privileges or the suspension and debarment from US government contracting, as well as the loss of benefits under government programs (e.g., financing). A direct private right of action does not exist

under either the foreign bribery provisions or the accounting and record keeping provisions of the FCPA. US corporations are also being prosecuted for the illegal conduct of their controlled foreign affiliates (Kruse 2012, p.2)

According to Karpoff, Lee and Martin in the research paper, “The Impact of Anti-Bribery Enforcement Actions on Targeted Firms”, firms that are charged with foreign bribery suffer large reputational losses in the form of decreased sales and increased costs. Other research shows that many firms experience reputational losses when they are discovered to engage in other types of illegal or opportunistic behavior.

Their findings indicate that, in its impact on firm reputation, bribery is more like an environmental violation and less like consumer fraud. That is, firms do not suffer large reputational losses when they are caught bribing. When the bribe is accompanied by financial misrepresentation, in contrast, the reputational loss tends to be large. (Karpoff, Lee and Martin 2012, p.25)

Trends in the Increasing Number of FCPA Cases:

According to David C. Weiss in the Student Note, “The Foreign Corrupt Practices Act, SEC Disgorgement Of Profits, and The Evolving International Bribery Regime: Weighing Proportionality, Retribution, and Deterrence”, from 1978 to 2000, the SEC and the DOJ averaged approximately three FCPA prosecutions per year and the rare case that went to trial typically resulted in minimal penalties. The average number of investigations for 2003 to 2009, however, was approximately twenty per year and trending upwards. (Weiss 2009, p.482)

According to Jessica Tillipman in the research paper, “Foreign Corrupt

Practices Act Fundamentals”, recent FCPA enforcement actions demonstrate that the U.S. Government is not hesitant to exercise its jurisdiction under the Act over foreign entities based on their contacts with the United States or their status as “issuers.” There are a multitude of reasons for the rise in foreign enforcement activity, including the globalization of the marketplace, increased international merger and acquisition activity, and a rise in voluntary disclosures of potential FCPA violations to U.S. authorities. Enforcement of the FCPA has reached an all-time high in recent years.

Another trend that has arisen with respect to the prosecution of foreign companies and nationals is parallel prosecutions and investigations. FCPA enforcement is just one weapon in an arsenal of international agreements enacted to combat bribery throughout the world, including the Organization for Economic Cooperation and Development Convention on Combating Bribery of Foreign Officials in International Business Transactions, Inter-American Convention Against Corruption, United Nations Convention Against Corruption, and the African Union Convention on Preventing and Combating Corruption. Recent enforcement activity and investigations indicate that disclosure to foreign officials and a full investigation of a firm by foreign prosecutors does not preclude U.S. authorities from pursuing a matter. Rather, coordination between the United States and foreign authorities has resulted in an increase in the number of joint investigations and FCPA enforcement actions.

Even if a foreign prosecutor declines to pursue allegations of bribery, the U.S. is still likely to act if it has jurisdiction over the matter. For example, in 2006, Statoil

ASA, a Norwegian company, settled an FCPA enforcement action with the DOJ by agreeing to pay \$21 million. The DOJ pursued the case even though Statoil had already been investigated and fined \$3 million by Norwegian authorities for the same improper activity. (Tillipman 2008, p.12-13)

A majority of US firms, 75%, are likely to pay bribes abroad and thereby making them more vulnerable for parallel prosecution. Firms pay bribes for many reason and based on the research conducted by Karpoff, Lee and Martin, among the 115 firms interviewed, 77.2% of the firms reported their purpose to pay a bribe was to increase sales/revenues, 18.7% for political/regulatory reasons and 5% for tax reduction purpose. Among the 115 enforcement actions, 75.65% of the firm's home country is USA. In addition, 81% of those securities traded in the US markets were common and stock and the rest 21% were American Depositary Receipt ("ADR"). (Karpoff, Lee and Martin 2012, p.37, p.41)

Business Sectors Involved in Corruption:

According to John Bray in the article, "Progress solid but uneven in fight against corruption", problems of corruption in the oil and gas sector of the business world stood out in a survey commissioned by Transparency International (TI), a nongovernmental organization (NGO). In research conducted for TI's 2002 Bribe Payers' Index (BPI), business people in 15 emerging markets assessed 17 commercial sectors for their propensity to corruption. They were asked to identify the sectors where officials were most likely to demand bribes, as well as the sectors

where the biggest bribes were actually paid. In response to both questions, Oil and gas came in third.

