

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

	:	Criminal No. _____
UNITED STATES OF AMERICA,	:	
	:	Count One:
Plaintiff,	:	18 U.S.C. § 371
v.	:	Count Two:
	:	15 U.S.C. §§ 78m(b)(2)(A),
DAIMLER AG,	:	78m(b)(5), and 78ff(a), and
	:	18 U.S.C. § 2
Defendant.	:	
	:	

**INFORMATION**

1. The United States Department of Justice, Criminal Division, Fraud Section, charges that, at all times material to this Information (unless specified otherwise):

**GENERAL ALLEGATIONS**

2. The Foreign Corrupt Practices Act of 1977 (hereinafter, the "FCPA"), as amended, 15 U.S.C. §§ 78dd-1, *et seq.*, prohibited certain classes of persons and entities from corruptly making payments to foreign government officials to obtain or retain business or secure an improper advantage, as well as required certain entities to maintain accurate books and records and adequate internal controls. In relevant part, the FCPA's anti-bribery provisions prohibited any issuer of publicly traded securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934, 15 U.S.C. § 78l, or required to file periodic reports with the United States Securities and Exchange Commission ("SEC") under Section 13 of the Securities Exchange Act, 15 U.S.C. § 78(o)d (hereinafter "issuer") from willfully making use of any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay, or authorization of the payment of money or anything of value to any person, while knowing that all or a portion of such

money or thing of value would be offered, given, or promised, directly or indirectly, to a foreign official to influence the foreign official in his or her official capacity, induce the foreign official to do or omit to do an act in violation of his or her lawful duty, or to secure any improper advantage in order to assist in obtaining or retaining business for or with, or directing business to, any person. 15 U.S.C. § 78dd-1(a). In addition, the FCPA's accounting provisions required, among other things, that issuers make and keep books, records, and accounts that accurately and fairly reflect transactions and disposition of the company's assets and prohibited the knowing falsification of such books, records, or accounts. 15 U.S.C. §§ 78m(b)(2)(A), 78m(b)(5), and 78ff(a).

3. Daimler AG, formerly DaimlerChrysler AG and Daimler Benz AG (collectively "DAIMLER"), was a German vehicle manufacturing company with business operations throughout the world. Among other things, DAIMLER sold all manner of cars, trucks, vans, and buses, including Unimogs, heavy duty all terrain trucks primarily used for hauling, and Actros, large commercial tractor/trailer-style vehicles. DAIMLER was a major global producer of premium passenger cars, as well as the largest manufacturer of commercial vehicles in the world. As a result of its luxury car and commercial vehicle lines, DAIMLER had among its customers government and state-owned entities from many countries in which it did business. DAIMLER sold its products worldwide, had production facilities on five continents, did business in many foreign countries, and employed more than 270,000 people.

4. DAIMLER was owned by individual and institutional investors in the U.S., Europe, and elsewhere. More than one billion shares of DAIMLER were in circulation as of December 31, 2007. For purposes of the United States securities laws, DAIMLER became an issuer in 1993, and DAIMLER's common stock has been traded on the New York Stock Exchange, the Pacific

Exchange, the Chicago Stock Exchange, and the Philadelphia Stock Exchange. As a result of DAIMLER's filing of periodic reports with the SEC, and DAIMLER's use of U.S. bank accounts and U.S. companies in transacting certain business with foreign governments and officials, the company is subject to the FCPA.

#### **BACKGROUND REGARDING DAIMLER'S BRIBERY CONDUCT**

5. DAIMLER engaged in a long-standing practice of paying bribes to "foreign officials" as that term is defined in the FCPA (hereinafter "governmental officials") through a variety of mechanisms, including the use of corporate ledger accounts known internally as "third-party accounts" or "TPAs," corporate "cash desks," offshore bank accounts, deceptive pricing arrangements, and third-party intermediaries.

6. Within DAIMLER, bribe payments were often identified and recorded as "commissions," "special discounts," and/or "nützliche Aufwendungen" or "N.A." payments, which translates to "useful payment" or "necessary payment," and was understood by certain employees to mean "official bribe."

7. Between 1998 and January 2008, DAIMLER made hundreds of improper payments worth tens of millions of dollars to foreign officials in at least 22 countries – including China, Croatia, Egypt, Greece, Hungary, Indonesia, Iraq, Ivory Coast, Latvia, Nigeria, Russia, Serbia and Montenegro, Thailand, Turkey, Turkmenistan, Uzbekistan, Vietnam, and others – to assist in securing contracts with government customers for the purchase of DAIMLER vehicles valued at hundreds of millions of dollars. In some cases, DAIMLER wired these improper payments to U.S. bank accounts or to the foreign bank accounts of U.S. shell companies in order to transmit the bribe. In at least one instance, a U.S. shell company was incorporated for the specific purpose of entering

into a sham consulting agreement with DAIMLER in order to conceal improper payments routed through the shell company to foreign government officials. Certain improper payments even continued as late as January 2008. In all cases, DAIMLER improperly recorded these payments in its corporate books and records.

8. DAIMLER's longstanding violations of the FCPA resulted from a variety of factors, including: (1) an inadequate compliance structure; (2) a highly decentralized system of selling vehicles through a myriad of foreign sales forces, subsidiaries, and affiliates, with no central oversight; (3) a corporate culture that tolerated and/or encouraged bribery; and (4) the involvement of certain key executives, such as the then head of its overseas sales division ("DCOS"), the then head of internal audit, and the then CEOs of several subsidiaries and affiliates.

9. Many of the details of DAIMLER's practice of making improper payments in violation of the anti-bribery and books and records provisions of the FCPA are set forth below, including a number bribes and/or transactions in the territory of the United States. In total, the corrupt transactions with a territorial connection to the United States resulted in over \$50,000,000 in pre-tax profits for DAIMLER.

#### **DAIMLER'S USE OF THIRD PARTY ACCOUNTS TO MAKE IMPROPER PAYMENTS**

10. At the time of the merger between Chrysler Corporation and Daimler-Benz in 1998, DAIMLER maintained over 200 internal "third-party accounts" ("TPAs"), known in German as "interne Fremdkonten." TPAs were maintained as receivable ledger accounts on DAIMLER's books and were controlled by third parties outside the company or by DAIMLER's own subsidiaries and affiliates. DAIMLER used these accounts, among other things, to facilitate the making of improper

payments and the provision of gifts to foreign government officials. Funds were credited to these accounts through price inclusions, discounts, rebates, and other mechanisms. Although these accounts appeared in DAIMLER's books and records, they were accounted for improperly and were not subject to normal auditing or other financial controls. Moreover, certain accounts remained "off the books" of those DAIMLER affiliates on whose behalf DAIMLER maintained the accounts.

11. Internally, the TPAs were used and supervised by the most senior management of DAIMLER's sales organization. For example, the company's written documentation regarding use of the TPAs from 1992 to 2002 stated that TPA opening applications must be signed by senior management and include "at least one member of top management and one of management level."

12. DAIMLER had maintained certain written policies governing the operation of TPAs since 1977, although until recently none of those policies addressed improper payments to government officials or the inaccurate recording of payments to government officials in the company's books and records, or required internal controls to prevent and detect such improper payments and related false accounting. DAIMLER's written policies provided that TPAs were managed internally by the company at the request of the TPA account holder, and the funds on account were managed according to the instructions of the account holder. In one case, an account was managed by DAIMLER for the benefit of a foreign government official. Other TPA holders included DAIMLER's foreign subsidiaries, outside distributors, dealers, or consultants that DAIMLER used as intermediaries to make payments to foreign government officials. As reflected in a 1986 audit report, the TPAs were maintained with "absolute confidentiality" to protect account holders from having to reveal funds distributed to them from their respective third party accounts, or to any other ultimate beneficiary. At that time, DAIMLER was aware that the existence of the

accounts may violate the laws of other countries and that disclosure of the accounts to other governments could pose “significant difficulties for the account holder,” as well as for DAIMLER.

13. Prior to 2002, DAIMLER’s TPA policies permitted DAIMLER employees to make cash disbursements which were deducted from ledger balances on the TPAs. The cash was disbursed from a corporate “cash desk” located at a DAIMLER manufacturing facility in Stuttgart, Germany. In some instances, DAIMLER employees then took the cash and transported it to other countries, where the funds were used to pay bribes to governmental officials.

#### **DAIMLER’S RESPONSE TO GERMANY’S NEW FOREIGN BRIBERY LAW**

14. Germany ratified the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (the “OECD Convention”) on November 10, 1998. Germany’s implementing legislation, the Act on Combating Bribery of Foreign Public Officials in International Business Transactions entered into force together with the Convention on February 15, 1999. That German legislation had the effect of making payments prohibited thereunder non-deductible for tax purposes. At that time, DAIMLER maintained over 200 TPAs, and was aware of methods through which its employees, subsidiaries, and affiliates had regularly paid bribes to assist in securing business. Efforts over the following years by some DAIMLER employees to restrict the making of improper payments to government officials through TPAs and other methods in connection with DAIMLER’s overseas business were insufficiently addressed by DAIMLER executives prior to 2005.

