

## Diebold Inc.

**Case ID:**

ST-433

**Case Cluster :**

Diebold Inc.

**Jurisdiction of Settlement:**

United States

**Jurisdiction of Settlement / Enforcement Agency:**

Securities and Exchange Commission

**Jurisdiction of Foreign Public Official(s) :**

China, Indonesia, Russia

**Year of Settlement:**

2013

**Month/Day of Settlement (or Notes):**

10/22

**Other Jurisdictions of Settlement:**

Unknown

**Settlement with Individual or Legal Person?:**

Legal Person

**Type of Settlement:**

Civil

**Legal Form of Settlement:**

Permanent Injunction

**Monetary Sanctions (Types):**

Disgorgement of Profits, Prejudgment Interest

**Total Monetary Sanctions (US\$):**

\$22,972,942.00

**Civil Disgorgement of Profits (US\$) :**

\$19,719,550

**Civil Prejudgment Interest (US\$) :**

\$3,253,392

**Civil Fine / Penalty (US\$):**

\$0

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

\$0

**Monetary Sanctions Returned / Ordered Returned (Explanation):**

NA

**UNCAC Articles(s) Implicated:**

Art.16

**OECD Anti-Bribery Convention Articles Implicated:**

Art. 1, Art. 2

**Offenses - Alleged:**

Bribery of Foreign Officials

**Offenses - Settled:**

No admission or denial of alleged offenses

**Public Procurement Contract / SOE Involved?:**

Yes

**Summary:**

According to the US Securities and Exchange Commission, Diebold, the "Ohio-based manufacturer of ATMs and bank security systems with violating the Foreign Corrupt Practices Act by bribing officials at government-owned banks with pleasure trips in order to illicitly win business. The SEC alleges that subsidiaries of Diebold Inc. in China and Indonesia spent approximately \$1.8 million on travel, entertainment, and other improper gifts for senior officials with the ability to influence the banks' purchasing decisions. Government-owned bank officials in China and Indonesia were rewarded with free trips to popular tourist destinations in the U.S. and Europe, and Diebold's expenditures were falsely recorded in the company's books and records as legitimate training expenses. Diebold's subsidiary in China also provided dozens of government bank officials with annual cash gifts ranging from less than \$100 to more than \$600. The SEC further alleges that Diebold falsified books and records to hide approximately \$1.2 million of bribes paid to employees at privately owned banks in Russia. [ ] According to the SEC's complaint filed in federal court in Washington D.C., Diebold's misconduct occurred from 2005 to 2010. Among the tourist destinations of U.S. trips were the Grand Canyon, Napa Valley, Disneyland, and Universal Studios as well as Las Vegas, New York City, Chicago, Washington D.C., and Hawaii. Officials also were treated to European vacations. For example, eight officials at a government-owned bank in China enjoyed a two-week trip at Diebold's expense that included stays in Paris, Brussels, Amsterdam, Cologne, Frankfurt, Munich, Salzburg, Vienna, Klagenfurt, Venice, Florence, and Rome. Destinations of leisure trips for other officials included Australia, New Zealand, and Bali. In total, Diebold spent approximately \$1.6 million to bribe government-owned bank officials in China, and more than \$147,000 to bribe officials at government banks in Indonesia. The SEC further alleges that from 2005 to 2008, Diebold's Russian subsidiary paid approximately \$1.2 million in bribes in connection with the sale of ATMs to private banks in Russia. The bribes were funneled through a distributor in Russia using phony service contracts to hide and falsely record the payments as legitimate business expenses." (Source: SEC Press Release, "SEC Charges Diebold With FCPA Violations," October 22, 2013.)

**Sources :**

US Securities and Exchange Commission v. Diebold Inc., Case No. 1:13-cv-01609 (DDC), Complaint filed October 12, 2013, at <https://www.sec.gov/litigation/complaints/2013/comp-pr2013-225.pdf>; Final Judgment of November 5, 2013 accessed at PACER; SEC Press Release, "SEC Charges Diebold With FCPA Violations," October 22, 2013, at <https://www.sec.gov/News/PressRelease/Detail/PressRelease/1370539977273>