

Alcatel-Lucent S.A. (Matter #11)

Case ID:

ST-24

Case Cluster :

Alcatel-Lucent S.A.

Jurisdiction of Settlement:

United States

Jurisdiction of Settlement / Enforcement Agency:

Securities and Exchange Commission

Jurisdiction of Foreign Public Official(s) :

Costa Rica, Honduras, Malaysia, Taiwan

Year of Settlement:

2010

Month/Day of Settlement (or Notes):

12/27

Other Jurisdictions of Settlement:

Costa Rica

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 Profit

Total Monetary Sanctions (US\$):

\$45,372,000.00

Civil Disgorgement of Profits (US\$) :

\$45,372,000

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, Internal Controls Violations

Offenses - Settled:

No admission or denial of alleged offenses

Public Procurement Contract / SOE Involved?:

Yes

Summary:

According to the US Securities and Exchange Commission, the Commission filed a complaint which "alleges that Alcatel's bribes went to government officials in Costa Rica, Honduras, Malaysia, and Taiwan between December 2001 and June 2006. An Alcatel subsidiary provided at least \$14.5 million to consulting firms through sham consulting agreements for use in the bribery scheme in Costa Rica. Various high-level government officials in Costa Rica received at least \$7 million of the \$14.5 million to ensure Alcatel obtained or retained three contracts to provide telephone services in Costa Rica. The SEC alleges that the same Alcatel subsidiary bribed officials in the government of Honduras to obtain or retain five telecommunications contracts. Another Alcatel subsidiary made bribery payments to Malaysian government officials in order to procure a telecommunications contract. An Alcatel subsidiary also made illegal payments to various officials in the government of Taiwan to win a contract to supply railway axle counters to the Taiwan Railway Administration. According to the SEC's complaint, all of the bribery payments were undocumented or improperly recorded as consulting fees in the books of Alcatel's subsidiaries and then consolidated into Alcatel's financial statements. The leaders of several Alcatel subsidiaries and geographical regions, including some who reported directly to Alcatel's executive committee, either knew or were severely reckless in not knowing about the misconduct. [] The SEC acknowledges the assistance of [] the Office of the Attorney General in Costa Rica; the Fiscalía de Delitos Económicos, Corruptivos, Tributarios in Costa Rica; and the Service Central de Preion de la Corruption in France." (Source: US Securities and Exchange Commission Litigation Release No. 21795/ December 27, 2010, SEC v. Alcatel-Lucent, S.A., Civil Action No. 1:10-CV-24620-GRAHAM (S.D. FL.) (December 27, 2010), "SEC Files Settled Foreign Corrupt Practices Act Charges Against Alcatel-Lucent, S.A. With Total Disgorgement and Criminal Fines of Over \$137 Million.")

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," Alcatel-Lucent S.A. (Matter #11) Case Summary at 27-29, accessed at <http://www.oecd.org/dataoecd/18/8/42103833.pdf>. US Securities and Exchange Commission Litigation Release No. 21795/ December 27, 2010, SEC v. Alcatel-Lucent, S.A., Civil Action No. 1:10-CV-24620-GRAHAM (S.D. FL.) (December 27, 2010), "SEC Files Settled Foreign Corrupt Practices Act Charges Against Alcatel-Lucent, S.A. With Total Disgorgement and Criminal Fines of Over \$137 Million," accessed at <http://www.sec.gov/litigation/litreleases/2010/lr21795.htm>; Complaint filed December 27, 2010, accessed at <http://www.sec.gov/litigation/complaints/2010/comp21795.pdf>.