

SAP SE

Case ID:

ST-498

Case Cluster :

SAP SE

Jurisdiction of Settlement:

United States

Jurisdiction of Settlement / Enforcement Agency:

Securities and Exchange Commission

Jurisdiction of Foreign Public Official(s) :

Panama

Year of Settlement:

2016

Month/Day of Settlement (or Notes):

2/1

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 Profits; Prejudgment Interest

Total Monetary Sanctions (US\$):

\$3,888,896

Civil Disgorgement of Profits (US\$) :

\$3,700,000

Civil Prejudgment Interest (US\$) :

\$188,896

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, Art. 8

Offenses - Alleged:

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 software manufacturer company "SAP's deficient internal controls allowed a former SAP executive to pay \$145,000 in bribes to a senior Panamanian government official and offer bribes to two others in exchange for lucrative sales contracts. The SEC charged the SAP executive, Vicente E. Garcia, in a separate enforcement action last year that included a parallel criminal action. Garcia has been sentenced to 22 months in prison. According to the SEC's order instituting a settled administrative proceeding: SAP is headquartered in Germany and executes most of its sales through a network of worldwide corporate partners, including a partner in Panama. The bribery scheme involved providing large discounts of up to 82 percent to SAP's Panamanian partner, who used the excessive discounts to create a slush fund out of which to pay bribes to Panamanian officials on Garcia's behalf so SAP could sell software. SAP had no requirements for heightened anti-corruption scrutiny for such large discounts. SAP falsely recorded the slush fund as legitimate discounts on the books of SAP's Mexican subsidiary, and the figures were subsequently consolidated into SAP's financial statements. SAP failed to devise and maintain a sufficient system of internal accounting controls to provide reasonable assurances that the discounts were recorded in accordance with U.S. Generally Accepted Accounting Principles." (Source: US SEC Press Release, "SEC Charges Software Company With FCPA Violations," February 1, 2016.)

Sources :

US SEC Press Release, "SEC Charges Software Company With FCPA Violations," February 1, 2016, at <https://www.sec.gov/news/pressrelease/2016-17.html>