15. During a 1999 DAIMLER Board of Management meeting, DAIMLER’s then head of internal audit proposed that the company adopt an integrity code that included anti-bribery provisions in light of the new German law which had the effect of outlawing tax deductions for

foreign bribes. In response, participants in the meeting discussed that adopting such policies (and stopping the practice of making “useful payments”) would result in DAIMLER losing business in certain countries. At that meeting, an integrity code with anti-bribery provisions was adopted. However, DAIMLER subsequently failed to make sufficient efforts to enforce the code, train employees on compliance with the FCPA or other applicable anti-bribery statutes, audit the use of TPAs, or otherwise attempt to ensure that the company was not continuing to make improper payments in order to obtain or retain government business overseas.

16. In 2000, DAIMLER’s then head of internal audit expressed concern that DAIMLER personnel would continue to use TPAs to make improper payments to foreign officials after the change in German law. In a May 2000 memorandum addressed to senior sales and finance personnel, including the head of DCOS, with a copy to DAIMLER’s legal department, DAIMLER’s head of internal audit warned that because TPAs were subject to minimal oversight, permitted cash transactions, and carried funds resulting from price mark-ups, rebates, and commissions, there was a high risk that the TPAs did not comport with either DAIMLER’s new integrity code or the new German law outlawing bribery of foreign officials. In the May 2000 memorandum, the head of internal audit also stated that the presence of TPAs could be viewed as the company “facilitating fraudulent transactions within the organization.” The head of internal audit warned in the memorandum that, given the lack of internal controls over TPAs, internal audit could be held responsible for failing to take remedial measures should certain transactions occur and become public.

17. The May 2000 memorandum also recommended that internal audit, among other things, review all TPAs to determine whether commission payments reflected therein were

legitimate, conduct audits of all operational sales departments to “identify favors granted that might be problematic from a legal point of view and canceling them as soon as possible,” and require all DAIMLER contract partners to provide written confirmation that no commission or resale price margins would be passed through to “sub-agents.”

18. In an attachment to the May 2000 memorandum entitled “Overview of the Current Internal Control Situation in Connection with Invoicing Instructions (Incl. Commissions Settlement),” the internal audit department pointed out that DAIMLER had no centrally documented criteria to ensure that commission payments complied with the law and DAIMLER’s integrity code. It also noted that DAIMLER lacked central regulation for granting price inclusions and commissions to accounts in countries “with off-shore status.” Internal audit concluded that such practices placed DAIMLER at serious risk of violating its own integrity code, damaging its corporate reputation, and contravening German tax law to the extent that the company declared commissions to foreign officials as an operating expense and thus took a tax deduction. Internal audit also stated in this document that sales management lacked a willingness to allow more transparency into the transactions through the TPAs. Internal audit ultimately concluded that DAIMLER should: (1) close all TPAs unless they met due diligence requirements and were proven legitimate; and (2) obtain documented proof of actual services rendered by outside agents and business partners and representations that commissions were not passed to unauthorized sub-agents.

19. Following the issuance of the May 2000 internal audit memorandum and attachments, DAIMLER's then head of internal audit recommended in 2001 that all TPAs be shutdown. The then head of DCOS and other members of DAIMLER’s overseas sales management resisted this recommendation.



20. In or about 2000 or 2001, an employee of DAIMLER's internal audit department wrote an undated document entitled "Systematics and Handling Alternatives of Useful Expenditures" (the "Useful Expenditures Document"). The Useful Expenditures Document set forth in explicit detail ways in which DAIMLER's internal audit department was aware that DAIMLER employees had made and could make bribe payments, including the following:

- (a) cash payments from secret accounts;
- (b) payment for fictitious shipments or artificial invoices;
- (c) payment for fictitious services, such as phony consulting services;
- (d) granting credits without justification;
- (e) waiving claims/charges or collection;
- (f) entering into fictitious employment relationships;
- (g) taking cash from employees' own accounts through a false declaration that the funds will be used in the private sector;
- (h) personally delivering cash inside or outside the country of the "home country national;"
- (i) granting an "agency commission" to decision makers or through "third party agency commissions to persons closely associated with the decision maker who will pass on the funds in whole or in part;"
- (j) granting "donations" to institutions that the decision-maker is interested in supporting;
- (k) "price surcharges" charged to third party accounts and used for useful expenditures;
- (l) using the "grey market for corruption purposes;"
- (m) using countries with strict bank secrecy laws or weak regulations over cash deposits; and

- (n) granting special terms for DAIMLER products and services, such as special discounts.

21. In the Useful Expenditures Document, the DAIMLER internal audit employee also assessed both the level of difficulty to law enforcement authorities in proving corruption carried out through the various methods as well as the relative costs of different methods of making improper payments. The document went on to describe techniques that reduced the likelihood of detection. For example, under the section of the document discussing “payment of fictitious ‘services’” through artificial invoices or consulting services, the document reflected that this is a “relatively easy” method of committing bribery provided that the “entrepreneurial status of the partner is plausible and the fictitious ‘fees’ are within plausible range.” The document also reflected that the probability of discovery was low “especially if a foreign company acts as service provider, which may also assume the function of corruption intermediary,” but that this particular “type of bribery is comparatively expensive for the paying party [*i.e.*, DAIMLER] due to the participation of the state on the side of the recipient.” Significantly, the document noted that the payment of “useful expenditures” through these methods was subject to criminal prosecution in countries such as the United States.

22. In 2002, DAIMLER changed its official TPA policy to no longer permit cash payments or the use of checks charged to a TPA, and it closed its cash desk in Stuttgart, Germany. However, certain DAIMLER employees, subsidiaries, and affiliates continued to utilize offshore bank accounts and bank accounts maintained by DAIMLER and others to make improper cash payments. DAIMLER also instituted a new policy in 2002 requiring the beneficiaries of TPAs to designate a “reference bank account” to which payments could be wired or otherwise transferred, thus avoiding the need for cash disbursements from the cash desks. There was no requirement,

however, that the reference bank account be maintained in the country in which the account holder resided or where the services provided by the account beneficiary had purportedly been rendered. It remained the case that DAIMLER failed to monitor payments directed by management from the TPAs.

23. Ultimately, by 2004, DAIMLER had reduced the number of TPAs from more than 200 to approximately 40, with off-the-books accounts remaining in connection with business in certain high risk countries for corruption, such as Nigeria. However, DAIMLER failed to implement policies sufficient to ensure the remaining TPAs were not being used to make improper payments to foreign government officials. In addition, internal audit's resources were insufficient to conduct transactional audits of TPAs or other accounts to ensure compliance with the FCPA and other anti-corruption statutes.

24. Only in 2005, some time after the inception of the SEC and DOJ investigations of DAIMLER, did DAIMLER eliminate the use of TPAs entirely and impose the controls necessary to prevent, deter, and detect the making of improper payments to foreign government officials.

### **DAIMLER'S BRIBERY IN SPECIFIC COUNTRIES**

#### **RUSSIA**

##### **Background Regarding DAIMLER's Bribery In Russia**

25. DAIMLERCHRYSLER AUTOMOTIVE RUSSIA SAO ("DCAR"), now known as Mercedes-Benz Russia SAO, was a Moscow-based, wholly owned subsidiary of Daimler AG. DCAR sold DAIMLER spare parts, assisted with the sale of vehicles from various DAIMLER divisions in Germany, including in particular DCOS, to government customers in the Russian

Federation (“Russia”), and also imported DAIMLER passenger and commercial vehicles into Russia for sale to customers and distributors.

26. DAIMLER sold passenger cars and commercial vehicles directly from its headquarters in Stuttgart, Germany, to its Russian government clients with the assistance of DCAR and DAIMLER’s representative office in Moscow. DAIMLER carried out such sales from DCOS with DCAR acting as an agent to assist with such direct sales. DCAR and DAIMLER sold passenger cars, commercial vehicles, and Unimogs in Russia.

27. DAIMLER’s business in Russia was substantial. DCAR and DAIMLER’s government customers in Russia included the Russian Ministry of Internal Affairs, the Russian military, the City of Moscow, the City of Ufa, and the City of Novi Urengoi, among others. DAIMLER, through DCAR, made improper payments at the request of Russian government officials or their designees in order to secure business from Russian government customers. Payments of this nature were made with the knowledge and involvement of the former senior management of DCAR and DCOS.

28. DAIMLER and DCAR sometimes made improper payments to government officials in Russia to secure business by over-invoicing the customer and paying the excess amount back to the government officials, or to other designated third parties that provided no legitimate services to DAIMLER or DCAR with the understanding that such payments would be passed on, in whole or in part, to Russian government officials. When payments were made to third parties, the payments were recorded on one of at least nine DAIMLER debtor accounts.

29. These overpayments were maintained as reserves on DAIMLER’s books and records in certain internal debtor accounts, including debtor accounts that were identified by the name of the

government customer with which DAIMLER and DCAR did business. When requested, DAIMLER employees wired and authorized the wiring of payments from DAIMLER's bank accounts in Germany to, among other destinations, U.S. and Latvian bank accounts beneficially owned by shell companies with the understanding that the money, in whole or in part, was for the benefit of Russian government officials.

30. A former senior member of DCAR's Government Sales and Passenger Car Sales departments (the "DCAR Government Sales Executive") authorized these payments to Russian government officials and designated third parties via DAIMLER's debtor accounts which payments were intended to induce passenger vehicle sales to government customers. DAIMLER and DCAR employees often directed the payments to Russian officials into these officials' Latvian bank accounts that were nominally held in the name of shell companies, some of which were U.S.-registered corporations.