The BPI is a survey of opinions and perceptions rather than an objective measure. But perceptions matter. If international petroleum companies are seen as corrupt, they risk losing their welcome in countries offering upstream opportunities. Downstream, they run a greater risk of consumer boycotts, legal action, and angry questions at shareholders' meetings. The reputational issues associated with corruption matter to the industry as a whole, not just to individual companies. (Bray 2002 – p.1-2)

Business sector	Share of Respondents Indicating Sector, %*
Public works/construction	46
Arms and defense	38
Oil and gas	21
Banking and finance	15
Real estate/property	11
Pharmaceuticals/medical care	10
Power generation/transmission	10
Telecoms	9
Information technology	6
Forestry	5
Mining	5
Transportation/storage	5
Heavy manufacturing	4
Agriculture	3
Fishery	3
Civilian aerospace	2
Light manufacturing	1

-- Sample Size: 835

Impact on The Firm's Share Price:

Firms involved in bribery cases experience difficulties in terms of costs, bad publicity, which results in customers/investors losing trust and thereby, affecting the stock price of the firm. According to Karpoff, Lee and Martin in their research paper, "The Impact of Anti-Bribery Enforcement Actions on Targeted Firms", share values of firms prosecuted for foreign bribery experience a decline by 3.11%, on average, on the first day that news of the bribery enforcement action is reported, and by 8.98% over all announcements related to the enforcement action, which includes fines, internal investigation costs, losses associated with financial restatements and reputational impact. The negative reaction of the share price is a reflection of the investors' expectations of future government sanctions or the loss of future business.

Closer inspection of the share price reveals that most of these consequences are not due to the revelation of bribery or bribery-related enforcement activities per se. Rather, most bribery enforcement activities are accompanied by charges that the company misrepresented its financial statements; a small number also are accompanied by charges of financial fraud. Most bribery enforcement actions are commingled with charges of financial misrepresentation and fraud, and that most of these firms' costs are due to the financial violations, not the bribery charges per se. Excluding cases in which the bribery charges are accompanied by charges of financial fraud, the cumulative loss in share value drops to -3.55%. Focusing on bribery-related announcements that are not contaminated by contemporaneous charges for financial misrepresentation, the magnitude of the initial loss drops

further, to -0.47%, and is statistically insignificant. These results indicate that the negative impact on the share price is mainly due to the misrepresentation of the financial statements, and not from the impact to the firm's reputation as a result of the bribe paid to obtain/retain business.

Almost all bribery actions include charges for financial misrepresentation, as the bribing firms must manage their financial reports to hide the bribe payments. In 74 actions analyzed by Karpoff, Lee and Martin, the initial announcement revealing that the firm engaged in illegal bribery focused only on the bribery. For example, on August 7, 2009, the 10-Q of Watts Water Technologies, Inc. reported that:

"We have received information regarding possible improper payments to foreign government officials by employees of Watts Valve (Changsha) Co., Ltd., an indirect wholly owned subsidiary of the Company in China. Such payments may violate the Foreign Corrupt Practices Act. We are conducting an investigation utilizing outside counsel and voluntarily disclosed this matter to the United States Department of Justice and the Securities and Exchange Commission. We cannot predict the outcome of this matter at this time or whether it will have a materially adverse impact on our financial condition or results of operations."

In 28 actions, the initial revelation of the firm's bribery also contains information about the firm's financial misrepresentation. For example, on March 13, 2006, a newswire release reported:

"Pride International, Inc. announced today that it will delay the filing of its 2005 annual report on Form 10-K until after its due date on March 16, 2006. The

Company has received allegations relating to improper payments to foreign government officials beginning a number of years ago in connection with certain of its overseas operations, as well as corresponding accounting entries and internal control issues. The Audit Committee of the Board of Directors is overseeing an investigation by outside counsel of such allegations. At this time, the Company does not know whether the allegations will be substantiated, and if so, who may be implicated or what impact the allegations or the investigation may have on the Company, the Company's business or the Company's financial statements."

