

Siemens AG (United States / SEC)

Case ID:

ST-320

Case Cluster :

Siemens AG

Jurisdiction of Settlement:

United States

Jurisdiction of Settlement / Enforcement Agency:

Securities and Exchange Commission

Jurisdiction of Foreign Public Official(s) :

Argentina, Bangladesh, China, Iraq (UN Oil-for-Food), Israel, Mexico, Nigeria, Russia, Venezuela, Vietnam

Year of Settlement:

2008

Month/Day of Settlement (or Notes):

12/15

Other Jurisdictions of Settlement:

Germany, World Bank

Settlement with Individual or Legal Person?:

Legal Person

Type of Settlement:

Civil

Legal Form of Settlement:

Consent to Permanent Injunction

Monetary Sanctions (Types):

Disgorgement of Profits

Total Monetary Sanctions (US\$):

\$350,000,000.00

Civil Disgorgement of Profits (US\$) :

\$350,000,000

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, Internal Controls Violations, Falsification of Books and Records

Offenses - Settled:

No admission or denial of alleged offenses

Public Procurement Contract / SOE Involved?:

Yes

Summary:





According to the US Securities and Exchange Commission Litigation Release, on December 12, 2008, the Commission filed a settled civil complaint which alleged that "Between March 12, 2001 and September 30, 2007, Siemens violated the FCPA by engaging in a widespread and systematic practice of paying bribes to foreign government officials to obtain business. Siemens created elaborate payment schemes to conceal the nature of its corrupt payments, and the company's inadequate internal controls allowed the conduct to flourish. The misconduct involved employees at all levels, including former senior management, and revealed a corporate culture long at odds with the FCPA. During this period, Siemens made thousands of payments to third parties in ways that obscured the purpose for, and the ultimate recipients of, the money. At least 4,283 of those payments, totaling approximately \$1.4 billion, were used to bribe government officials in return for business to Siemens around the world. Among others, Siemens paid bribes on transactions to design and build metro transit lines in Venezuela; metro trains and signaling devices in China; power plants in Israel; high voltage transmission lines in China; mobile telephone networks in Bangladesh; telecommunications projects in Nigeria; national identity cards in Argentina; medical devices in Vietnam, China, and Russia; traffic control systems in Russia; refineries in Mexico; and mobile communications networks in Vietnam. Siemens also paid kickbacks to Iraqi ministries in connection with sales of power stations and equipment to Iraq under the United Nations Oil for Food Program. Siemens earned over \$1.1 billion in profits on these transactions. An additional approximately 1,185 separate payments to third parties totaling approximately \$391 million were not properly controlled and were used, at least in part, for illicit purposes, including commercial bribery and embezzlement." The Litigation Release also noted that Siemens consented to the SEC "ordering it to pay \$350 million in disgorgement of wrongful profits, which does not include profits factored into Munich's fine." The Litigation Release also noted that assistance was provided to the SEC investigation by the Office of the Prosecutor General in Munich, Germany; the U.K. Financial Services Authority; and the Hong Kong Securities and Futures Commission. (Source: US Securities and Exchange Commission Litigation Release No. 20829 / December 15, 2008, Securities and Exchange Commission v. Siemens Aktiengesellschaft, Civil Action No. 08 CV 02167 (D.D.C.), "SEC Files Settled Foreign Corrupt Practices Act Charges Against Siemens AG for Engaging in Worldwide Bribery With Total Disgorgement and Criminal Fines of Over \$1.6 Billion.")

Sources :

US Report to the Organisation for Economic Co-operation and Development, "Steps taken to implement and enforce the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions," Information as of May 31, 2011, Siemens Aktiengesellschaft (Siemens AG) Case Summary at 70-73, accessed at <http://www.oecd.org/dataoecd/18/8/42103833.pdf>. US Securities and Exchange Commission Litigation Release No. 20829 / December 15, 2008, Securities and Exchange Commission v. Siemens Aktiengesellschaft, Civil Action No. 08 CV 02167 (D.D.C.), "SEC Files Settled Foreign Corrupt Practices Act Charges Against Siemens AG for Engaging in Worldwide Bribery With Total Disgorgement and Criminal Fines of Over \$1.6 Billion," accessed at <http://www.sec.gov/litigation/litreleases/2008/lr20829.htm>; Complaint filed December 12, 2008, accessed at <http://www.sec.gov/litigation/complaints/2008/comp20829.pdf>

Documents:

Attachment	Size
 Siemens_SEC_Amended_Complaint.pdf	1.5 MB

Attachment	Size
 Siemens_SEC_Litigation_Release_Settlement_Dec_2008.pdf	99.68 KB
 Siemens_SEC_Litigation_Release.pdf	39.34 KB
 Siemens_SEC_DDC_Docket_Report.pdf	17.09 KB
 Siemens_SEC_Final_Judgment.pdf	647.65 KB