

UNITED STATES DISTRICT COURT  
DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA	:	CRIMINAL NO.	08-367 (RJL)
	:		
v.	:		
	:		
SIEMENS AKTIENGESELLSCHAFT,	:		
	:		
Defendant.	:		
_____	:		

NOTICE REGARDING CORPORATE MONITORSHIP

The United States of America, by and through its undersigned attorneys, notifies the Court that Siemens Aktiengesellschaft has satisfied its obligations under the plea agreement with respect to the corporate compliance monitor engaged by the company.

1. On December 12, 2008, the government filed a two-count criminal information charging Siemens Aktiengesellschaft (“Siemens AG”) with violating the internal controls provision of the Foreign Corrupt Practices Act (“FCPA”), 15 U.S.C. §§ 78m(b)(2)(B), 78m(b)(5), and 78ff(a) (Count 1), and violating the books and records provision of the FCPA, 15 U.S.C. §§ 78m(b)(2)(A), 78m(b)(5), and 78ff(a) (Count 2). (See Docket Entry (“DE”) 1.) On the same date, the government also filed criminal informations against three subsidiaries of Siemens AG, charging Siemens S.A. (Argentina) (“Siemens Argentina”) with a single count of conspiracy to violate the books and records provision of the FCPA, 18 U.S.C. § 371, and charging Siemens Bangladesh Ltd. (“Siemens Bangladesh”) and Siemens S.A. (Venezuela) (“Siemens Venezuela”) each with a single count of conspiracy to violate the anti-bribery provision and the books and records provision of the FCPA, 18 U.S.C. § 371. (See Case No. 08 CR 368, DE 1; Case No. 08 CR 369, DE 1; Case No. 08 CR 370, DE 1.)

2. On December 15, 2008, Siemens AG, Siemens Argentina, Siemens Bangladesh, and Siemens Venezuela entered pleas of guilty to the charges in their respective informations, and the Court accepted those pleas of guilty. (*See* Case No. 08 CR 367, DE 14 (hereinafter “Plea Agreement”); Case No. 08 CR 368, DE 9; Case No. 08 CR 369, DE 9; Case No. 08 CR 370, DE 8.)

3. On December 15, 2008, the Court sentenced the defendants, imposing a fine of \$448,500,000 against Siemens AG, and a fine of \$500,000 each against Siemens Argentina, Siemens Bangladesh, and Siemens Venezuela, plus a special assessment of \$400 per count against each defendant. (*See* Case No. 08 CR 367, DE 19 (Transcript of Plea Hearing and Sentencing on December 15, 2008) at 35-37.) In addition, the Court ordered Siemens AG to “comply completely with the terms and conditions of the plea agreement; in particular, the compliance and ethics program set forth in an attachment [t]hereto.” (*Id.* at 35; *see also* Case No. 08 CR 367, DE 17 (Judgment of Siemens AG) at 4 (“Defendant to comply with the compliance and ethics program set forth in an attachment to the plea agreement.”).)

4. Siemens AG also reached a settlement with the U.S. Securities and Exchange Commission (“SEC”) in a companion civil action involving similar violations of the FCPA. *See U.S. Securities and Exchange Commission v. Siemens Aktiengesellschaft*, No. 08 CV 02167 (RJL). On December 15, 2008, the Court entered Final Judgment ordering Siemens AG to pay \$350,000,000 in disgorgement of profits and permanently enjoining Siemens AG from violating the FCPA. (*See id.*, DE 4 at 4-5, 13-14.)

5. As set forth in the plea agreement, Siemens AG was required, among other things, to engage an independent corporate compliance monitor (the “Monitor”) “to ensure that Siemens

AG implements an effective system of corporate governance and compliance with applicable laws and regulations going forward . . . .” (Plea Agreement ¶ 12.) The plea agreement required Siemens AG to engage the Monitor for a period of up to four years from the date of signing of the plea agreement. (*See id.*) Pursuant to the Final Judgment in the SEC civil action, Siemens AG was similarly ordered to retain an independent corporate compliance monitor for a period of up to four years. (*See Case No. 08 CV 02167, DE 4 at 5-13.*) That four-year period ended on December 15, 2012.