In the 13 remaining actions, the initial announcement of misconduct focuses only on the financial misrepresentation and does not explicitly mention bribery. For example, on February 9, 2006, UTStarcom's 8-K stated that:

"At the request of the UTStarcom management team, the Audit Committee of the Board of Directors of the Company has initiated an investigation by independent counsel with regard to the circumstances surrounding the premature recognition of revenue on a contract with a customer in India, and other related issues. The Company recognized approximately \$22 million in revenue on the contract, with total gross margin of less than one million dollars. This revenue was recognized during several of the quarters from 2003 through 2005. At the conclusion of this investigation, the Audit Committee will assess the findings, and will evaluate the materiality of any adjustments to determine if previously issued financial statements need to be adjusted."

Analysis of the 115 initial announcements shows that investors are more concerned about financial misrepresentation than they are about bribery. For the 74 initial announcements that disclose bribery only (e.g., Watts Water Technologies, Inc.) the median market-adjusted return is -0.74% (median of -0.03%), and is statistically insignificant. In contrast, the 28 initial announcements that disclose both bribery and financial misrepresentation (e.g., Pride International, Inc.) result in an average abnormal return of -2.83% (median of -1.13%), and the 13 initial announcements that disclose only the financial misrepresentation (e.g., UTStarcom) result in an average abnormal return of -17.19% (median of -8.48%). The abnormal returns show that the shareholder losses associated with these revelations are driven by investor concerns over financial misrepresentation, and not by concerns over bribery.

In bribery actions that do not involve fraud, the financial statement inaccuracies typically reflect attempts to conceal bribery payments rather than to inflate assets or deflate liabilities. Yet, share prices may fall simply because investors learn that the firm's financial statements are less transparent than previously thought.

In summary, when the content of the specific announcements that constitute an enforcement action is examined, most of the share price losses occur when the announcement contains information about the financial misrepresentation that accompanies most bribery actions. (Karpoff, Lee and Martin 2012)

Analysis:

Over 100 companies (Appendix – Table 1) were analyzed for the purpose of the research. The companies are either under investigation or have settled their bribery claim with the FCPA. The information about the company's FCPA case was obtained from the Lexis-Nexis database. Some interesting trends were obtained by analyzing the companies involved in the FCPA. Among the 100 companies, 65 of them were companies based in USA and remaining 35 cases are from countries like UK, Switzerland, Japan, Germany and various other countries. Figure 1, clearly shows the breakdown of the countries involved in FCPA cases. Even though, FCPA is concerned with bribery taking place outside USA, the majority of companies investigated under the FCPA are US based companies. Under the FCPA, a parent company is responsible for corrupt practices by subsidiaries and the parent company in USA also gets affected when their foreign subsidiary gets involved in a bribery case.

