

Anti-Corruption Laws Case Study

The U.S. Securities and Exchange Commission (SEC) alleged that Siemens AG (“Siemens”), a German stock corporation, the shares of which were quoted on the New York Stock Exchange, had paid bribes to public officials to obtain business in Venezuela, Israel, Mexico, Bangladesh, Argentina, Vietnam, China and Russia. The SEC also alleged that paid kickbacks to Iraqi ministries. Siemens allegedly earned more than U.S. \$ 1.1 billion in profits on these and several other transactions. Siemens got charged with violation the U.S. Foreign Corrupt Practices Act (FRPA) by engaging in a systematic practice of paying bribes to foreign government officials to obtain business.

In a settlement of December 2008, Siemens agreed to pay \$ 350 million to settle the SEC charges, a \$ 450 million fine to the U.S. Department of Justice to settle criminal charges and it also agreed to pay a fine o German authorities of approximately \$ 569 million (having already paid a \$ 285 million fine in autumn of 2007).

Based on SEC Press Release of 15 December 2008,
<http://www.sec.gov/news/press/2008/2008-294.htm>, last retrieved on 8 May 2014.

Questions for presentation and for discussion:

1. What is the business ethics aspect of the case?
2. What is the connection between ethics and a functioning market?
3. Can you think of any aspects in favour of Siemens?
4. Do you think that a German company should be held responsible in the U.S. for acts abroad involving foreign public officials? If so, state, why!
5. What would you recommend to the management board of Siemens to avoid this kind of behaviour in the future?
6. What other aspects come to your mind?