

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

SECURITIES AND EXCHANGE COMMISSION,
100 F Street, N.E.
Washington, D.C. 20549,

Plaintiff,

v.

DELTA & PINE LAND COMPANY
One Cotton Row
Scott, Mississippi 38772,

and

TURK DELTAPINE, INC.
One Cotton Row
Scott, Mississippi 38772,

Defendants.

COMPLAINT

Case: 1:07-cv-01352
Assigned To : Roberts, Richard W.
Assign. Date : 7/25/2007
Description: General Civil

Plaintiff Securities and Exchange Commission alleges that:

JURISDICTION

1. This Court has jurisdiction pursuant to Sections 21(d)(3) and 27 of the Securities Exchange Act of 1934 (the "Exchange Act"), 15 U.S.C. §§ 78u(d)(3) and 78aa. In connection with the conduct described herein, the defendant made use of the mails and/or the means or instrumentalities of interstate commerce.

DEFENDANTS

2. Delta & Pine Land Company ("Delta & Pine") is a Delaware corporation with its headquarters in Scott, Mississippi. Delta & Pine is primarily engaged in the breeding,

production, conditioning and marketing of proprietary varieties of cotton planting seed.

Delta & Pine conducts operations in a number of foreign jurisdictions, including Turkey.

Delta & Pine's common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act and is traded on the New York Stock Exchange.

3. Turk Deltapine, Inc. ("Turk Deltapine") is a Delaware corporation with its headquarters in Scott, Mississippi. Turk Deltapine is a wholly-owned subsidiary of Delta & Pine and is engaged in the production and sale of cottonseed in Turkey, both for domestic consumption in Turkey and for export to other countries.

FACTS

4. From 2001-2006, Turk Deltapine made payments valued at approximately \$43,000 (including cash, payment of travel and hotel expenses, air conditioners, computers, office furniture and refrigerators) to multiple officials of the Turkish Ministry of Agricultural and Rural Affairs ("MOA"). Turk Deltapine made the payments in order to obtain governmental reports and certifications that were necessary for Turk Deltapine to operate its business in Turkey. These payments, which assisted the Defendants in obtaining and retaining business, violated the anti-bribery provisions of the Foreign Corrupt Practices Act ("FCPA"). In addition, in connection with these improper payments, Delta & Pine failed to keep accurate books and records, and failed to have effective internal controls. Accordingly, Delta & Pine violated the books and records and internal controls provisions of the FCPA.

5. Turk Deltapine contracts annually with a number of Turkish farmers to grow seed on their farms for Turk Deltapine. The Turkish farmers own the seed until it is sold

to Turk Deltapine. Inspectors from provincial offices of MOA inspect the fields to determine the spacing and size of the fields, and to estimate their anticipated production. The inspections are time-sensitive, in that they must occur while the cotton crop is in the field and before more than one-third of the cotton bolls open. Upon completion of the inspection, MOA inspectors are required to complete inspection reports. The inspections and inspection reports must be completed before Turk Deltapine can purchase the cotton seeds from Turkish farmers. In a number of cases, MOA inspectors receiving payments from Turk Deltapine did not actually inspect the fields prior to completing inspection reports, as they were required to do.

6. Turk Deltapine also was required to obtain certifications from laboratories authorized by MOA to perform tests required by the Organisation for Economic Cooperation and Development (“OECD”) for quality and to confirm the absence of certain characteristics. Turk Deltapine also needed another certificate from MOA’s plant protection office to export seed for sale. In order to obtain these certifications, inspectors from MOA obtain samples of the seed from Turk Deltapine facilities. The sampling officials collect samples from each lot of seed and seal the sample in an official envelope before sending the seed to laboratories for testing and certification. During the process of sampling and preparing the seed for transmission to laboratories, the sampling officials are required to certify that the seed samples have been properly chemically treated and bagged. These MOA certifications must be completed before Turk Deltapine is permitted to sell its seeds in Turkey or export the seeds to other countries. In a number of cases, MOA officials providing the certifications, and who received payments from Turk

Deltapine, did not comply with regulations concerning the chemical treatment and bagging of seed.