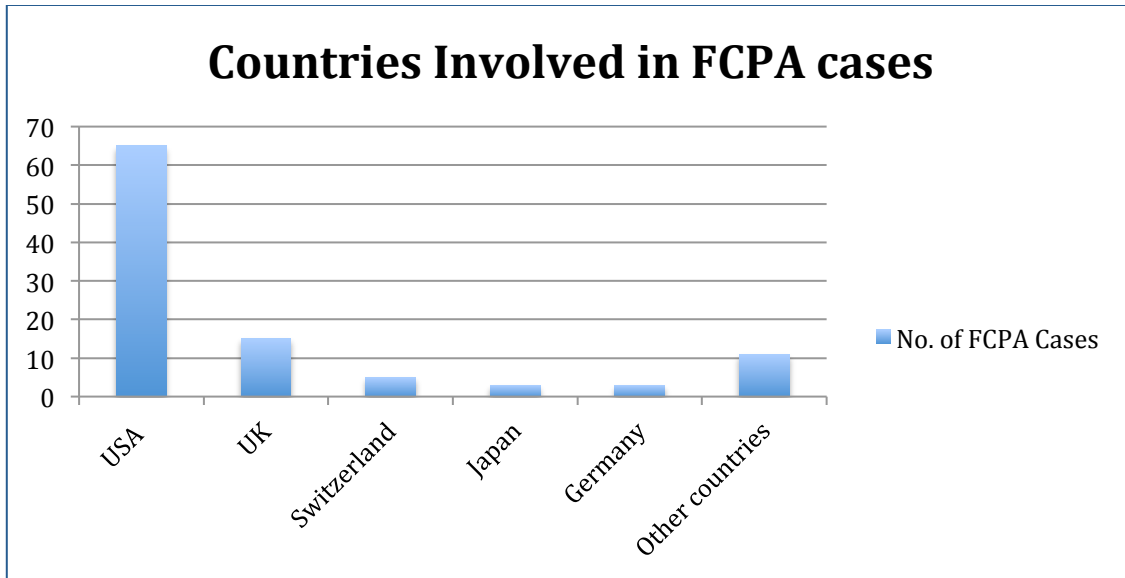


Figure 1

FCPA cases have been on the rise since 2006, as DOJ and SEC have severely implemented the bribery laws on companies that pay bribes to obtain or retain business. The FCPA has risen to prominence in recent years as federal government and corporate policies collide over stiff bribery penalties. Figure 2 clearly shows the rise in the FCPA investigations in the recent years. Figure 2 also shows the breakdown of the 100 companies based on the year the news regarding their investigation with the FCPA was first released. Companies tend to lose their competitiveness and their brand image when they are involved in a bribery case, but according Karpoff, Lee and Martin, defenders of the FCPA believe it helps to improve the business environment and productivity, not only for U.S firms, but also for firms around the world. Thereby, making it an even playing field for all firms in the world.

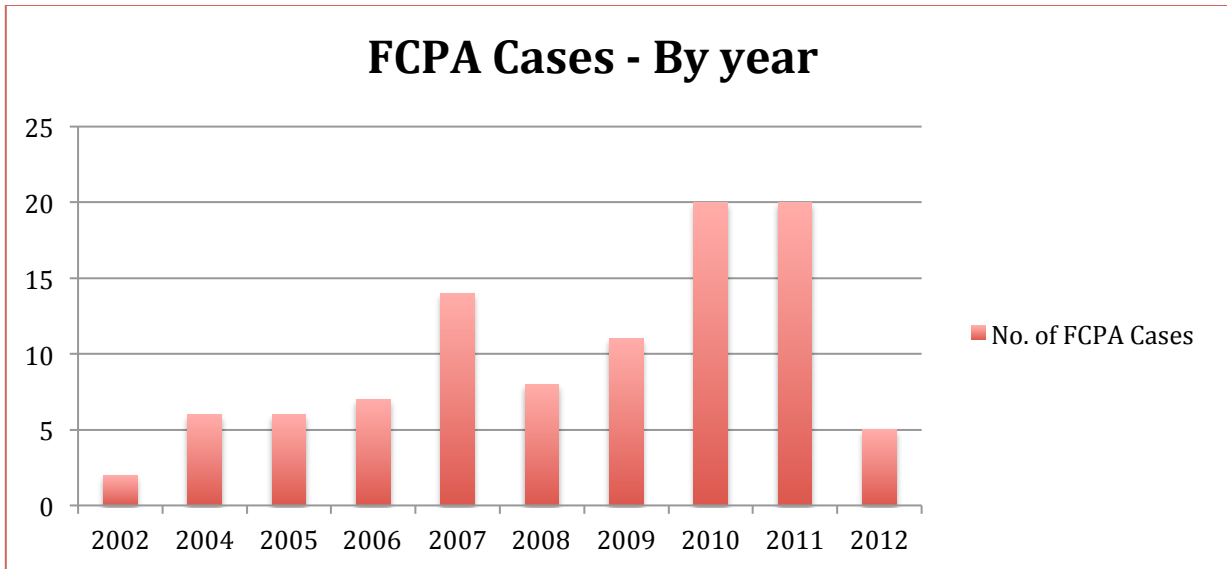


Figure 2

The Foreign Corrupt Practices Act of 1977 stems from events that began in 1974, when United Brands Co. paid a \$1.25 million bribe to a Honduran official to decrease the tax on banana exports. Many valuable information and trends were obtained from the analysis of the 100 companies. One of which was that the largest fine in FCPA history was imposed in 2008 against Siemens for \$800 million. The investigation at Siemens is an extreme example of the burden of a large-scale corruption investigation: 1,750 interviews and 800 informational meetings were held with employees in 34 countries and 38 million transactions were analyzed from the accounting system, resulting in the review of 127 million accounting entries related to those transactions. Even though a majority of US companies are investigated under the FCPA, it has a wide reach. In the case of Siemens and Magyar, there were no direct links to the US and only tangential connections via the firms' other intermediaries. Yet they were prosecuted under the FCPA.

