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Description

The Justice Department is conducting a criminal probe of Wal-Mart to determine if the retailer systematically bribed officials to expand its business in Mexico. If the company is found guilty of violating the Foreign Corrupt Practices Act (FCPA), a law that bans U.S. companies from bribing foreign officials, it could mean fines for the company and prison for the executives.

Keywords


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Wal-Mart Executives May Face Prosecution in Bribery Case

BRIAN WILLIAMS, anchor:
As we mentioned, there's trouble tonight for a legendary brand name, one of this nation's biggest business empires. Walmart, which operates in 27 nations around the world, is accused of using bribery to help expand its business in Mexico and then covering it up. US Justice Department is investigating this, Congress is now taking notice. The implications could be enormous. Our report tonight from NBC's John Yang.

JOHN YANG, reporting:
Mexico's a prime example of Walmart's aggressive international expansion. Twenty-one-hundred stores, one-fifth of all outlets worldwide, and more than 200,000 workers, more than any other private employer in Mexico. A decade ago, that country had only 500 stores. How did Walmart grow so much so fast?

According to The New York Times, the company paid big bribes, a violation of US law. CNBC's Michelle Caruso-Cabrera is in Mexico City covering the story.

MICHELLE CARUSO-CABRERA, reporting:
The newspaper's investigation suggest that Walmart executives here in Mexico spent millions of dollars on bribes in the early 2000’s to give out money to local government officials so they would speed up the permitting process so that way they could build their stores more quickly.

YANG: In a statement, Walmart said, "We are deeply concerned by these allegations and are working aggressively to determine what happened." The Times reported that Walmart executives at their Arkansas headquarters had evidence of the bribes in 2005, but
allegedly tried to cover it up despite the company's public commitment to high ethical standards.

DAVID FABER, reporting:
I'm very surprised that they would have allowed anything like this to have occurred in Mexico and even more so try to bury it as opposed to exposing it once they learned there may have been irregularities.

YANG: Walmart and its executives could be prosecuted for violating the Federal Corrupt Practices Act. That could mean fines for the company and prison for executives. The allegations are a big blow to a company whose name means shopping to many Americans and that works to project an image of hometown values created by legendary founder Sam Walton.

ALEXANDRA WRAGE (Trace President): They need to worry about their reputation with those who are buying their ultimate products.

YANG: As a scandal in Mexico threatens a household name in America. John Yang, NBC News, Washington.