31. As set forth below, DAIMLER and DCAR employees also made and authorized the making of cash payments to Russian government officials employed at Russian government customers, or their designees, in order to induce sales of Unimogs to several Russian government municipalities.

32. DAIMLER and DCAR recorded the improper payments to Russian government officials or their designees in their books and records as "commissions," "special discounts," and "N.A."

#### **Overall Sales**

33. Overall, between 2000 and 2005, DAIMLER's vehicle sales in Russia, consisting of sales of passenger vehicles, commercial vehicles, and Unimogs, totaled approximately €1.4 billion,

of which approximately 5% or €64,660,000 was derived from the sale of vehicles to Russian government customers. As set forth below, in connection with these vehicle sales, DCAR and DAIMLER made over €3 million in improper payments to Russian government officials employed at their Russian governmental customers, their designees, or to third-party shell companies that provided no legitimate services to DAIMLER or DCAR with the understanding that the funds would be passed on, in whole or in part, to Russian government officials.

### **Passenger Car Sales**

34. DCAR employees acted as liaisons to Russian government customers, including the Russian Ministry of Internal Affairs, known by its initials in Russian as “MVD.” The MVD, a department and agency of the Russian government, was the Russian government agency principally responsible for police, militia, immigration, and other functions. The Russian traffic police fell under the supervision of the MVD. The MVD and the Special Purpose Garage (“SPG”) were DAIMLER’s principal Russian government customers for passenger cars between 2000 and 2005. The SPG was an “instrumentality” of the Russian government, and individuals employed by the SPG were “foreign officials,” as those terms are used in the FCPA, 15 U.S.C. § 78dd-1(f)(1)(A). DAIMLER made improper payments to Russian officials employed at its Russian government customers directly and through agents and third-party shell companies in order to secure contracts to sell passenger cars.

35. In total, DAIMLER and DCAR made approximately €2,866,281 in payments to 23 different parties that were recorded on the debtor accounts used in connection with sales of passenger cars to the SPG, at least €1.4 million of which was used to pay bribes directly to Russian government officials with the SPG or was used to pay third parties with the understanding that such payments

would be passed on, in whole or in part, to Russian government officials with the SPG.

36. In addition, DAIMLER and DCAR made approximately €3.8 million in payments to third parties that were recorded on the debtor accounts used in connection with sales of passenger cars to the MVD, at least €1.8 million of which, in whole or in part, was used to pay bribes to Russian government officials with the MVD or was used to pay third parties with the understanding that such payments would be passed on, in whole or in part, to Russian government officials with the MVD. DAIMLER and DCAR made payments to MVD consultants with the knowledge that those payments would be passed on, in whole or in part, to Russian government officials or their designees in their efforts to obtain and retain business from the Russian MVD.

#### **Commercial Vehicle Sales**

37. Between 2000 and 2005, DAIMLER sold commercial vehicles directly to government customers in Russia from its Commercial Vehicles Division in Germany, with the assistance of DCAR in areas such as contract negotiation, pricing, and the drafting of contracts. The two primary Russian government purchasers of DAIMLER's commercial vehicles were Machinoimport and Dorinvest, both of which were Russian government purchasing agents for the city of Moscow. Machinoimport and Dorinvest were "instrumentalities" of the government of the City of Moscow, Russia, and individuals employed by Machinoimport and Dorinvest were "foreign officials," as those terms are used in the FCPA, 15 U.S.C. § 78dd-1(f)(1)(A).

38. Between 2000 and 2005, DAIMLER made improper payments to Russian government officials employed by state-owned customers and to third-party shell companies in order to secure contracts to sell commercial vehicles to those customers. As with passenger car sales, the improper payments were sometimes derived by inflating the purchase price of the vehicles and paying the

excess amount back to employees of DAIMLER's Russian governmental customers directly or indirectly through third-party shell companies. Some of these price differentials or "inclusions" were improperly recorded in DAIMLER's books and records as "service reserves," although certain DAIMLER and DCAR employees understood that these price surcharges were intended to be paid as bribes to Russian government officials or their designees.

39. Between 2000 and 2005, DAIMLER and DCAR made at least 12 improper payments totaling approximately €388,724 to seven different third parties in connection with the sale of its commercial vehicles to Russian government customers, including improper payments to an individual with close ties to the Russian government with the understanding that the payments would be passed on, in whole or in part, to Russian government officials in connection with DAIMLER's sale of commercial vehicles.

#### **Unimog Sales**

40. DAIMLER sold Unimogs directly from its Unimog division in Germany to its government customers in Russia. Because of import restrictions, most Unimogs were sold to Russian government purchasing agents, including Dorinvest and Machinoimport.

41. Between 2000 and December 2005, DAIMLER sold 57 Unimogs to Russian customers, approximately 90% of which were sold to government entities, totaling approximately €17.89 million in sales. Thirty Unimogs were sold to the city of Moscow and its various subdivisions. Other Russian government purchasers included the Russian military, the city of Ufa, and the city of Novi Urengoi.

42. DAIMLER and DCAR made approximately €433,000 in improper payments to government officials in Russia directly and indirectly through third-party shell companies in order



to secure contracts to sell Unimogs to their Russian government customers. DAIMLER made these improper payments in cash and through credits maintained in the company's omnibus credit accounts. DAIMLER generated reserve funds for the improper payments by issuing invoices to its government customer with prices that included only a partial discount. DAIMLER ultimately applied a larger discount and maintained the difference as a credit in DAIMLER's books and records. These funds were then withdrawn and paid to the government officials through shell companies.

## **CHINA**

### **Background Regarding DAIMLER'S Bribery In China**

43. At various times, DAIMLER operated a myriad of wholly and partially-owned subsidiaries and joint ventures to sell its vehicles in the People's Republic of China ("China") and Hong Kong.

44. DaimlerChrysler China Ltd. ("DCCL"), now known as Daimler North East Asia Ltd., was a Beijing-based wholly-owned DAIMLER subsidiary and cost center that managed DAIMLER's business relationships in China, assisted DAIMLER in selecting and managing its joint ventures in China, and helped manage DAIMLER's expatriate employees in China.

45. Although DCCL did not itself sell any vehicles directly into China, certain DCCL employees assisted with the sale of vehicles by various DAIMLER divisions in Germany to government customers in China, including principally the Bureau of Geophysical Prospecting ("BGP"), a division of the China National Petroleum Corporation, a Chinese state-owned oil company, and Sinopec Corp. ("Sinopec"), a Chinese state-owned energy company. Both BGP and Sinopec were involved in, among other things, exploration for oil and gas. BGP and Sinopec were

“instrumentalities” of the Chinese government, and individuals employed by BGP and Sinopec were “foreign officials,” as those terms are used in the FCPA, 15 U.S.C. § 78dd-1(f)(1)(A).

46. Between 2000 and 2005, DCCL employees and/or DAIMLER employees through DCCL made at least €4,173,944 in improper payments in the form of “commissions,” delegation travel, and gifts for the benefit of Chinese government officials or their designees, in connection with over €112,357,719 in sales of commercial vehicles and Unimogs to Chinese government customers. These sales to Chinese government customers were made directly from DAIMLER’s commercial vehicles and Unimog divisions in Germany through various intermediaries with the assistance of DCCL employees in the commercial vehicles division.

47. As set forth below, to make improper payments to Chinese government officials, DAIMLER and DCCL typically inflated the sales price of vehicles sold to Chinese government customers and then maintained the overpayments in debtor accounts on DAIMLER’s books and records, including one debtor account called the “special commissions” account. The “special commissions” account, also known as the “819” account for the last three digits of the account number, was used by DAIMLER to make improper payments to Chinese government officials. DCCL employees, including its then head of sales and marketing (the “Sales and Marketing Head”), disbursed payments from the 819 account to and for the benefit of Chinese government officials. The Sales and Marketing Head was in charge of sales for commercial vehicles and had the authority to cause the wiring of funds from a DAIMLER bank account in Germany to Chinese government officials or their designees. At the time, no checks or policies were in place to ensure the legitimacy or appropriateness of such payments.

48. DCCL and DAIMLER also employed agents to assist in securing commercial vehicles and Unimog business from Chinese government customers. Neither DCCL nor DAIMLER performed due diligence on these agents, and there were inadequate controls in place to ensure that payments made to these agents were not passed on to Chinese government officials and their designees. The agency agreements were often not in writing. In addition, DCCL and DAIMLER lacked adequate oversight into the appropriateness or purpose of payments from debtor accounts that ultimately went to government officials in China and their designees. Finance and controls oversight was so lacking with respect to DAIMLER's sale of commercial vehicles in China that DCCL's Sales and Marketing Head was able to remove at least approximately €230,000 from a company debtor account without detection, and then direct those funds to the offshore bank account of his wife.