Looking at the companies involved, more than 90% of reported Foreign Corrupt Practices Act (FCPA) cases have involved third-party intermediaries. In the history of FCPA, companies have always pleaded guilty or signed non- or deferred-prosecution agreements with the DOJ. Lindsey Manufacturing was the first company that was convicted at trial for violations of the Foreign Corrupt Practices Act, when two of its executives and a Mexican sales agent were involved in a bribery case. From the analysis of the information obtained, a majority of the companies involved in the bribery case are oil services industry, telecommunication industry and pharmaceutical industry. Several big companies were involved in the recent years and being charged with an FCPA violation can destroy a company's market value and prevent it from doing business with the government and other customers. On average, companies involved in a bribery case are involved in a investigation 3-5 years after the violation takes place and the investigations can take up to five years

Conclusion:

After analyzing the list of 100 companies and looking at the relevant research articles, firms involved in bribery cases suffer reputational losses and also end up losing some of their privileges. After the initial announcement of a firm's involvement in a bribery case, there is a negative impact on their stock price. This may be due to shareholders losing trust in the company and also being concerned about the company's future. Further analysis and other research articles show that the effect on the stock price due to the payment of bribes is insignificant, instead the major negative impact on the stock price is due to the misrepresentation of the

financial statements to conceal the bribe.

Firms should be watching closely into what they do and how their foreign subsidiaries perform. DOJ and SEC are closely watching companies in terms of bribe payments and they are dealt with severe fines and penalties. The companies have to go through several investigations and procedures when they are involved in bribery case. Therefore, firms have to take this seriously and try to overcome the payment of bribes. There are cases in which DOJ and SEC decided not to pursue FCPA enforcement actions against public companies. The firms could consider these reasons as ways to stay after from any investigations that would lead to bad reputation. According to Spivack et. al in the article, "Top Seven Things You Need to Know About the New DOJ/SEC FCPA Guide", FCPA decides not to pursue FCPA enforcement when a company makes a quick and complete voluntary self-disclosure. This helps the firm save themselves even if they are involved in a bribe payment. In most cases, agencies don't pursue with the FCPA case when they realize the company is working hard to terminate the relevant business ties, terminate/discipline employees who were involved in the bribe payment, and also when the companies implement immediate remedial plans. (Spivack et.al 2013, p.10). Even though involving in FCPA cases doesn't directly lead to a negative impact on the stock price, firms should monitor their activities closely to ensure they stay out of trouble because the consequences can have a huge negative impact on the company.

Reference

Bray, John. *Progress solid but uneven in fight against corruption*. Oil & Gas Journal, 2002. p.1-2. SSRN.com. Web. 10 Nov. 2012.

Choi, Stephen J., and Kevin E. Davis. *Foreign Affairs and Enforcement of the Foreign Corrupt Practices Act*. 2012. p.4. New York University School of Law. SSRN.com. Web. 2 Jan. 2013.

Karpoff, Jonathan M., Scott Lee, and Gerald S. Martin. *The Impact of Anti-Bribery Enforcement Actions on Targeted Firms*. 2012. p.25-41. SSRN.com. Web. 16 Dec. 2012.

Kruse, Layne. *FCPA compliance a challenge for US oil, gas companies*. Oil & Gas Journal, 2003. p.2. SSRN.com. Web. 26 Feb. 2013.

Manhattan Institute for Policy Research. *The Foreign Corrupt Practices Act: Aggressive Enforcement and Lack of Judicial Review Create Uncertain Terrain for Businesses*. Manhattan Institute for Policy Research, 2013. p.4. SSRN.com. Web. 3 Feb. 2013.

Securities and Exchange Commission. *The Foreign Corrupt Practices Act-Prohibition of the Payment of Bribes to Foreign Officials*. SEC Office of Investor Education and Advocacy, 2011. p.1. Business Source Premiere. Web. 9 Jan. 2013.

