November 1, 2011

U.S. Department of Justice
Criminal Division
Fraud Section
ATTN: FCPA Coordinator

Dear Sir or Madam,

I am writing to request that the U.S. Department of Justice immediately initiate an investigation into whether Freeport-McMoRan has violated the Foreign Corrupt Practices Act by engaging in what we believe is likely bribery of security forces in Indonesia.

Freeport-McMoRan Copper & Gold, Inc. (FMCG, NYSE: FCX) is a mining company headquartered in Phoenix, Arizona that operates in a number of countries. Its Indonesian subsidiary is PT Freeport Indonesia.

The Indonesian police have recently been quoted in the Indonesian media admitting that they accepted millions of dollars from PT Freeport Indonesia to provide security for the miner's operations in Papua, Indonesia, and the National Police Chief Gen. Timur Pradopo referred to the payments as "lunch money" paid in addition to state allocated security funding, stating "It was operational funding given directly to the police personnel to help them make ends meet."[i]

It has also recently been reported in the Australian media that Indonesian human rights group Kontras obtained and released a letter from Papua police saying Freeport paid 1,250,000 rupiah a month for about 635 police and military personnel, and that the payment would raise the salaries of the security forces by between a quarter and a half.[ii]

The Foreign Corrupt Practices Act bans companies from paying foreign officials to do or omit to do an act in violation of his or her lawful duty. We believe that it is reasonable to construe direct payments by PT Freeport Indonesia to police and military personnel providing security for its operations, amounting to a significant fraction of the personnel's salaries, as a bribe intended to persuade the personnel to act in defense of Freeport-McMoRan's interests even when those interests conflict with the police and military personnel's lawful duty to protect Indonesian people, thereby violating the Foreign Corrupt Practices Act.

United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union

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Police Personnel providing security for Freeport-McMoRan mining operations have recently played a highly controversial role in a strike by around 10,000 miners of PT Freeport Indonesia's mining operations in Papua. According to a report by the International Federation of Chemical, Energy, Mine and General Workers' Unions, a Global Union Federation headquartered in Geneva, Switzerland, on October 10 local police in the vicinity of the operations shot indiscriminately into the backs of a number of PT Freeport Indonesia employees that were engaging in strike activity, resulting in the death of two strikers and the injury of eight others. We have also received reports from our union and civil society partners in Indonesia that the security forces in Indonesia have long quelled local opposition to PT Freeport Indonesia's mining operations and cracked down on worker protests.

We believe these reports are a clear indication that Indonesian security personnel are indeed acting in the defense of the interests of Freeport-McMoRan in conflict with their duty to protect Indonesian people, likely resulting from what we believe to be bribes by Freeport-McMoRan that constitute a violation of the Foreign Corrupt Practices Act.

We urge your immediate attention to this matter. Please do not hesitate to contact me at 202-550-3729 or bdavis@usw.org if you'd like to discuss this matter further.

Sincerely,

Ben Davis
Director, International Affairs, United Steelworkers

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[i] Jakarta Globe, October 28, "Police admit to receiving Freeport lunch money", http://www.thejakartaglobe.com/home/police-admit-to-receiving-freeport-lunch-money/474747
[ii] Sydney Morning Herald, November 1, 2011, "Police opposing workers' stand-off on the books of mining company", http://www.smh.com.au/world/police-opposing-workers-standoff-on-the-books-of-mining-company-20111031-1ms6c.html