

PTC Inc.

Case ID:

ST-488

Case Cluster :

PTC Inc.

Jurisdiction of Settlement:

United States

Jurisdiction of Settlement / Enforcement Agency:

Securities and Exchange Commission

Jurisdiction of Foreign Public Official(s) :

China

Year of Settlement:

2016

Month/Day of Settlement (or Notes):

2/16

Other Jurisdictions of Settlement:

Unknown

Settlement with Individual or Legal Person?:

Legal Person

Type of Settlement:

Civil

Legal Form of Settlement:

Cease and Desist Order

Monetary Sanctions (Types):

Disgorgement of Profit; Prejudgment Interest

Total Monetary Sanctions (US\$):

\$13,622,000

Civil Disgorgement of Profits (US\$) :

\$11,858,000

Civil Prejudgment Interest (US\$) :

\$1,764,000

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. 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 SEC Press Release, PTC Inc., a Needham, Massachusetts based technology company, consented to the Cease and Desist Order. According to the SEC, "From at least 2006 into 2011, two wholly-owned PTC subsidiaries (collectively, "PTC-China") provided improper payments totaling nearly \$1.5 million to government officials ("Chinese government officials" or "officials") who were employed by Chinese state owned entities ("SOEs") that were PTC customers. These payments were made to obtain or retain business from the SOEs. Specifically, PTC-China provided non-business travel, primarily sightseeing and tourist activities, as well as improper gifts and entertainment, to the Chinese government officials. PTC earned approximately \$11.85 million in profits from sales contracts with SOEs whose officials received the improper payments. 2. PTC-China made these improper payments in two primary ways: 1) by providing at least \$1,179,912 to third party agents, disguised as commission payments or sub-contracting fees, which were then used to pay for non-business related foreign travel for Chinese government officials; and 2) by allowing its sales staff to provide Chinese government officials with gifts and excessive entertainment of over \$274,313. The payments were recorded as legitimate commissions and business expenses in PTC-China's books and records, when in fact they were improper payments designed to benefit the Chinese government officials. PTC-China's books and records were consolidated into PTC's books and records, thereby causing PTC's books and records to be inaccurate. PTC failed to devise and maintain an adequate system of internal accounting controls sufficient to prevent and detect these improper payments that occurred over several years." (Source: US Securities and Exchange Commission, In the Matter of PTC Inc., Administrative Proceeding File No. 3-17118, February 16, 2016, Summary.)

Sources :

US Securities and Exchange Commission, In the Matter of PTC Inc., Administrative Proceeding File No. 3-17118, February 16, 2016, at <https://www.sec.gov/litigation/admin/2016/34-77145.pdf>; Press Release, "SEC: Tech Company Bribed Chinese Officials," February 16, 2016, at <https://www.sec.gov/news/pressrelease/2016-29.html>.