

# FCPA Update

A Global Anti-Corruption Newsletter



## Also in this issue:

6 Trump Administration  
Updates Enforcement  
Strategy Regarding Uyghur  
Forced Labor

[Click here for an index of  
all FCPA Update articles](#)

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## DOJ Secures Conviction in First Post-Pause FCPA Trial

On September 15, 2025, a federal jury in Miami delivered the first conviction in an FCPA trial since the Trump Administration paused FCPA enforcement activity in February and then lifted the pause in June, along with issuing new FCPA enforcement guidelines (the “Guidelines”).<sup>1</sup> The defendant, a U.S. business owner,

[Continued on page 2](#)

1. U.S. Dep’t of Justice, Press Release No. 25-951, *CEO of Georgia Company Convicted in International Bribery and Money Laundering Scheme* (Sept. 15, 2025), <https://www.justice.gov/opa/pr/ceo-georgia-company-convicted-international-bribery-and-money-laundering-scheme> (“DOJ Press Release”); Executive Order, *Pausing Foreign Corrupt Practices Act Enforcement to Further American Economic and National Security* (Feb. 10, 2025), <https://www.whitehouse.gov/presidential-actions/2025/02/pausing-foreign-corrupt-practices-act-enforcement-to-further-american-economic-and-national-security>; The Deputy Attorney General, *Guidelines for Investigations and Enforcement of the Foreign Corrupt Practices Act (FCPA)* (June 9, 2025), <https://www.justice.gov/dag/media/1403031/dl> (“June 2025 FCPA Enforcement Guidelines”); see also Debevoise & Plimpton LLP, *DOJ Issues FCPA Enforcement Guidelines, Focusing on Conduct Harming U.S. Economic and National Security Interests* (July 1, 2025), <https://www.debevoise.com/-/media/files/insights/publications/2025/07/fcpa-update-june-2025.pdf>.

**DOJ Secures Conviction in  
First Post-Pause FCPA Trial**  
Continued from page 1

was convicted of violating the FCPA and engaging in money laundering based on his participation in a scheme to bribe government officials in Honduras in exchange for contracts to supply law enforcement uniforms and accessories.<sup>2</sup>

Although charged during the Biden Administration, this case may shed light on the approach DOJ intends to take to FCPA enforcement under the new Guidelines. In particular, this case appears to signal that, even in the absence of conduct implicating transnational cartels or national security concerns, DOJ may bring FCPA charges where the conduct harmed the ability of American companies to compete on an even playing field for business overseas.

**Background**

On November 28, 2023, the U.S. Attorney’s Office for the Southern District of Florida charged Carl Alan Zaglin (“Zaglin”), owner and CEO of a Georgia-based manufacturer of law enforcement uniforms, Atlanco LLC (“Atlanco”), with one count of conspiracy to violate the FCPA, one count of violating the FCPA, and one count of conspiracy to commit money laundering.<sup>3</sup> At trial, DOJ showed that from 2015 to 2019, Zaglin and Florida-based intermediary Aldo Nestor Marchena (“Marchena”) agreed to pay hundreds of thousands of dollars in bribes to officials at the Honduran state entity responsible for procuring goods for the national police, in order to secure contracts worth more than \$10 million.<sup>4</sup> To conceal these bribes, coconspirators used code words, and payments were made through Marchena’s Florida-based front company pursuant to sham invoices that Zaglin authorized.<sup>5</sup>

Atlanco won two contracts to provide uniforms for the Honduran National Police—one in 2015 worth approximately \$4.8 million and the other in 2016 worth approximately \$5.6 million.<sup>6</sup> Atlanco also won two other, smaller contracts with this same Honduran state entity and unsuccessfully bid on a third uniform contract.<sup>7</sup>

DOJ also charged the intermediary (Marchena) and one of the government officials—Francisco Roberto Cosenza Centeno (“Cosenza”), a former director at the relevant Honduran authority—in the same indictment with Zaglin.<sup>8</sup> All three

Continued on page 3

2. DOJ Press Release.

3. United States’ Trial Memorandum at 1, *United States v. Zaglin*, No. 23-CR-20454 (S.D. Fla. Aug. 25, 2025) (“Trial Memorandum”); Indictment, *United States v. Zaglin*, No. 23-CR-20454 (S.D. Fla. Nov. 28, 2023), <https://www.justice.gov/criminal/media/1330111/dl?inline> (“Indictment”).

4. DOJ Press Release.

5. *Id.*

6. Trial Memorandum at 2–4; Indictment at 9, 11–12.

7. *Id.*

8. *Id.* at 1–2.

