

Deutsche Telekom AG / Magyar Telekom

Case ID:

ST-140

Case Cluster :

Deutsche Telekom AG

Jurisdiction of Settlement:

United States

Jurisdiction of Settlement / Enforcement Agency:

Securities and Exchange Commission

Jurisdiction of Foreign Public Official(s) :

Macedonia and Montenegro

Year of Settlement:

2011

Month/Day of Settlement (or Notes):

12/29

Other Jurisdictions of Settlement:

Unknown

Settlement with Individual or Legal Person?:

Legal Person

Type of Settlement:

Civil

Legal Form of Settlement:

Consent to Final Judgment

Monetary Sanctions (Types):

Disgorgement of Profits, Prejudgment Interest

Total Monetary Sanctions (US\$):

\$31,200,000.00

Civil Disgorgement of Profits (US\$) :

\$31,200,000

Civil Prejudgment Interest (US\$) :

\$0

Civil Fine / Penalty (US\$):

\$0

Monetary Sanctions Returned / Ordered Returned (US\$):

\$0

UNCAC Articles(s) Implicated:

Art.16

Art.23

Art.26

OECD Anti-Bribery Convention Articles Implicated:

Art. 1, Art. 2, Art. 7, Art. 8

Offenses - Alleged:

Bribery of Foreign Officials, Falsification of Books and Records

Offenses - Settled:

No Admission or Denial of Allegations

Public Procurement Contract / SOE Involved?:

Yes

Summary:

According to the US Securities and Exchange Commission Litigation Release, on December 29, 2011, the Commission "charged the largest telecommunications provider in Hungary and three of its former top executives with bribing government and political party officials in Macedonia and Montenegro to win business and shut out competition in the telecommunications industry. The SEC alleges that three senior executives at Magyar Telekom Plc. orchestrated, approved, and executed a plan to bribe Macedonian officials in 2005 and 2006 to prevent the introduction of a new competitor and gain other regulatory benefits. Magyar Telekom's subsidiaries in Macedonia made illegal payments of approximately \$6 million under the guise of bogus consulting and marketing contracts. The same executives orchestrated a second scheme in 2005 in Montenegro related to Magyar Telekom's acquisition of the state-owned telecommunications company there. Magyar Telekom paid approximately \$9 million through four sham contracts to funnel money to government officials in Montenegro. Magyar Telekom's parent company Deutsche Telekom AG also is charged with books and records and internal controls violations of the Foreign Corrupt Practices Act (FCPA)." (Source: US Securities and Exchange Commission, Litigation Release No. 22213 / December 29, 2011, SEC v. Magyar Telekom Plc. and Deutsche Telekom AG, Case No. 11 civ 9646 (S.D.N.Y.) and SEC v. Straub, et al., Case No. 11 civ 9645 (S.D.N.Y.), "SEC Charges Magyar Telekom and Former Executives with Bribing Officials in Macedonia and Montenegro.")

Sources :

US Securities and Exchange Commission, Litigation Release No. 22213 / December 29, 2011, SEC v. Magyar Telekom Plc. and Deutsche Telekom AG, Case No. 11 civ 9646 (S.D.N.Y.) and SEC v. Straub, et al., Case No. 11 civ 9645 (S.D.N.Y.), "SEC Charges Magyar Telekom and Former Executives with Bribing Officials in Macedonia and Montenegro," accessed at <http://www.sec.gov/litigation/litreleases/2011/lr22213.htm>; Complaint in SEC v. Magyar Telekom plc and Deutsche Telekom AG, Case No. 1:11-cv-9646 (S.D.N.Y., December 29, 2011), accessed at <http://www.sec.gov/litigation/complaints/2011/comp22213-co.pdf>