A probe into whether global retail giant Wal-Mart Stores Inc. violated the Foreign Corrupt Practices Act is costing the company millions — $439 million over the past two fiscal years and up to $240 million in the current fiscal year — and the tally is expected to rise even higher before all matters are settled.

Wal-Mart said in a recent Securities and Exchange Commission filing that expenses for Foreign Corrupt Practices Act investigations and its growing global compliance program were $282 million for fiscal 2014, which ended Jan. 31, and $157 million for fiscal 2013. Those internal, company investigations started in Mexico in 2011 after it was alleged that Wal-Mart bribed Mexican officials to speed construction.

Investigations have spread to “a number of foreign markets in which [Wal-Mart and its subsidiaries] operate, including but not limited to Brazil, China and India,” the company said in its year-end 10-K filing, which is an annual financial-performance report required by the SEC.

In addition to the internal investigation by Wal-Mart’s board of director’s audit committee, the U.S. Department of Justice and the SEC are conducting inquiries of their own.

“A number of federal and local government agencies in Mexico have also initiated investigations of these matters,” the retailer said in its filing. “Furthermore, lawsuits relating to the matters under investigation have been filed by several of our shareholders against us, certain of our current and former directors and officers and certain of [Wal-Mart’ Mexican division’s] current and former officers.” Additional costs will be related to responding to subpoenas and defending existing and new shareholder lawsuits, the company said.

On Wednesday, Wal-Mart asked a federal judge for a stay in a shareholder case in the Western District of Arkansas. A second lawsuit is in court in Delaware. Wal-Mart, like thousands of other companies, is incorporated in Delaware.

The lawsuits were filed after a 2012 New York Times article detailed the purported bribery scheme in Mexico. Shareholders claim that the board and officers breached their fiduciary duty in allowing the misconduct or otherwise failing to stop it. Wal-Mart takes exception to the shareholders’ pursuit of relief on the same matter in two different cases in two different states at the same time.

“That’s not in the best interest of the company, our shareholders or the courts,” Wal-Mart spokesman Randy Hargrove said.

Michael Koehler, a law professor at Southern Illinois University in Carbondale, estimates that the retailer has spent more than $1 million per working day on its Foreign Corrupt Practices Act scrutiny. The company posted $476.3 billion in sales last fiscal year.

“That’s $1 million today, $1 million tomorrow,” he said. “That should be very concerning to investors.”

Koehler writes a blog called the FCPA Professor and has made a career of researching the Foreign Corrupt Practices Act and following action related to the law. He said probes of this scope can take up to six to eight years.

The review is growing, and along with it, the costs. What is alleged to have happened in Mexico caused Wal-Mart to look elsewhere in-house for similar actions, Koehler said.

“That is why FCPA scrutiny tends to last so long is because of this ‘Where else?’ question,” he said. “That ‘Where else?’ question, and the fact that the company is doing a worldwide review of its operations, is one of the reasons for these rather eye-popping, pre-enforcement-action professional fees and expenses.”
By the term pre-enforcement, he referred to costs outside of what the company might incur once the case is adjudicated. Wal-Mart’s 10-K filing said possible enforcement actions could include “judgments, settlements, fines, penalties, injunctions, cease and desist orders, debarment or other relief, criminal convictions and/or penalties.”

When Wal-Mart released its fourth-quarter and yearend earnings in February, officials said about $173 million of the $282 million spent on Foreign Corrupt Practices Act-related matters in fiscal 2014 represented costs for the ongoing inquiries and investigations. Much of this cost comes from responding to subpoenas and defending the existing and new shareholder lawsuits. An additional $109 million was related to Wal-Marts global compliance program and organizational enhancements.

“Wal-Mart is essentially doing a worldwide review of sorts of its entire business operations,” which is also common, Koehler said.

It’s anybody’s guess as to how long it could take to dispose of the matter, he added. Wal-Mart agreed.

“We can’t speculate on the timing, and because the investigation is ongoing, it wouldn’t be appropriate for us or others to comment until the investigation is concluded,” Hargrove, the Wal-Mart spokesman, said.

Company officials made mention in the SEC filing that ongoing media interest in the story “could impact the perception of our role as a corporate citizen among certain audiences.” In addition to damage to the company’s reputation, the Foreign Corrupt Practices Act scrutiny “may require the involvement of certain members of our senior management that could impinge on the time they have available to devote to other matters relating to our business.”

“Although we do not presently believe that these matters will have a material adverse effect on our business, given the inherent uncertainties in such situations, we can provide no assurance that these matters will not be material to our business in the future,” Wal-Mart said.