**Use Of Agents To Make Improper Payments For The Purpose Of Securing  
Business From Chinese State-Owned Entities**

49. Between 2001 and 2004, DCCL and DAIMLER at the direction of Chinese government officials made improper payments totaling at least €188,840 into U.S. bank accounts belonging to third parties to obtain contracts valued at €5,533,381 for the sale of commercial vehicles and Unimogs to Chinese government customers. These payments were made into U.S. bank accounts even though no part of the transaction involved the U.S., nor were the entities that nominally controlled the bank accounts parties to any of the transactions. DCCL and DAIMLER did not perform any due diligence to discern who the recipients of the payments were. Further, the corporate entities that received the payments from DAIMLER for the benefit of the Chinese government officials performed no legitimate services for DCCL or DAIMLER and did nothing to earn these payments.

**M.F. Mechanical & Electrical, Inc.**

50. The July 27, 2001 payment to M.F. Mechanical & Electrical, Inc. (“M.F. Mechanical”) of approximately €98,300 was in connection with a €1,875,777 contract for the sale of Unimogs to Changqing Petroleum Exploration Bureau (“Changqing”), a Chinese state-owned or controlled entity in the energy sector. Changqing was an “instrumentality” of the Chinese government, and individuals employed by Changqing were “foreign officials,” as those terms are used in the FCPA, 15 U.S.C. § 78dd-1(f)(1)(A). The payment was for the benefit of the Changqing official who helped DAIMLER secure the contract. Although a consulting contract existed between M.F. Mechanical and DAIMLER, it was signed after the underlying contract between DCCL and Changqing was executed, and one month before a DCCL executive authorized the €98,300 improper payment. DCCL and DAIMLER made the payment with the understanding that it would be passed on, in whole or in part, to the Changqing official or his designees.

**Shores International**

51. The February 28, 2002 payment to Shores International (“Shores”), a Texas corporation, the corporate address for which was a residential apartment complex in Houston, in the amount of €18,000 in connection with the sale of €1,009,497 worth of commercial vehicles to Sinopec was a purported commission payment to the wife of a Chinese government official at Sinopec involved in contract implementation. DCCL and DAIMLER made the payment with the understanding that it would be passed on, in whole or in part, to Sinopec officials or their designees.

**Lily Energy Services, Inc.**

52. The February 21, 2003 payment to Lily Energy Services, Inc. (“Lily”), a Texas corporation, of approximately €15,000 from an account in Germany was in connection with the sale

of six Actros trucks valued at €492,000 to Changqing. Lily was owned by the same Changqing official for whose benefit the payment was made through M.F. Mechanical, referenced above. There was no written consulting agreement between DCCL or DAIMLER and Lily, nor did Lily provide any legitimate services to DCCL or DAIMLER. DCCL and DAIMLER made the payment with the understanding that it would be passed on, in whole or in part, to the Changqing official or his designees.

**King Jack, Inc.**

53. The October 25, 2004 payment to King Jack Inc., a California corporation, of approximately €53,540 was in connection with the June 2004 sale of 16 Unimogs and 12 Actros to Sinopec, a deal valued at over €2 million. The owner of King Jack had a U.S. address in Texas. Neither King Jack nor its owner performed any legitimate services for DCCL or DAIMLER. DCCL and DAIMLER made the payment with the understanding that it would be passed on, in whole or in part, to Sinopec officials or their designees.

**Chinese Agent "A"**

54. The June 9, 2003 payment to Chinese Agent "A" of approximately €4,000 was in connection with the sale of one Actros truck to BGP valued at €87,000. There was neither a written consulting agreement between DCCL or DAIMLER and this individual, nor did he perform any services for DCCL or DAIMLER. DCCL and DAIMLER made the payment with the understanding that it would be passed on, in whole or in part, to BGP officials or their designees.

**Additional Improper Payments For The Purpose Of Securing Business From Chinese State-Owned Entities**

55. DCCL and DAIMLER made improper payments directly to Chinese government officials in connection with sales to BGP and Sinopec, DAIMLER's largest government customers for its commercial vehicles in China. In total, DAIMLER and DCCL made approximately €2,599,694 in improper payments to Chinese government officials associated with these entities to assist in obtaining sales worth approximately €71,562,882. These payments were used to entertain executives at BGP and Sinopec and to pay family members of Chinese officials employed at Sinopec, including the son of the a Chinese official employed at Sinopec who, along with his girlfriend, received multiple things of value from DAIMLER.

**Improper Payments For Delegation Trips For The Purpose Of Securing Business From Sinopec**

56. Between 1998 and 2005, DCCL and DAIMLER also provided at least €268,568 worth of delegation trips to employees of its government customers in China for the purpose of assisting in securing business from those customers. Agents working as intermediaries between DCCL and DAIMLER, on the one hand, and its Chinese government customers, on the other hand, typically requested the delegation trips up front during the contract negotiation process on behalf of the customer involved. DCCL and DAIMLER then estimated the cost of the trip and increased the purchase price of the vehicles accordingly. Some contracts characterized these trips as "factory inspection trips," even though the trips were primarily visits to tourist locations.

## VIETNAM

### **Background Regarding DAIMLER's Bribery in Vietnam**

57. Mercedes Benz Vietnam ("MBV") was responsible for the sale of DAIMLER vehicles into Vietnam, including to DAIMLER's Vietnamese government customers. Between 2000 and 2005, MBV was majority owned (70%) and controlled by DAIMLER through its subsidiary Daimler Benz Vietnam Investments Singapore Pte. Ltd., which DAIMLER wholly owned from June 30, 2003 through 2006. Although a Vietnamese government entity, Saigon Auto Corp., was a minority owner (30%) of MBV, MBV was managed primarily by German DAIMLER employees. In 2004, MBV had \$107 million in revenue and \$7.6 million in profit from all sales in Vietnam.

58. As set forth below, DAIMLER employees working at MBV made improper payments and provided gifts and other things of value to Vietnamese government officials in exchange for business from Vietnamese government owned and controlled customers. These improper payments were routinely paid to government officials through broker commissions. In MBV's books and records, these payments were improperly categorized as broker commissions, cost of goods sold, and/or gifts.

59. The making of improper payments was known about and encouraged at the highest levels of the former MBV management. For example, in a May 2004 memorandum, MBV's then director of sales and marketing stated that "market share and profitability have been very disappointing in recent months" and reminded everyone of the "support that MBV has extended to all of you in order to improve the sales situation," which included price promotions, special training, and "[m]ost lenient regulation on broker commission."

60. The same MBV sales and marketing director wrote the following in a May 2004 email:

“As I agreed in last management meeting, agencies and showrooms can use regular discount and special discount in any possible combination for:

- Cash Discount
- Broker commission
- Gifts

Maximum invoiced price is List Price, if all discount (regular + special) is used for broker commission and/or gifts. This decision was made to accommodate requirements from [state-owned enterprises] - Government, Administration customers.”

61. One MBV employee encouraged MBV management and others within DAIMLER to eliminate improper payments to brokers and government officials as early as 2003. In response to that employee’s concerns, the CFO of the DAIMLER business unit under which MBV operated, which at the time was called DC Southeast Asia, incorrectly instructed the employee that as long as the improper payments were accurately recorded in DAIMLER’s books and records (which they were not), there was no problem. MBV employees and managers continued to make and authorize improper payments to Vietnamese government officials until mid-2005.

#### **Saigon Bus**

62. On or about February 5, 2004, Saigon Passenger Transport Company (“Saigon Bus”), a governmental entity in Vietnam, entered into a contract with MBV for the purchase of 200 buses. The total value of the contract was approximately \$14,653,000. Saigon Bus was an “instrumentality” of the Vietnamese government, and executives employed by Saigon Bus were “foreign officials,” as those terms are used in the FCPA, 15 U.S.C. § 78dd-1(f)(1)(A). On or about December 29, 2004, and pursuant to a sham consulting agreement, MBV wired a payment of approximately \$54,343.64



from its Deutsche Bank account in Ho Chi Minh City to the Wells Fargo Bank Texas N.A. bank account of Trading & Investment Houston, a U.S.-based entity. As a result of this deal, MBV earned approximately €7.4 million in revenue and approximately €2.1 million in profits.

63. During the negotiations of this deal, a Vietnamese government official with the government-owned Saigon High Tech Park suggested that MBV make a contribution to the high tech park as a condition of DAIMLER and MBV winning the bus contract. The official requested that MBV make an investment in the high tech park of 150% of the bus contract value, or approximately \$22,300,000, over five years.

64. Approximately one month after MBV and Saigon Bus signed a contract for the sale of 200 buses that also obligated MBV to invest in the high tech park, MBV signed a second agreement with a California-based company to assume MBV's \$22.3 million debt in exchange for a payment from MBV to the California-based company of 1% of the investment amount, or \$223,000.

65. After these agreements were signed, a Vietnamese government official associated with Saigon Bus demanded that MBV pay him a broker's commission in connection with the transaction. MBV agreed to make the improper payment to the Saigon Bus official through the entity Trading & Investment Houston. High ranking MBV executives approved the improper payments.

66. In order to effectuate the payment of the commission, representatives at Saigon Bus, along with high ranking MBV executives and other sales employees, all agreed to create a sham consulting agreement with Trading & Investment Houston. This agreement, signed on November 20, 2004, required MBV to pay Trading & Investment Houston in two installments totaling

\$147,690. Although MBV paid the first installment, payment of the second installment was stopped by DAIMLER in the course of its internal investigation.

