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DOJ Dismisses FCPA Charges Against Former Cognizant Executives Following New Policy

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On April 2, 2025, the U.S. Department of Justice (DOJ) moved to dismiss the Foreign Corrupt Practices Act (FCPA) case against former Cognizant Technology Solutions Corp. executives Gordon Coburn and Steven Schwartz, *United States v. Coburn et al.*, Docket No. 2:19-cr-00120 (D.N.J. Feb. 14, 2019). This dismissal comes on the heels of President Trump's Executive Order "Pausing Foreign Corrupt Practices Act Enforcement to Further American Economic and National Security," issued on February 10, 2025, which paused FCPA enforcement for 180 days. The case marks the first instance in which the DOJ has decided to dismiss charges under the newly introduced policy framework, which reexamines the scope and application of FCPA enforcement.

The dismissal was filed by interim U.S. Attorney Alina Habba in the U.S. District Court for the District of New Jersey, citing the February 10, 2025, Executive Order. The motion was submitted pursuant to Federal Rule of Criminal Procedure 48(a), which allows the government to voluntarily drop charges. On April 3, 2025, the Honorable Michael E. Farbiarz granted the motion, dismissing the case *with prejudice*. This decision effectively closes the case against Coburn and Schwartz, ending their legal battle over accusations that they authorized a \$2 million bribe to expedite a construction project in Chennai, India.

Key Background: The case against Coburn and Schwartz had been mired in complexity, with the former executives accused of paying a bribe to accelerate the construction of a Cognizant campus in India. Despite the allegations, both Coburn and Schwartz pled not guilty in 2019, and the case had been delayed in part due to shifts in DOJ enforcement practices. In 2019, Cognizant agreed to settle the parallel civil corruption lawsuit brought by the U.S. Securities and Exchange Commission (SEC) for \$25 million.

Implications of the Dismissal:

- **First Dismissal Under New Policy:** The dismissal of charges against Coburn and Schwartz is the first public case to be impacted by the DOJ's new stance on FCPA enforcement following issuance of the February 2025 Executive Order. This marks a major shift in U.S. anti-corruption policy, signaling a potential reduction in aggressive FCPA prosecutions.
- **DOJ Review and Policy Shift:** The Executive Order issued by President Trump instructed the Attorney General to perform a 180-day review of FCPA enforcement and investigation guidelines and practices, focusing on concerns that overly broad interpretations of the FCPA were creating an uneven playing field for U.S. companies. The review period commenced on February 11, 2025, and will last through August 10, 2025. Specifically, Section 2 of the Order directs the Attorney General to take the following actions during the 180-day review period:

cease initiation of any new FCPA investigations or enforcement actions, unless the Attorney General specifically authorizes an individual exception;

review in detail all existing FCPA investigations or enforcement actions and "take appropriate action" to restore proper bounds on FCPA enforcement and preserve Presidential foreign policy prerogatives; and

issue updated guidelines or policies that focus on promoting the President's power to conduct foreign affairs and prioritize American economic interests with respect to other nations.

The Attorney General is also authorized to extend the review period by an additional 180 days. After the issuance of new DOJ FCPA guidance, the Attorney General must reassess prior enforcement actions and potentially take remedial actions to curtail "inappropriate" past FCPA enforcement actions retroactively.

- **Impact on Future Cases:** While the dismissal represents a specific decision in this case, it suggests broader implications for future FCPA cases. Companies involved in similar investigations may see opportunities to challenge ongoing proceedings or seek dismissal, especially if their matters fall under the scope of the new DOJ review period. This could provide relief for companies that feel their actions have been subject to overreach under the previous enforcement framework.

Considerations for U.S. Companies:

- **Potential for Reevaluation of Past FCPA Cases:** With the pause in FCPA investigations and the review of existing cases, companies that have been subject to past FCPA investigations or settlements may now have an opportunity to advocate for the reevaluation or even dismissal of charges. Companies may want to consider engaging with the DOJ to present arguments that previous actions were excessive or based on an overbroad interpretation of the law.
- **Compliance Programs Remain Crucial:** Despite the shift in enforcement priorities, the Executive Order does not alter the fact that companies must maintain strong anti-corruption compliance programs. The pause only applies to the DOJ's criminal enforcement of the FCPA; the SEC remains empowered to pursue civil actions, and other international jurisdictions continue to aggressively target foreign bribery. In addition, on April 2, 2025, the California Attorney General recently issued a press release, [Attorney General Bonta Alerts Businesses: It Remains Illegal to Bribe Foreign-Government Officials](#), advising that state attorney generals are not affected by the Executive Order, and are therefore free to continue using existing state law for anticorruption enforcement. Companies must continue to review and bolster their internal controls to mitigate the risk of future enforcement actions, both in the U.S. and abroad.
- **Long-Term Impact on FCPA Enforcement:** The full impact of this policy shift remains to be seen, as the DOJ's reassessment of its FCPA enforcement strategies may lead to long-term changes in how corruption-related cases are handled. Companies should remain vigilant as new enforcement guidelines are developed and be prepared for a potential rebalancing of priorities under future administrations.

Next Steps for Companies:

- **Review Past FCPA Settlements:** Companies previously subject to FCPA investigations should consider whether they may have grounds to seek a review or even dismissal of past charges, particularly if the government's actions were influenced by overreaching enforcement practices.
- **Engage in Advocacy:** The 180-day pause provides a critical window for companies to engage with the DOJ to review ongoing investigations. Companies may want to initiate discussions with the DOJ to advocate for the reconsideration of their cases or investigate whether existing agreements can be

revised under the new enforcement framework.

- **Monitor International Developments:** Although the U.S. may be adjusting its enforcement approach, international regulators remain active in combatting foreign bribery. Companies with operations in high-risk regions should continue to comply with global anti-corruption laws and ensure they are prepared for scrutiny from other regulatory bodies.

Conclusion: The dismissal of the FCPA charges against Gordon Coburn and Steven Schwartz is a pivotal moment in U.S. anti-corruption enforcement. It not only reflects the changing priorities of the DOJ under the new Executive Order but also serves as a reminder for companies to stay proactive in reviewing their compliance programs and preparing for future regulatory changes.

We will continue to monitor the evolving landscape of FCPA enforcement and provide updates as new developments emerge. For any questions or legal advice tailored to your business's circumstances, please contact any member of Baker Donelson's [Government Enforcement and Investigations Group](#).