

**SIEMENS**

BRIBERY  
SCANDAL

# WHAT IS BRIBERY?

- In short, bribery involves the offering ,giving or requesting of Anything of value, directly or indirectly, in exchange for an improper business benefit or advantage.

# FCPA

- The Foreign Corrupt Practices Act of 1977, as amended,(FCPA).Since 1977, the anti-bribery provisions of the FCPA have applied to all U.S. persons and certain foreign issuers of securities. With the enactment of certain amendments in 1998, the anti-bribery provisions of the ***FCPA now also apply to foreign firms and persons who cause, directly or through agents, an act in furtherance of such a corrupt payment to take place within the territory of the United States.***

# World's Biggest Bribery Case

- In 2005 a colossal corruption scandal involving Siemens, one of the world's largest electrical engineering companies, shocked the world. The scale of it marked it out as the ***biggest corruption case of all time.***

Since at least the 1990s, Siemens had organised a global system of corruption to gain market share and increase its price. It was able to get away with this because of ***big loopholes in the legal systems of a host countries***, including Germany, Greece, Turkey...

Linda Thomsen, Director at the Security Exchange Commission described the pattern of bribery in the company as:

***... unprecedented in scale and geographic reach. The corruption involved more than \$1.4 billion in bribes to government officials in Asia, Africa, Europe, the Middle East and the Americas.***



# “We Are Innocent”

- So the world was taken by surprise when the police raided the company headquarters in Munich as well as other subsidiaries on November 15th 2006. ***The company's first reaction was to claim innocence and to blame events on a small “criminal gang” .***
- Siemens was even ***selected to become a corporate member of Transparency International's*** German chapter in 1998 – a non-governmental organisation created ***to fight corruption.***

# Just a Business

- When calculating the cost of a project, Siemens employees used “***nützliche aufwendungen***”, a common tax term literally translated as “***useful expenditures***” or internally understood as “bribes.”



- Action was finally taken against Siemens in a number of countries including the US, Germany, Italy and Lichtenstein.

# Greek Scandal

- This scandal deal with Greek Government and Siemens Ag. During 2004 Summer Olympics in Athens. regarding security systems and purchases by **OTE**(ellenic Telecommunications Organisation S.A) in the 1990s.

# Dissatisfaction Between ND and PASOK

- Although there is no conclusive evidence has found. Scandal has ***created a disagreement*** with both main political parties in Greece, ***New Democracy and Panhellenic Socialist Movement (PASOK)*** and creating a "***hole of authority***" leading to a vicious circle of political instability.

It has been claimed that the bribes may have been up to **100 million Euro**. These bribes were allegedly given in order to win state contracts.

It has been indicated that a few PASOK members acting as individuals may have been involved, although this is simply a claim and **nothing has been proven** or at least any evidence come to light.

# Disclosure Of The Bribery

- A Greek prosecutor, after two years of investigations, filed charges on 1 July 2008 for money laundering and bribery. It has been claimed that ***it is certain Siemens divisions that were involved in the transactions.***

○ In 2007, it was reported that **Mitsotakis** was involved in the Siemens Greek bribery scandal. However, Mitsotakis has repeatedly denied any involvement and no **indication of guilt has so far been proven**. The Siemens trial, in which Mitsotakis is not involved, **is still pending. Electronic office equipment, call centers, air conditioners etc.** worth approx. **€130,000** was received in the period preceding the 2007 elections (June to September 2007) by Mitsotakis from **Siemens and two of its subsidiaries**. ○ Amount of **€43,900** was paid by check from Mr. Mitsotakis on Monday June 2. Earlier (on 29 May) testimonies had been made about "**donations and grants** by Siemens to politicians" and on 30 May 2008 the prosecutor's investigation took place at the company's offices.

In 2009, the central figure of the scandal, ex-Siemens chief executive in Greece **Michalis Christoforakos**, left for Germany to avoid arrest, *in obscure conditions involving the foreign minister Dora Bakogianni*.

**Tasos Mantelis**, former Minister for Transport and Communications during the PASOK administration in 1998, admitted in May 2010 to a parliamentary investigation committee that the sum of **200,000** German marks was deposited in 1998 in a Swiss bank account from Siemens during his administration, allegedly for funding his election campaign. A further deposit of **250,000** German marks was made into the same bank account in 2000 which Mantelis claims is from an unknown source.

# Trials

The trial of the persons accused of involvement in the scandal was scheduled to begin on February 24, 2017. A total of **64 individuals** are accused, both **Greek and German nationals**. The central figure of the scandal however, ex-Siemens chief executive in Greece **Michalis Christoforakos**, against whom European arrest warrants are pending, will likely be absent, as **Germany refuses his extradition to this day**. Initially arrested in Germany in 2009, the accusations against him by German courts have been **dropped**. **Greece has been demanding his extradition since 2009, and considers him a fugitive from justice**. Christoforakos during his trial in Germany testified to has **bribed (2%) both the two political parties, ND and PASOK** (through Geitonas, partner of Kostas Simitis, and Vartholomeos).

**Mantelis** was found guilty by Greek courts.

In October 2017, prosecutor Georgios Voulgaris **reiterated the warrant to bring Christoforakos** (including five German nationals and ex-Siemens top figures) to trial, making it the third time Greek Justice made this demand.