#### **ASEM 5 Conference**

67. In October 2004, Hanoi hosted the Asia Europe Meeting ("ASEM 5"), a conference designed to increase communication and interaction between Asia and Europe. In preparation for ASEM 5, the Vietnamese government sought to obtain 78 Mercedes Benz passenger cars in order to transport officials attending the conference. MBV desired to provide the conference with Mercedes Benz vehicles and, as a result, agreed to lend the vehicles to the Vietnamese government free of charge. In exchange, the Vietnamese government allowed MBV to import these 78 completely assembled passenger cars into Vietnam at a tariff rate of only 25%, when the standard tariff rate for completely assembled cars was 100%. Following the conference, MBV sold almost all of the vehicles within a few months time. As a result, MBV made a much higher profit, approximately €1.65 million, because of the lower tariff costs.

68. In connection with this arrangement, MBV made approximately \$400,000 in improper payments to Vietnamese government officials, all of which were improperly recorded in MBV's corporate books and records. An internal MBV price calculation form for the ASEM 5 conference contains a line item for "Commission and Gifts (for broker)" that anticipates a payment of \$220,000 by MBV. In order to conceal the improper payment, MBV entered into a phony consulting agreement, dated July 30, 2004, with Viet Thong Limited Company ("Viet Thong"), a Vietnamese shell entity. The agreement purported to provide for Viet Thong to conduct a study of emissions services and technology in Vietnam. The contract provided that MBV would pay Viet Thong

\$220,000, the exact same amount allotted for broker's commissions and gifts in MBV's ASEM 5 price calculation.

69. A search of business records shows that Viet Thong was a purported export and import company formed in December 2004, five months after entering into the purported consulting agreement with MBV and after MBV made the aforementioned improper payments to it. Moreover, the company's function was listed in registration documents as "Export/Import," not vehicle emissions research or anything remotely related to that field.

70. The fake consulting contract with Viet Thong was created by MBV management and sales personnel to conceal the true nature of these payments. During this same time, MBV's chief financial officer (the "MBV CFO") had raised questions about the appropriateness of these payments. Other MBV employees came forward with a written report, supposedly from Viet Thong, entitled "Development and Evaluation of Advanced Catalyst Technology for ULEV Emission Levels with Gasoline Fueled Vehicles," as evidence that Viet Thong was a legitimate company and had performed genuine services pursuant to its agreement with MBV. The report was actually a study of emissions standards for 1997 Ford Escorts, not Mercedes Benz vehicles in Vietnam. The report was written in 1998, not 2004, and was by the Principal Investigator for the Center for Environmental Research and Technology, College of Engineering, University of California, not by Viet Thong. The original report was publicly available on the Internet. Viet Thong letterhead had merely been "cut-and-pasted" onto the plagiarized report, listing Viet Thong as the author, and deleting references to the true authors throughout the report.

### **Ministry of Public Security**

71. Between 2003 and 2005, MBV entered into three contracts with the Ministry of Public Security, a department and agency of the Vietnamese government, to provide Mercedes Benz vehicles. Pursuant to the first contract, MBV sold three S-Class 500L passenger cars for €968,490 to the Police Ministry. Under the second contract, MBV agreed to sell a Pullman limousine for €386,054 to the Police Ministry. Under the third contract, MBV agreed to sell 12 E-Class passenger cars for €504,000 to the Ministry of Public Security. Sales under the first contract, which was consummated, generated approximately €1.68 million in revenues and €261,000 in profits for DAIMLER. Senior management within MBV approved three separate payments to Vietnamese government officials in the Ministry of Public Security for the purpose of securing these contracts.

### **TURKMENISTAN**

72. Between 2000 and 2006, DAIMLER sold approximately 879 vehicles to customers in Turkmenistan, including to the Turkmenistan government, directly from DCOS, its overseas sales division headquartered in Stuttgart, Germany, through a Vienna-based vehicle distributor called IPC and its affiliate.

### **Gifts to a High-Level Turkmen Executive Government Official**

#### **2000 Birthday Gift**

73. In February 2000, DAIMLER and IPC delivered to a high-level executive official of Turkmenistan's government (the "Turkmen Government Official") an armored Mercedes Benz S-class passenger car, valued at more than €300,000, for his birthday. Neither the Turkmen Government Official nor the Turkmen government paid for the vehicle. DCOS employees believed that if DAIMLER and IPC failed to provide this birthday gift, or failed to provide it on time, all of

DAIMLER's sales to the Turkmenistan government in 2000 would be in jeopardy. At this time in February 2000, DAIMLER was in negotiations to sell the following vehicles to the Turkmenistan government: 3 Sprinter Luxury VIP buses; 2 armored Mercedes Benz S-class passenger cars; 34 armored Sprinter vehicles; 48 Actros trucks; and 80 Actros trucks with tankers. Although only a fraction of these vehicles were ultimately sold to the Turkmenistan government, employees within DCOS agreed to provide this birthday gift to the Turkmen Government Official with the expectation that they would receive large contracts for the purchase of vehicles by the Turkmenistan government in the coming year.

#### **Long Term Commercial Agreement**

74. In approximately July 2002, the then head of DCOS, with the assistance of IPC, began discussions with the Turkmen Government Official about a long term commercial agreement between DAIMLER and the Turkmenistan government. In January 2003, DAIMLER's distributor IPC purchased a golden box, had translated from the Turkmen language into German the Turkmen Government Official's personal manifesto, and then had 10,000 copies printed, at a total cost of approximately \$250,000. The gifts were in exchange for and in acknowledgment of the Turkmen Government Official's long term commitment to purchase DAIMLER vehicles for his government. The translation and copying payment was improperly recorded in DAIMLER's books and records as "expenses to develop Commonwealth of Independent States' successor market - Turkmenistan."

#### **"N.A." Payments**

75. On several occasions, DAIMLER employees from DCOS made and authorized "N.A." payments to various officials of the Turkmenistan government in order to assist in securing the purchase of DAIMLER vehicles by Turkmen government customers.

## **FEDERAL REPUBLIC OF NIGERIA**

### **Background Regarding DAIMLER's Bribery in Nigeria**

76. Between 1981 and 2007, DAIMLER sold vehicles into the Federal Republic of Nigeria ("Nigeria") through an entity named Anambra Motor Manufacturing Company ("Anammco"), a joint venture between DAIMLER and the Nigerian government. Anammco received deliveries of completely built up ("CBU") and completely knocked down ("CKD") DAIMLER vehicles from DAIMLER manufacturing facilities in countries such as Brazil, the United States, Germany, Indonesia, and Korea for sale into the Nigerian market. Anammco also assembled commercial vehicles for sale to the general public, private companies, and government agencies in Nigeria.

77. DAIMLER owned 40% of Anammco and controlled Anammco, inter alia, through Anammco's then managing director, who was a German expatriate and dual employee of both DAIMLER and Anammco (the "Anammco executive"). Under the operative Anammco corporate governing documents, DAIMLER had the right to choose the managing director "with whom all powers are vested to run the entire business." Anammco's seven-member board of directors included three DAIMLER employees, including the then head of DCOS (the "DCOS executive"). Anammco's sole business was the manufacture and sale of DAIMLER vehicles. In addition, DAIMLER maintained a representative office in Nigeria.

78. DAIMLER maintained at least four TPAs controlled by the Anammco executive and the DCOS executive. In some circumstances, profits from the sale of DAIMLER vehicles into Nigeria were transferred from company accounts to these TPAs, where they were maintained as ledger balances. In at least two instances, DAIMLER employees, including the Anammco executive,

used funds from these accounts to make improper payments to Nigerian government officials in order to secure business. These payments were authorized at the highest levels of former DCOS management, and were either improperly recorded in DAIMLER's books and records or were not recorded at all.

#### **Payments in Exchange for Sales to the State House**

79. In 1998, DAIMLER entered into a contract to sell vehicles to the Nigerian State House, which was also known as the Nigerian Presidential Complex, and was the office and residence of the Nigerian President (the "State House Contract"). Specifically, on October 5, 1998, the Anammco executive, on behalf of DAIMLER, agreed to sell 23 new Mercedes Benz passenger vehicles to the State House for DM15,882,302. Additionally, a used MB 600 Pullman limousine was armored and sold to the Nigerian State House for \$365,000. The State House Contract was signed by a State House official on behalf of the Nigerian government, and by the Anammco executive. These vehicles were intended for use by high-level members of the executive branch of the Nigerian government.

80. DCOS maintained a file labeled "grenzüberschreitende Bestechungen," which translates as "cross border bribes." That file contained a memorandum dated January 21, 1999, from the then head of finance for DCOS, with copy to the DCOS executive, among others, which stated that DAIMLER charged the State House approximately 21% over the wholesale price for the vehicles, parts, and services. The memorandum further stated that a credit should be posted to a TPA for such things as "special security," spare parts deliveries, travel payments for Nigerian partners, driver training, and bullet-proof testing.

81. The State House paid DAIMLER \$359,985 for the MB Pullman on December 4, 1998, and DM15,882,317 for the cars on December 14, 1998. In connection with these sales to the State House, DAIMLER made €1,427,242.65 in improper commission payments funded from TPAs associated with Anammco, with the understanding that these funds would be passed on, in whole or in part, to Nigerian officials to secure the State House Contract.

