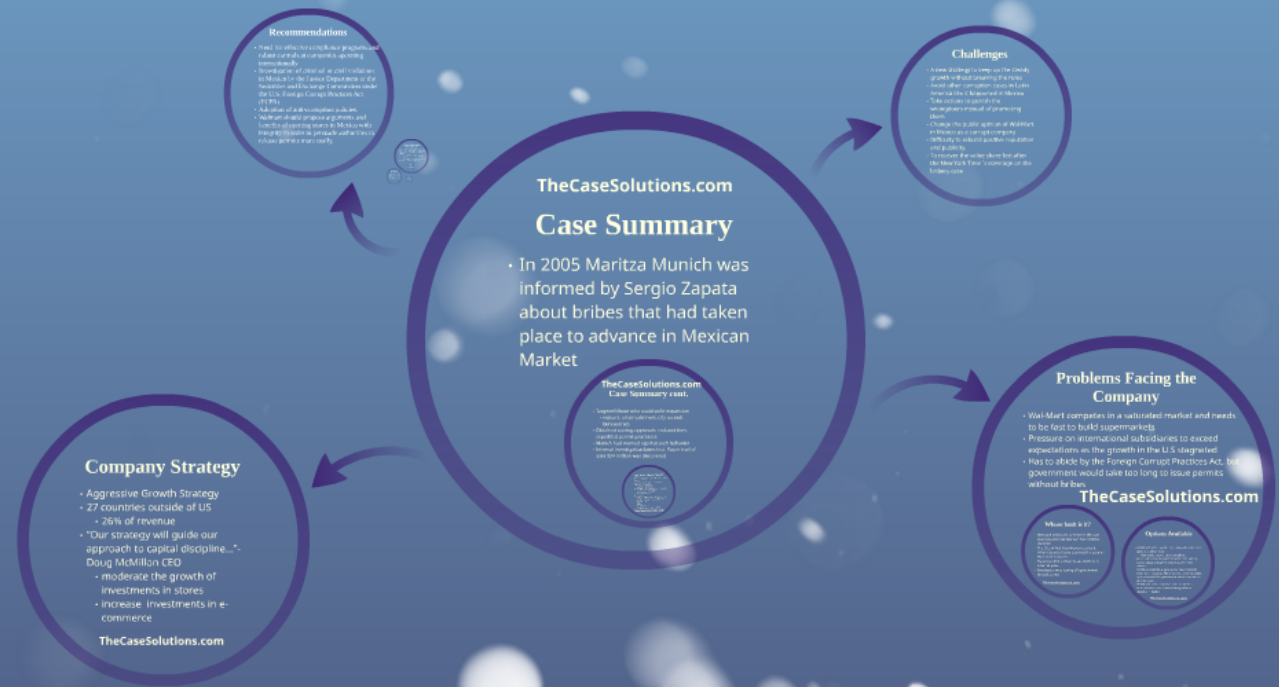


Veracity Worldwide: Evaluating FCPA-Related Risks in West Africa

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TheCaseSolutions.com Case Summary

- In 2005 Maritza Munich was informed by Sergio Zapata about bribes that had taken place to advance in Mexican Market

TheCaseSolutions.com Case Summary cont.

- Targeted those who could stifle expansion
 - mayors, urban planners, city council, bureaucrats
- Obtained zoning approvals, reduced fees, expedited permit processes
- Munich had warned against such behavior
- Internal investigation launched. Paper trail of over \$24 million was discovered



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But Wait, There's More!

- Walmart sweeps this under the rug for half a decade
- Eduardo Castro-Wright viewed as major contributor to corruption
 - aggressive growth goals
- Great results --> Castro-Wright gets promoted
 - 10 yr average sales growth
 - 2x that of US market
- It hits the fan
 - Walmart didn't notify authorities until 2011
 - In 2012 NY times releases article w. Mr. Zapata's story
 - Outrage
 - FCPA compliance
 - Value of shares drops \$10 Billion

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Company Strategy

- Aggressive Growth Strategy
- 27 countries outside of US
 - 26% of revenue
- “Our strategy will guide our approach to capital discipline...”-
Doug McMillon CEO
 - moderate the growth of investments in stores
 - increase investments in e-commerce

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Problems Facing the Company

- Wal-Mart competes in a saturated market and needs to be fast to build supermarkets
- Pressure on international subsidiaries to exceed expectations as the growth in the U.S stagnated
- Has to abide by the Foreign Corrupt Practices Act, but government would take too long to issue permits without bribes

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Whose fault is it?

- Although bribes are common in Mexican business practices Walmart has to follow the FCPA
- The CEO of Wal-Mart Mexico is at fault. When Eduardo Castro assumed the position the bribes increased
- He was pushing others to do anything in order to grow
- Employees were paying off government officials as well

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Options Available

- Wal-Mart had the possibility to follow the rules and grow at a slower pace
 - risks being beat out by competitors
- Bribes are a common practice in Mexico, so they had to adapt and give money to government officials
- Wal-Mart could have gone to the news and told them their situation, with the pressure of the public opinion maybe the government would have issued permits faster
- Wal-Mart has the opportunity to accept their mistakes and create a new strategy to keep growing in Mexico

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