**DOJ Secures Conviction in  
First Post-Pause FCPA Trial**  
Continued from page 2

individuals were set to go to trial on September 2, 2025,<sup>9</sup> but Marchena and Cosenza both pleaded guilty pursuant to cooperation agreements before trial.<sup>10</sup> Separately, co-conspirator Juan Ramon Molina Rodriguez (“Molina”)—another former director at the relevant Honduran authority—was previously charged and pleaded guilty pursuant to a plea agreement.<sup>11</sup> Zaglin’s sentencing is scheduled for December 3, 2025.<sup>12</sup>

**Analysis**

On its face, like the other cases that have thus far proceeded (at least publicly) this year, this case involves facts that represent a relatively typical FCPA fact pattern: individuals associated with an American company making improper payments through an intermediary to foreign government officials to secure a contract with a state-owned entity. Yet, the case survived DOJ’s 2025 priority review of existing FCPA cases pursuant to the President’s February 10, 2025 executive order, which resulted in delays of several investigations and cases and the dismissal of at least one case slated for trial.<sup>13</sup> It therefore may be interesting to consider what led DOJ to approve the continued prosecution in *Zaglin* under the Guidelines.

“[T]his case appears to signal that, even in the absence of conduct implicating transnational cartels or national security concerns, DOJ may bring FCPA charges where the conduct harmed the ability of American companies to compete on an even playing field for business overseas.”

As we have previously discussed, DOJ’s new Guidelines outline a non-exhaustive list of four factors for prosecutors to consider when deciding whether to pursue FCPA actions: whether the conduct (1) was linked to drug cartels or other transnational criminal organizations, (2) harmed U.S. companies or individuals, (3) implicated U.S. national security interests, or (4) involved serious misconduct “that bears strong

Continued on page 4

9. Minute Order, *United States v. Zaglin*, No. 23-CR-20454 (S.D. Fla. May 28, 2025).

10. Trial Memorandum at 1–2.

11. *Id.* at 2.

12. Paperless Order Setting Sentencing Hearing and Procedures, *United States v. Zaglin*, No. 23-CR-20454 (S.D. Fla. Sept. 16, 2025).

13. A scheduled trial was cancelled after the dismissal of a case against two former executives of Cognizant Technology Solutions who were alleged to have authorized bribes to officials in India to obtain a permit needed to construct an office campus. Order Granting the Government’s Motion to Dismiss, *United States v. Coburn*, No. 19-CR-120 (D.N.J. Apr. 3, 2025); U.S. Dep’t of Justice Press Release No. 19-127, Former President and Former Chief Legal Officer of Publicly Traded Fortune 200 Technology Services Company Indicted in Connection with Alleged Multi-Million Dollar Foreign Bribery Scheme (Feb. 15, 2019). Other FCPA cases also have survived DOJ’s 2025 review and have future trial dates. See, e.g., *United States v. Hobson*, 22-CR-86 (W.D. Penn.).

**DOJ Secures Conviction in  
First Post-Pause FCPA Trial**  
Continued from page 3

indicia of corrupt intent tied to particular individuals, such as substantial bribe payments, proven and sophisticated efforts to conceal bribe payments, fraudulent conduct in furtherance of the bribe scheme, and efforts to obstruct justice.”<sup>14</sup>

DOJ’s public statements indicate that the key factor here was likely the harm caused to American competitors of Zaglin, and that a secondary factor was the seriousness of the conduct bearing strong indicia of corrupt intent. In DOJ’s press release announcing the conviction, Acting Assistant Attorney General Matthew Galeotti stated that the *Zaglin* “verdict reaffirms the Criminal Division’s commitment to rooting out corruption and providing an equal playing field for American businesses,”<sup>15</sup> thus suggesting that a primary consideration for DOJ was whether other American firms were harmed by this conduct. Similarly, DOJ argued in filings with the court that “Zaglin and his co-conspirators competed with other American companies for contracts with the Honduran government, depriving them of a fair playing field.”<sup>16</sup>

When announcing the Guidelines in June, Galeotti said that “[t]he through-line is that these Guidelines require the vindication of U.S. interests,” that “[i]t is not about the nationality of the subject or where the company is headquartered,” and that “[i]n plain terms, conduct that genuinely impacts the United States or the American people is subject to potential prosecution by U.S. law enforcement. Conduct that does not implicate U.S. interests should be left to our foreign counterparts or appropriate regulators.”<sup>17</sup> Galeotti recently reiterated these points at the GIR Annual Investigations Meeting in New York, stating that DOJ’s focus in FCPA cases is on U.S. victims, signaling that DOJ will scrutinize those that offer or make improper payments that disadvantage U.S. businesses relative to their competitors, whether American or foreign.