**Payments to a Then High-Level Executive Branch Official of Nigeria**

82. In May 1999, at the request of the Anammco executive, DAIMLER wired DM800,000 from its accounts in Germany to a numbered Swiss bank account. The payment request from the Anammco executive referenced initials that matched those of a then high-level executive branch official of Nigeria (the "Executive Branch official"), and the funds were debited from an Anammco TPA upon the approval of the DCOS executive and its then head of finance.

83. In November 1999, DAIMLER approved payment of DM200,000 to the London bank account of the Executive Branch official. This payment was requested by the Anammco executive, approved by the highest level managers and finance personnel within DCOS, and debited from an Anammco TPA. The payment instructions from the Anammco executive contain the initials "SH," which Anammco employees used as short hand for the "State House" deal, and related notes by the Anammco executive also referenced initials that matched those of the Executive Branch official.

**November 1999 Payment to State House Buyer**

84. In November 1999, DAIMLER approved a payment of DM50,000 to the chief buyer for State House who signed the State House Contract. The payment was requested by the Anammco executive, approved by senior management and finance personnel, and debited to an Anammco TPA. The payment instructions make reference to "SH."



### **Cash Payments**

85. DAIMLER also made a variety of cash payments to the Anammco executive in connection with State House transactions. For example, on June 27, 1999, the Anammco executive sent a facsimile to a DCOS employee requesting that DM400,000 in cash be disbursed to him against a debtor account used for the State House transaction. The payment instruction indicated that the Anammco executive would pick up the funds when he arrived “on the occasion of the advised visit of [the Executive Branch official].” The amount was first paid from the State House debtor account and then transferred to an Anammco TPA before being withdrawn in cash. This cash disbursement was approved by the DCOS executive.

86. On March 22, 1999, the Anammco executive requested that DAIMLER disburse DM50,000 in cash, which was to be used to make payments to a delegation of State House officials who were visiting a DAIMLER factory in Sindelfingen, Germany.

87. On October 30, 2000, the Anammco executive requested that DAIMLER disburse DM40,000 in cash. In connection with this request, DAIMLER employees prepared a payment instruction referencing “Spare Parts State House.” The payment was debited to an Anammco TPA.

### **The Savannah Sugar Company Ltd.**

88. Between 1996 and 1998, Anammco entered into contracts worth \$4,600,000 with Savannah Sugar Company Ltd. (“SSCL”), a Nigerian sugar company that was then majority owned by the Nigerian government, to supply DAIMLER vehicles, spare parts, and tools. SSCL was an “instrumentality” of the Nigerian government, and executives employed by SSCL were “foreign officials,” as those terms are used in the FCPA, 15 U.S.C. § 78dd-1(f)(1)(A). Between March 1999 and November 2002, in connection with Anammco’s sale of vehicles to SSCL, DAIMLER and

Anammco paid a total of €554,396.85 to “consultants” which payments were debited to an Anammco TPA.

**Nigerian Police Force**

89. On December 3, 1997, DAIMLER entered into a contract with the Nigerian Police Force, a department and agency of the Nigerian government, to supply a Master Lift Heavy-Duty Recovery vehicle for DM 540,753. The Nigerian Police Force was represented in the transaction by the Permanent Secretary, Police Affairs Office, and the President’s office on behalf of the Federal Military Government of Nigeria. On June 17, 2000, the Anammco executive requested that DAIMLER make a payment of DM150,000 to a member of the Nigerian Police Force at his Commerzbank account in Germany. The payment request forms submitted to DAIMLER by the Anammco executive referenced the Nigerian Police Force. Later, on October 20, 2000, the Anammco executive requested that DAIMLER disburse DM50,000 to him in large bills from a cash desk in connection with the Nigerian Police Force’s purchase of the Master Lift.

**World Youth Championship/Federation Internationale de Football Association**

90. In 1999, Anammco sold 54 buses to the Nigerian Ministry of Industry, a department and agency of the Nigerian government, to provide transport for the World Youth Championship for the Federation Internationale de Football Association (“FIFA”), which was being held in Nigeria. The FIFA bus deal was valued at \$5,340,216, plus ₦83 million in Nigerian currency (the then equivalent of approximately \$959,000). There were two copies of the pertinent contract, each with identical terms, except FIFA was represented by different individuals in those two documents. The second contract was dated February 12, 1999, and was signed by a senior Nigerian government official with the Ministry of Industry, and witnessed by another Ministry of Industry employee.

Anammco was awarded the FIFA contracts without engaging in a public tender or bidding process. In May 1999, the Anammco executive requested that DAIMLER pay DM126,000 to the Nigerian government official who signed the February 12, 1999 FIFA contract on behalf of the Ministry of Industry. DAIMLER made the payment. In September 1999, DAIMLER, again at the request of the Anammco executive, paid DM18,000 to the Ministry of Industry employee who witnessed the contract. Both payments were debited to an Anammco TPA.

#### **All-Africa Games**

91. In 2003, the 8th All-Africa Games (“AAG”) took place in Nigeria. On May 15, 2003, the organizing committee for the games, the Comité d’Organisation de Jeux Africains, or “COJA,” a state-controlled agency in Nigeria, entered into a contract with Anammco for the purchase of 241 Mercedes-Benz commercial vehicles. COJA was an “instrumentality” of the Nigerian government, and executives employed by COJA were “foreign officials,” as those terms are used in the FCPA, 15 U.S.C. § 78dd-1(f)(1)(A). On October 3, 2003, Anammco and COJA also entered into a sponsorship agreement pursuant to which Anammco agreed to provide \$500,000 for the AAG and to service the vehicles. Anammco also agreed to provide a G500 vehicle to a then senior executive branch official of Nigeria. Although Anammco supplied the vehicles for the AAG, COJA did not pay Anammco as required by the contract.

92. Between January 2004 and January 2005, Anammco made multiple payments from an unrecorded bank account maintained by the Anammco executive with reference to “AAG.” None of the individuals or entities receiving payments performed any legitimate services for Anammco or DAIMLER, nor did Anammco or DAIMLER have any written agreements with the recipients of these payments.

### **Senior Nigerian Diplomat in Brazil**

93. In 2002, a then senior Nigerian diplomat in Brazil (“the Nigerian diplomat”) approached employees of DC do Brasil, DAIMLER’s wholly-owned subsidiary in Brazil, concerning the sale of ten buses to the state of Bayelsa in Nigeria. In October 2002, DC do Brasil issued a pro forma invoice for the sale of one bus for approximately \$70,000, which included a sales commission for the Nigerian diplomat, but no further action was taken at the time.

94. The Nigerian diplomat renewed discussions with employees of DC do Brasil in 2004. At that time, the Nigerian diplomat asked again for a proposal for the sale of ten buses. Employees of DC do Brasil negotiated with the Nigerian diplomat and the parties reached the following agreement: DC do Brasil would charge the state of Bayelsa \$60,800 per bus or \$660,000 total (\$608,000 for the buses, plus freight and expenses), and the Nigerian diplomat’s commission would be approximately 11% of the price for the buses, or \$6,773 per bus. The deal also contemplated that Anammco would receive a 4.3% sales commission.

95. On February 28, 2005, DC do Brasil issued its final invoice to Cascadas Nigeria Enterprises, Ltd., an entity owned by the Nigerian diplomat and his wife. DC do Brasil employees understood, however, that the state of Bayelsa was still the end user. The invoice provided that DC do Brasil would sell ten buses at approximately \$60,000 per bus and pay an 11% commission to the Nigerian diplomat, for a total purchase price of approximately \$600,000 and a total commission of approximately \$60,000 to the Nigerian diplomat.

**COTE D'IVOIRE ("IVORY COAST") / WEST AFRICA**

**Background Regarding DAIMLER's Bribery in Ivory Coast and West Africa**

96. From at least 1992 to 2007, DAIMLER sold passenger cars in the Ivory Coast and other West African countries through its majority owned (89.14%) and controlled subsidiary, Star Auto S.A. ("Star Auto") and its regional business center for West Africa, which was operated through Star Auto. Star Auto made direct sales of DAIMLER passenger cars to various government customers in West Africa, including government ministries, the military, and government agencies, including for use by diplomats and heads of state. As of 2004, Star Auto's annual sales averaged approximately €23 million.

97. DAIMLER employees, including the former head of Star Auto and the DCOS executive, authorized and made improper payments to government officials at its customers in the Ivory Coast and elsewhere in West Africa through a TPA held on DAIMLER's books and records in the name of Star Auto. This TPA was typically funded through price inclusions that were built into the customers' purchase price and then used to, among other things, make improper payments to government officials.

98. For example, when a sale was made through Star Auto or another dealer that was connected through DAIMLER's regional business center, Star Auto would purchase the vehicle(s) from DAIMLER, increase the purchase price paid by the customer, and transfer the reserve to the TPA. By doing this, DAIMLER and Star Auto created a fund from which their employees could pay bribes. Further, by putting the price inclusions into a separate TPA from which bribe payments were drawn, DAIMLER and Star Auto inaccurately recorded or failed to record the improper payments to various officials in West African countries.

99. There were no effective policies, procedures, or training at Star Auto or for DAIMLER employees working at or with Star Auto concerning compliance with the FCPA or other applicable anti-corruption statutes.