6. In accordance with the plea agreement, Siemens AG, on behalf of itself and its subsidiaries and affiliates (collectively, “Siemens”), retained the Monitor, along with independent U.S. counsel with expertise in the FCPA, to evaluate:

[T]he effectiveness of the internal controls, record-keeping and financial reporting policies and procedures of Siemens as they relate to Siemens’ current and ongoing compliance with the books and records, internal accounting controls and anti-bribery provisions of the FCPA and other applicable anti-corruption laws (collectively, the “anti-corruption laws”) and take such reasonable steps as, in his or her view, may be necessary to fulfill the foregoing mandate (the “Mandate”).

(Plea Agreement, Attachment 2 ¶ 1.) In addition, Siemens AG retained a German law firm, with expertise in banking and financial regulatory matters, to further aid in the review of Siemens’ financial controls.

7. In accordance with the plea agreement, the Monitor conducted an initial review and three subsequent reviews of Siemens’s anti-corruption compliance program, and documented the Monitor’s findings and recommendations in four annual reports dated October 5, 2009, October 13, 2010, October 7, 2011, and October 12, 2012. Over the course of those four years, the Monitor conducted on-site or remote reviews of Siemens’ activities in 20 countries; conducted limited or issue-specific reviews in or relating to an additional 19 countries; reviewed

over 51,000 documents totaling more than 973,000 pages in 11 languages; conducted interviews of or meetings with over 2,300 Siemens employees; observed over 180 regularly scheduled company events; and spent the equivalent of over 3,000 auditor days conducting financial studies and testing.

8. During that time, the Monitor made a total of 152 recommendations in over a dozen topic areas, such as third-party risks, financial controls, and compliance policies and training that, pursuant to the plea agreement, were “reasonably designed to improve the effectiveness of Siemens’ program for ensuring compliance with the anti-corruption laws.” (*Id.* Attachment 2 ¶ 4.) Without objection, Siemens AG adopted and implemented all 152 recommendations. Thereafter, the Monitor confirmed that all of the recommendations had been fully implemented.

9. Those recommendations and the other remedial measures and internal control improvements undertaken by Siemens have included enhanced policies and a revised code of conduct directed at prohibiting corruption; additional and more frequent training for employees, agents, and business partners on the enhanced anti-corruption policies and procedures; additional staffing and resources dedicated to coordinating and overseeing the implementation and enforcement of the anti-corruption program; improved hotline for reporting potential violations of the code of conduct; improved accounting system controls designed to ensure the maintenance of accurate books and records; and improved due diligence and review processes for agreements with agents and business partners, including an express clause related to anti-corruption.

10. Pursuant to the terms of the plea agreement, the Monitor has meet with representatives from the government and the SEC on an annual basis to review the findings and

recommendations in the Monitor’s annual reports. (*Id.* Attachment 2 ¶ 9.) In accordance with the terms of the plea agreement, the Monitor certified on October 13, 2010, October 7, 2011, and October 12, 2012, that “Siemens’ compliance program is reasonably designed and implemented to detect and prevent violations within Siemens of anti-corruption laws . . . .” (*Id.* Attachment 2 ¶ 6.)

11. Based on the foregoing, the government concludes that Siemens AG has satisfied its obligations under the plea agreement with respect to the corporate compliance monitorship. The government has conferred with the staff of the SEC and the staff of the SEC concludes that Siemens AG has also complied with the terms of the Final Judgment in the civil action with respect to the corporate compliance monitorship.

WHEREFORE, the government notifies the Court that Siemens AG has satisfied its obligations under the plea agreement with respect to the corporate compliance monitorship.

Respectfully submitted,

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