Spivack, Peter, Stuart Altman, Evans Rice, and Dena Roth. *Top Seven Things You Need to Know About The New DOJ/SEC FCPA Guide*. Apsen Publishers Inc., 2013. p.10. SSRN.com. Web. 16 Mar. 2013.

Tillipman, Jessica. *Foreign Corrupt Practices Act Fundamentals*. 2008. p.12-15. George Washington University Law School, SSRN.com. Web. 24 Feb. 2013.

Tredennick, John. *With FCPA Actions on the Rise, Search Takes Center Stage*. Catalyst, p.8. Web. 16 Nov. 2012.

Weiss, David C. *The Foreign Corrupt Practices Act, SEC Disgorgement Of Profits, and The Evolving International Bribery Regime: Weighing Proportionality, Retribution, and Deterrence*. Michigan Journal of International Law, 2009. p.482. University of Michigan Law School . Web. 18 Dec. 2012.

WorldCompliance. *Foreign Corrupt Practices Act*. WorldCompliance, 2011. Web. 16 Oct. 2012.

Appendix:

Table 1 – List of 100 companies analyzed for the purpose of my research.

List of Companies Involved in FCPA Cases

#1	Walmart (WMT)
#2	Smith & Nephew
#3	Barclays
#4	Tyco International
#5	Qualcomm
#6	SNC-Lavalin Group Inc
#7	JGC (a Japanese consulting firm)
#8	Hercules Offshore
#9	News corp
#10	Maxwell Technologies
#11	Comverse Technology
#12	Rockwell Automation
#13	Tenaris
#14	Armor Holdings
#15	Tyson Foods
#16	Deere & Co.
#17	Bridgestone
#18	GPT (Subsidiary of EADS-Netherlands)
#19	Las Vegas Sands Corp
#20	Watts water technologies
#21	Diageo
#22	Goldman Sachs
#23	Magyar Telekom
#24	Olympus Corporation
#25	UTStarcom
#26	Allied Defense Group Inc
#27	Transocean
#28	NATCO Group Inc.
#29	Dimon - (Now Alliance One International)
#30	Technip SA
#31	Veraz Networks
#32	General Electric
#33	Alliance one and Universal Coporations
#34	RAE systems
#35	Snamprogetti
#36	Schlumberger
#37	Weatherford International Ltd
#38	Innospec

#39 AstraZeneca
#40 GlaxoSmithKline
#41 Orthofix International
#42 Lindsey Manufacturing
#43 3M
#44 Cardinal health Inc.
#45 Sun microsystems Inc
#46 DynCorp International
#47 Avery Dennison Corporation
#48 Control Components Inc
#49 Pride International
#50 Ports Engineering Consultants Corp
#51 Pfizer
#52 AIG global investment
#53 ITT Corporation
#54 AMEC
#55 Flowserve Corp.
#56 Wabtec
#57 DePuy International
#58 Biomet Inc.
#59 Alcoa
#60 Avon
#61 Mabey & Johnson
#62 Balfour Beatty
#63 Nabors Industries
#64 Paradigm BV
#65 Schnitzer Steel Industries Inc
#66 Baker Hughes
#67 York International Corporation
#68 Willbros International Inc. (WII)
#69 Tidewater
#70 Ball Corporation
#71 Johnson & Johnson
#72 Siemens
#73 Panalpina Group
#74 Dow Chemical Co
#75 GlobalSantaFe
#76 El paso Corp
#77 Statoil ASA
#78 Faro Technologies
#79 ABB Ltd
#80 Shell
#81 Vmobile
#82 United Parcel Service
#83 Kellogg Brown & Root
#84 Aon Corporation

- #85 Diagnostic Products Corp.
- #86 Monsanto
- #87 Vetco Gray Controls Inc., Vetco Gray Controls Ltd., and Vetco UK Ltd.
- #88 BAE systems
- #89 Titan Corporation
- #90 InVision Technologies
- #91 Alcatel- Lucent
- #92 Bristol-Myers Squibb
- #93 Daimlerchrysler
- #94 Halliburton Incorporated
- #95 American Rice Inc.
- #96 United Brands Co
- #97 IBM
- #98 Goodyear
- #99 Oracle
- #100 Ashland Oil Company