**Army of Ghana**

100. In September 1997, DAIMLER and Star Auto entered into a contract to sell eight trucks to the Army of Ghana. The deal was negotiated through an agent, Global Strategic Ventures Ltd. It was understood that Star Auto would pay Global Strategic Ventures a commission that would be passed on, in whole or in part, to Ghanaian Army officials in exchange for the aforementioned contract. Star Auto paid Global Strategic Ventures a commission of \$170,000, which was wired from a DAIMLER account in Germany to Global Strategic Ventures' account in London and debited to Star Auto's TPA account.

**Sale of Vehicles to a then Senior Executive Branch Official of Liberia**

101. In approximately 1999, DAIMLER began negotiations to sell trucks to a logging operation in Liberia. The logging rights had been sold by the Liberian government to an Indonesian firm. DAIMLER entered into a contract valued at approximately \$14.5 million to sell 100 sixty-ton trucks to the Indonesian firm for its Liberian logging project, even though the initial request was for larger, eighty-ton trucks. DCOS employees had sought to convince the government of Liberia and the Indonesian firm that the use of eighty-ton trucks (a product DAIMLER did not offer but its competitors did) would destroy Liberia's roads and bridges, and that DAIMLER's sixty-ton truck was therefore a better option.

102. Ultimately, DAIMLER won the contract to provide trucks to the Indonesian firm for the logging project. To assist in securing the business, DAIMLER's local dealer in Liberia, on

DAIMLER's behalf, gave a then senior executive branch official of Liberia a gift of an armored Mercedes passenger car worth approximately €267,000. DAIMLER and Star Auto employees disguised the gift by paying the local dealer a higher commission on the transaction and then using the overpayment to cover the cost of the armored car.

#### LATVIA

103. EvoBus GmbH ("EvoBus") was a wholly-owned subsidiary of DAIMLER and part of a DAIMLER business unit called Daimler Buses. The business unit sold buses all over the world, including in Latin America, Europe, Mexico, Africa, Asia, Australia, and North America. EvoBus sold to government customers in many of the countries in which it did business. EvoBus used a general distributor to assist with sales in the Baltic states (the "Baltic Distributor").

104. On or about August 11, 2000, the Baltic Distributor's then general manager (the "General Manager") alerted EvoBus to an upcoming tender from the city of Riga, Latvia, for the purchase of a large number of buses. Pursuant to the terms of the tender, the Riga City Council Traffic Department intended to purchase the buses in multiple tranches over several years time. The Traffic Department was a department and agency of the government of the City of Riga, Latvia. In a facsimile dated on or about August 11, 2000 to a then EvoBus sales manager, the General Manager noted that a competitor of EvoBus had agreed to pay "under table" money to members of the Riga City Council in order to obtain the contract for the bus sales. EvoBus understood this communication to mean that it too would have to pay bribes to members of the Riga City Council in order to secure a contract to sell its buses. On or about March 27, 2001, EvoBus was awarded at least part of the tender and entered into two agreements with Talava and Imanta, both city of Riga municipal enterprises for public transportation, for the delivery of 79 buses. Over the next approximately 5 ½

years, EvoBus delivered a total of 117 buses to the city of Riga, with the last tranche of 28 buses delivered in late summer or fall of 2006. The total value of the contracts for the sale of these buses was approximately €30,000,000.

105. In or about June 2001, the Baltic Distributor entered into contracts with Talava and Imanta for the delivery of spare parts. On or about August 31, 2001, the General Manager sent an e-mail to the then Head of Sales MB Buses of EvoBus advising him that he, the General Manager, would have to pay “undertable” money in connection with this contract. EvoBus understood this communication to mean that the General Manager would have to pay bribes to members of the Riga City Council to secure the spare parts contract.

106. EvoBus paid these bribes to members of the Riga City Council, at least in part, by inflating the purchase price of the buses and kicking back the price increases to individual members of the City Council in the form of “commissions.” In order to make these “commission” payments and to disguise their true nature and purpose, EvoBus entered into sham consulting contracts with, among others, two U.S.-based entities: Oldenburgh Financial Corporation (“Oldenburgh”), incorporated in Delaware, and United Petrol Group LLP (“UPG”), incorporated in Oregon. EvoBus made improper payments through Oldenburgh to Latvian government officials who were members of the political party in control of the Riga City Council at the time of the delivery of the first tranche of 18 buses on or about July 25, 2002. EvoBus made improper payments through UPG and another corporation to Latvian government officials who were members of a different political party that was in control of the Riga City Council at the time of the delivery of the remaining tranches totaling 99 buses between approximately April 2003 and December 2006.



107. In total, EvoBus paid approximately €1,800,000 in “commission” payments to third parties with the understanding that such improper payments would be passed on, in whole or in part, to Latvian government officials to influence the award of contracts to EvoBus, including a total of €216,115 to Oldenburgh and a total of €1,03,5159 to UPG. All of these payments were inaccurately accounted for in the books and records of EvoBus and DAIMLER.

#### **AUSTRIA and HUNGARY**

108. On or about May 23, 2005, EvoBus Hungarian Kft. (“EvoBus Hungary”) agreed to sell 32 used buses to Volanbusz, a state-owned regional public transport company in Budapest, Hungary. EvoBus Hungary acquired 17 of the buses from EvoBus Austria GmbH (“EvoBus Austria”) for approximately €1,678,170 and resold them to Volanbusz for approximately €1,745,000. In connection with the transaction, EvoBus Austria agreed to pay a “commission” of €333,370 to a U.S.-based corporation called USCON Ltd. (“USCON”) with the understanding that the payment would be passed on, in whole or in part, to Hungarian government officials. The payment was inaccurately accounted for in the books and records of EvoBus and DAIMLER.

109. USCON was originally incorporated in Delaware but its corporate status had been dissolved in 2003, two years prior to the commission payment. In or about October 2006, during the SEC and DOJ investigation of DAIMLER, the then CEO of EvoBus Austria attempted to conceal the true nature of the payment to USCON by creating a phony consulting agreement and backdating it to April 2005, a date prior to the transfer of the buses from EvoBus Austria to EvoBus Hungary. USCON provided no legitimate services to EvoBus or to DAIMLER.

**TURKEY / MB TURK**

110. In 1967, DAIMLER founded MB Turk, its subsidiary in Turkey, as a joint venture between DAIMLER and several Turkish companies. Since 1984, MB Turk has also served as DAIMLER's general distributor in Turkey. DAIMLER owned a majority stake in MB Turk and controlled it. DAIMLER's major business partners in Turkey and in association with MB Turk were a group of companies owned by one individual, which companies together own 7.04% of MB Turk.

111. MB Turk manufactures and sells buses to various customers in Turkey and, until January 2005, sold throughout eastern Europe, the Middle East, and western Asia, including to various government agencies. In addition, MB Turk has a representative office in Ankara that assists in the sale of DAIMLER vehicles in Turkey.

112. In the fall of 2006, DAIMLER's Corporate Audit department discovered three binders located in a safe at MB Turk's offices in Istanbul. The labels on the binders referenced "N.A." These binders and other evidence show that MB Turk made approximately €6.05 million in payments to third parties in connection with vehicle export transactions that involved the sale of vehicles to non-Turkish government customers in North Korea, Latvia, Bulgaria, Libya, Romania, Russia, Saudi Arabia, Yemen, and other countries (the "MB Turk Export Transactions") in deals with revenues of approximately €95 million. Of the €6.05 million paid to third-parties in connection with the MB Turk Export Transactions, at least €3.88 million were improper payments and gifts, of which €3.3 million were described and recorded in MB Turk's records as "N.A." The €3.88 million in improper payments and gifts were paid to foreign government officials or to third parties with the understanding that the payments and gifts would be passed on, in whole or in part, to foreign government officials to assist in securing the sale of DAIMLER vehicles to government customers.

## **INDONESIA**

### **Background Regarding DAIMLER's Bribery in Indonesia**

113. DAIMLER sold vehicles into Indonesia directly and through a series of majority owned (90-95%) and controlled affiliates. DAIMLER's direct and affiliate sales in Indonesia between 1998 and June 2006 totaled approximately \$960 million. Approximately 1% of these sales, or \$9.6 million worth, were made to government entities in Indonesia. Most of DAIMLER's sales to government related entities in Indonesia were made through DAIMLER's local affiliates. DAIMLER's largest government customer in Indonesia between 1998 and June 2006 was Perum Damri, a state-owned bus company, which purchased approximately \$8.36 million worth of buses from DAIMLER's Indonesian affiliates during this period. Perum Damri was an "instrumentality" of the Indonesian government, and executives employed by Perum Damri were "foreign officials," as those terms are used in the FCPA, 15 U.S.C. § 78dd-1(f)(1)(A).