Continued on page 5

14. June 2025 FCPA Enforcement Guidelines at 4.

15. DOJ Press Release.

16. Government’s Response in Opposition to Defendant Zaglin’s Motion to Dismiss the Indictment at 16 n.9, *United States v. Zaglin*, No. 23-CR-20454 (S.D. Fla. July 10, 2025).

17. U.S. Dep’t of Justice, *Head of Justice Department’s Criminal Division Matthew R. Galeotti Delivers Remarks at American Conference Institute Conference* (June 10, 2025), <https://www.justice.gov/opa/speech/head-justice-departments-criminal-division-matthew-r-galeotti-delivers-remarks-american>; see also June 2025 FCPA Enforcement Guidelines at 3 (the Guidelines themselves provide that an “important factor prosecutors shall consider is whether the alleged misconduct deprived specific and identifiable U.S. entities of fair access to compete and/or resulted in economic injury to specific and identifiable American companies or individuals”).



**DOJ Secures Conviction in  
First Post-Pause FCPA Trial**  
Continued from page 4

Regarding the “serious misconduct” factor, the press release also notes the use of code words and purported “brokerage agreements” used by Zaglin and his co-conspirators to conceal bribe payments,<sup>18</sup> tracking the Guidelines’ statement that “proven and sophisticated efforts to conceal bribe payments” are “strong indicia of corrupt intent.”<sup>19</sup>

In sum, while the *Zaglin* case fits within DOJ’s new enforcement Guidelines, it also indicates that those Guidelines may have a less drastic impact on FCPA enforcement than many anticipated.<sup>20</sup> It is important to keep in mind, however, that this is an individual prosecution, and the Guidelines may have a more significant impact on corporate enforcement.

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Continued on page 6

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18. DOJ Press Release.

19. June 2025 FCPA Enforcement Guidelines at 4.

20. See also Andrew M. Levine, Douglas S. Zolkind, Andreas A. Glimenakis, and Scott J. Woods, *DOJ Charges Mexican Nationals with Bribing PEMEX Employees in First FCPA Case Since Resuming Enforcement*, FCPA Update, Vol. 17, No. 1 (Aug. 2025), <https://www.debevoise.com/insights/publications/2025/08/fcpa-update-august-2025>.

## Trump Administration Updates Enforcement Strategy Regarding Uyghur Forced Labor

On August 19, 2025, as required under the Uyghur Forced Labor Prevention Act (“UFLPA”), the U.S. Forced Labor Enforcement Task Force (“FLETF”) issued its 2025 UFLPA Strategy.<sup>1</sup> The government’s annual update to its UFLPA enforcement approach identifies new high-priority sectors, provides updated enforcement statistics, and describes intentions to expand the UFLPA Entity List. This article addresses potential implications of these updates for companies with supply chains involving products potentially from, or incorporating inputs from, the Xinjiang Uyghur Autonomous Region (“Xinjiang Province”) of China or from companies on the UFLPA Entity List.

### The UFLPA

The UFLPA establishes a rebuttable presumption that goods produced in whole or in part in Xinjiang Province or by entities listed on the UFLPA Entity List (“Listed Entities”) are prohibited from entering the United States. To overcome this presumption, the importer must prove, among other things, by the heightened standard of clear and convincing evidence that the goods were not produced using forced labor.

Under the UFLPA, companies may be designated as Listed Entities based on their alleged connection to forced labor in Xinjiang Province. Companies whose direct or indirect suppliers become Listed Entities face significant and sudden supply chain disruptions because the import ban on related goods takes immediate effect upon the Listed Entities’ designations.

### The 2025 UFLPA Strategy

The Trump Administration is yet to add any new entities to the UFLPA Entity List, though the 2025 UFLPA Strategy reports that 78 entities have been added to the list since 2024 (all under the Biden Administration). Amid the on-again, off-again trade war between China and the United States, some speculated that the Trump Administration may have been reluctant to focus on the UFLPA.<sup>2</sup> However, the updated strategy suggests that UFLPA enforcement is more likely to continue expanding, regardless of the ongoing trade discussions.