7. Prior to May 2004, payments to MOA officials were made in part using revenue generated from the sale of Turk Deltapine waste products and products from waste allowance. These sales, and the payments to MOA officials made from the proceeds of those sales, were not recorded in the books, records, and accounts of Turk Deltapine or Delta & Pine. In addition, some payments to MOA officials were recorded in the books, records, and accounts of Turk Deltapine and Delta & Pine as "Porter Fees" paid to non-existent persons.

8. In May 2004, Delta & Pine officers in the United States learned that Turk Deltapine was making payments to MOA officials. Delta & Pine reviewed the circumstances of the payments, but did not receive all facts concerning those payments from Turk Deltapine employees.

9. Instead of halting the payments, Delta & Pine permitted the payments to continue using the following procedure in consultation with Turk Deltapine employees. Rather than Turk Deltapine making the payments directly to MOA employees, Turk Deltapine arranged to have the payments made by a chemical company supplier to Turk Deltapine. Turk Deltapine employees estimated the annual amount of payments that would be made to MOA employees, and arranged to have the chemical company pay those amounts to MOA employees. The chemical company, in turn, would include those sums, plus a 10 percent fee for handling the transactions, in its invoices for chemicals supplied to Turk Deltapine. The payments to MOA officials made after May 2004 therefore similarly were not recorded in the books, records, and accounts of Turk Deltapine or Delta & Pine.

Moreover, in setting out this procedure, an internal Delta & Pine memorandum noted that there were “no effective controls to put in place to monitor this process.”

10. Turk Deltapine’s payments to MOA officials did not cease until 2006, when the payments came to light in connection with due diligence being performed by a potential acquirer of Delta & Pine.

FIRST CLAIM

[Violations of Exchange Act Section 30A]

11. Paragraphs 1 through 10 are realleged and incorporated by reference.

12. As described above, Turk Deltapine corruptly paid money and gifts to officials of a foreign authority for the purposes of influencing their official decisions and inducing them to use their influence to assist Turk Deltapine in obtaining or retaining business. Throughout the relevant period, MOA inspectors were foreign officials within the meaning of the FCPA, and MOA was an instrumentality of a foreign government within the meaning of the FCPA.

13. By reason of the foregoing, Turk Deltapine violated the anti-bribery provisions of the FCPA, as codified at Exchange Act Section 30A [15 U.S.C. § 78dd-1].

SECOND CLAIM

[Violations of Exchange Act Section 13(b)(2)(A)]

14. Paragraphs 1 through 10 are realleged and incorporated by reference.

15. As described above, Delta & Pine failed to make and keep books, records, and accounts which, in reasonable detail, accurately and fairly reflected its transactions and dispositions of its assets.

16. By reason of the foregoing, Delta & Pine violated the books-and-records provisions of the FCPA, as codified at Exchange Act Section 13(b)(2)(A) [15 U.S.C. § 78m(b)(2)(A)].

THIRD CLAIM

[Violations of Exchange Act Section 13(b)(2)(B)]

17. Paragraphs 1 through 10 are realleged and incorporated by reference.

18. As described above, with respect to improper payments to foreign officials and others, Delta & Pine failed 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.

19. By reason of the foregoing, Delta & Pine violated the internal accounting controls provisions of the FCPA, as codified at Exchange Act Section 13(b)(2)(B) [15 U.S.C. § 78m(b)(2)(B)].

PRAYER FOR RELIEF

20. WHEREFORE, plaintiff respectfully requests that this Court enter a Final Judgment ordering defendants Delta & Pine and Turk Deltapine to pay, jointly and severally, a civil penalty pursuant to Exchange Act Sections 21(d)(3) and 32(c)(2)(B) [15 U.S.C. §§ 78u(d)(3) and 78ff(c)(2)(B)], and granting such other relief as the Court deems appropriate.

Respectfully submitted,



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