Continued on page 7

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1. U.S. Department of Homeland Security, *2025 Updates to the Strategy to Prevent the Importation of Goods Mined, Produced, or Manufactured with Forced Labor in the People’s Republic of China – Report to Congress* (Aug. 19, 2025), [https://www.dhs.gov/sites/default/files/2025-08/25\\_0819\\_plcy\\_uflpa-strategy-2025-update-508.pdf](https://www.dhs.gov/sites/default/files/2025-08/25_0819_plcy_uflpa-strategy-2025-update-508.pdf).
  2. See, e.g., Richard Vanderford, *Trump Has a China Trade War Weapon He Hasn’t Picked Up*, *The Wall Street Journal* (Mar. 21, 2025), <https://www.wsj.com/articles/trump-has-a-china-trade-war-weapon-he-hasnt-picked-up-693b4df4>.

Trump Administration  
Updates Enforcement  
Strategy Regarding Uyghur  
Forced Labor  
Continued from page 6

Specifically, the 2025 UFLPA Strategy:

- Identifies new high-priority goods for enforcement to include caustic soda, lithium, steel, copper, and jujubes based on findings that these industries involve a higher risk than other goods of alleged forced labor in Xinjiang Province.<sup>3</sup> The FLETF will prioritize reviewing entities in these sectors for designation as Listed Entities, as well as consider deploying additional tools and authorities such as economic sanctions, visa restrictions, and export control measures.<sup>4</sup>
- Reports that, between June 2022 to July 2025, CBP has examined more than 16,000 shipments, valued at almost \$3.7 billion, and has denied entry to a significant number of shipments with violative goods.
- States that DHS's Center for Countering Human Trafficking will refer viable allegations of forced labor by entities in China to HSI for criminal investigation and federal prosecution.
- Describes how the Departments of Treasury and Labor have convinced multilateral development banks to (i) require traceability of metallurgical grade silicon for solar projects under financing consideration by the banks and (ii) exclude sourcing of products from Xinjiang Province and from Listed Entities.

### Termination of *De Minimis* Import Exemption

Separately, President Trump recently issued a new executive order that suspends the duty-free *de minimis* import exemption for low-value shipments for all countries. As detailed in the *Debevoise National Security Update: Increased UFLPA Enforcement*, DHS had ratcheted up enforcement for potential UFLPA violations against *de minimis* package shipments, which generally enter the United States duty- and tariff-free and with fewer disclosures.

DHS's concern was that the diminished disclosure requirements made it more challenging for U.S. customs officials to identify UFLPA violations from *de minimis* imports. The suspension of the exception addresses a major enforcement issue for DHS and may also lead to heightened UFLPA scrutiny of shipments that previously would have been covered by the exemption.

Continued on page 8

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3. Previously designated high-priority goods include aluminum, apparel, cotton and cotton products, polyvinyl chloride, seafood, silica-based products (including polysilicon), and tomatoes and downstream products.

4. The Departments of Commerce, Homeland Security, Labor, State, and Treasury, together with the Office of the U.S. Trade Representative, have published a July 2021 business advisory and a September 2023 addendum to the same that identify a wide range of risk considerations for businesses with exposure to entities engaged in alleged forced labor human rights abuses in Xinjiang Province.

Trump Administration  
Updates Enforcement  
Strategy Regarding Uyghur  
Forced Labor  
Continued from page 7

### Compliance and Mitigation Measures

Given these developments, companies (especially those in, or with a nexus to, high priority sectors) should consider assessing their UFLPA risks, including determining whether they or their key suppliers contract with any Listed Entities. Significantly, there is no *de minimis* forced labor exception or intent requirement under the UFLPA. The presence of Xinjiang-sourced or a Listed Entity's goods in a company's supply chain therefore could trigger enforcement, regardless of whether the company is aware of alleged forced labor in its supply chain.

To mitigate such risks, possible controls for companies to consider include:

- **Inventory supply chains** to identify if and how they are exposed to forced labor risks from upstream suppliers, including risk-based supply chain mapping.

“The presence of Xinjiang-sourced or a Listed Entity's goods in a company's supply chain therefore could trigger enforcement, regardless of whether the company is aware of alleged forced labor in its supply chain.”

- **Establish enforceable standards for suppliers** in relevant counterparty agreements, including prohibiting forced labor both by direct suppliers and their upstream suppliers regarding any goods provided under the agreement.
- **Conduct risk-based due diligence of suppliers**, particularly Chinese-based suppliers, and audits of higher-risk supply chains.
- **Establish active supply chain monitoring programs** to track movements of goods and products throughout the supply chain.
- **Develop a supply chain mitigation and response plan** to reduce the risk of supply chain and operational disruption in case of UFLPA enforcement against a critical or key supplier.
- **Diversify suppliers that raise higher risks** of becoming listed on the UFLPA Entities List.

Continued on page 9



Trump Administration  
Updates Enforcement  
Strategy Regarding Uyghur  
Forced Labor  
*Continued from page 8*

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