114. DAIMLER's local affiliates provided gifts, travel and entertainment to government officials associated with Perum Damri in order to secure business. DAIMLER's local affiliates also made several large cash payments to tax officials in Indonesia for the purpose of reducing their tax obligations. For example, in 2004, one of DAIMLER's local affiliates made three cash payments totaling \$120,000 to an Indonesian tax official in connection with an Indonesian audit of another of DAIMLER's local affiliates for the 2002 tax year. These payments were made personally to the tax official overseeing the audit of one of DAIMLER's Indonesian affiliates, and were made days before that official's final assessment of DAIMLER's taxes due and owing was scheduled to be announced. Ultimately, DAIMLER's local affiliate recorded its tax liability in Indonesia for 2002 as IDR6.342 billion rather than IDR5.19 billion, because it included the cash payments to the tax official in the

total amount. DAIMLER's local affiliates also made \$84,000 worth of cash payments to tax officials in Indonesia in connection with a 2003 tax year audit of another of DAIMLER's local affiliates. All of the payments were made in cash, in round number amounts, and in local currency. As with the payments associated with the 2002 tax year, the actual tax obligations were paid by wire transfer (not cash) and supported by receipts. By contrast, the payments to the tax officials were paid in cash and had no accompanying documentation. In fact, accounts payable vouchers evidencing the cash payments were missing from the files of DAIMLER's employees in Indonesia. As a result of making these payments, DAIMLER received a reduction in overdue taxes.

## **CROATIA**

### **Background Regarding DAIMLER's Bribery in Croatia**

115. Daimler Export and Trade Finance GmbH ("ETF"), a German corporation, was a wholly-owned, German-based subsidiary of Daimler Financial Services AG ("DFS"), which was itself a wholly-owned subsidiary of DAIMLER. ETF formerly was known as "debis International Trading GmbH" ("DIT" or "debis"). ETF specialized in the structuring and arranging of customized financing solutions for exports by DAIMLER and external customers to countries without a local DFS company. In addition to these financing services, ETF participated in business ventures outside of DAIMLER's core businesses of the manufacture and sale of passenger cars and commercial vehicles.

116. As set forth below, ETF made improper payments directly to Croatian government officials and to third parties with the understanding that the payments would be passed on, in whole or in part, to Croatian government officials, to assist in securing the sale of 210 fire trucks (the "Fire Trucks Contracts") to the government of Croatia.

### **Improper Payments In Connection With The Fire Trucks Contract**

117. In 2002, the Croatian government initially appropriated approximately €75 million so that the Croatian Ministry of the Interior (“MOI”) could purchase fire trucks. The MOI was a department and agency of the Croatian government, and was responsible for, among other things, public safety, including the purchase of fire trucks. The 2002 public tender, which was initially published, voided, and then ultimately awarded in 2003, was actually valued at approximately €85 million, and provided for the purchase of 210 fire trucks by the MOI from a consortium led by ETF to be delivered in tranches between 2003 and 2009.

118. ETF understood that improper payments to Croatian government officials would be required in order to secure the Fire Trucks Contract.

### **Improper Payments to a Croatian Government-Owned Company**

119. At the request of the Croatian government prior to the award of the public tender, ETF included IM Metal (“IMM”) as part of the consortium of companies bidding on the Fire Trucks Contract. IMM was a Croatian government controlled and partially owned former weapons manufacturer. IMM was an “instrumentality” of the Croatian government, and executives employed by IMM were “foreign officials,” as those terms are used in the FCPA, 15 U.S.C. § 78dd-1(f)(1)(A).

120. On or about May 3, 2002, ETF (then known as “debis”) signed a contract with IMM whereby IMM agreed, among other things, to support ETF’s negotiations with prospective Croatian clients – at the time, only the Croatian government – and ETF’s preparation for tender participation.

121. On or about May 23, 2003, ETF, DAIMLER, IMM, and others signed a new consortium agreement following the cancellation of the prior tender due to the Croatian government’s lack of funds to support the project.

122. In total, between 2002 and January 2008, ETF made approximately €3.02 million in payments to IMM and/or its principals in connection with the contract to sell fire trucks to the Croatian MOI with the understanding that all or a portion of the funds were paid to IMM's employees, themselves foreign government officials, and that another portion of the funds were paid to Croatian government officials outside IMM in exchange for assistance in securing the Fire Trucks Contract for the ETF-led consortium.

#### **Improper Payments to U.S.-based Shell Companies**

123. In addition to the improper payments made through IMM, ETF made improper payments to: (1) Biotop Group, Inc. ("Biotop"), a Delaware corporation; and (2) Marketing Research and Consultants LLC ("MRC"), a Wyoming corporation.

124. On or about July 30, 2003, ETF entered into a sham consulting contract with Biotop in order to conceal the nature of the improper payments ETF made to Biotop, and with the understanding that these funds would be passed on, in whole or in part, to Croatian government officials to assist in securing the Fire Trucks Contract with the Croatian MOI.

125. On or about March 4, 2004, a company named MRC was incorporated in Wyoming.

126. On or about March 10, 2004, six days later, ETF executed a written consulting contract with MRC in order to conceal the nature of the improper payments being made to MRC, with the understanding that the funds would be passed on, in whole or in part, to Croatian government officials.

127. ETF entered into contracts with Biotop and MRC reflecting their places of incorporation in Delaware and Wyoming, respectively. ETF received invoices from Biotop and MRC reflecting their corporate addresses in Delaware and Wyoming, respectively. ETF drafted and

approved credit notes to Biotop and MRC reflecting their corporate addresses in Delaware and Wyoming, respectively.

128. In total, between 2002 and January 2008, ETF made approximately €1,673,349 in improper payments to Biotop and MRC in connection with the contract to sell fire trucks to the Croatian MOI with the understanding that those payments would be passed on, in whole or in part, to Croatian government officials. Neither Biotop nor MRC performed legitimate services for ETF sufficient to warrant payments in these amounts.

## **IRAQ / OIL FOR FOOD**

### **Background Regarding the U.N. Oil For Food Program**

129. On or about August 6, 1990, days after Iraq's invasion of Kuwait, the United Nations ("U.N.") adopted Security Council Resolution 661, which prohibited U.N. member-states, including Germany, from transacting business with Iraq, except for the purchase and sale of humanitarian supplies. Resolution 661 prohibited virtually all direct financial transactions with the government of Iraq. As a result, DAIMLER sold no vehicles to the Government of Iraq between approximately 1991 through 1998.

130. On April 15, 1995, the U.N. adopted Security Council Resolution 986, which served as a limited exception to the Iraq sanctions regime in that it allowed Iraq to sell its oil. However, Resolution 986 required that the proceeds from oil sales be used by the Iraqi government to purchase humanitarian supplies, including but not limited to food for the Iraqi people. Hence, this program became known as the Oil for Food Program ("OFF program"). Payments made to the Iraqi government which were not approved by the U.N. and which were outside the strict contours of the OFF program were prohibited.

131. The rules of the OFF program required that the proceeds from all sales of Iraqi oil be deposited into a U.N.-controlled escrow account at the New York branch of Banque Nationale de Paris ("BNP-Paribas"). That escrow account funded the purchase of humanitarian goods by the Iraqi government, which could include the purchase of vehicles. Under the rules of the OFF program, a supplier of humanitarian goods, such as DAIMLER, contracted with a ministry or other department of the Iraqi government to sell goods to the government. Once that contract was finalized, the contract was submitted to a U.N. Committee ("the 661 Committee"), which reviewed the contracts to ensure that their terms complied with all U.N., OFF program, and Iraqi sanction regulations. The 661 Committee accepted the contracts, rejected them or asked the supplier to provide additional information upon which the 661 Committee could make a decision.

132. If a contract was approved by the 661 Committee, a letter of credit was issued by BNP-Paribas to the supplier's bank stating that the supplier would be paid by the OFF program for the relevant goods once certain conditions were met, including delivery of the goods to Iraq and inspection of the goods by a U.N. contractor. Once those conditions were deemed by the U.N. to have been met, the U.N. would direct BNP-Paribas to release payment to the supplier.

133. On or about December 10, 1996, the first Iraqi oil exports under the OFF program began. The OFF program continued from in or about December 1996 until the United States invasion of Iraq on or about March 19, 2003. Beginning in approximately August 2000, Iraqi government officials began to demand that suppliers of humanitarian goods pay a kickback, usually valued at 10% of the contract price, to the Iraqi government in order to be awarded a contract by the government. These kickbacks violated U.N. OFF program regulations and sanctions which



prohibited payments to the Iraqi government which were not expressly approved by the U.N. and which were not contemplated by the guidelines of the OFF program.

134. Often, these kickbacks were termed “after sales service fees” (“ASSFs”), but did not represent any actual service being performed by the supplier. These ASSFs were usually included in the inflated contract price submitted by the supplier to the U.N. without the U.N. knowing that the contract contained an extra 10% which would be kicked back to the Iraqi government. Including the 10% in the contract price allowed the supplier to avoid paying the 10% out of its profits; instead, the suppliers caused the U.N., unknowingly, to fund the kickbacks to the Iraqi government.

135. Some suppliers labeled the ASSFs as such, thereby leading the U.N. to believe that actual after-sales services were being provided by the supplier. Other suppliers disguised the ASSFs by inserting fictitious line items into the contracts for goods or services that were not being provided. Still other suppliers simply inflated their contract prices by 10% to account for the payments they would make, or cause to be made, to the Iraqi government.

#### **DAIMLER’s Oil For Food Contracts**

136. In response to the OFF program, in 1998 DAIMLER took steps to revitalize its sales in Iraq. Employees from DCOS, DAIMLER’s overseas sales division, made multiple trips to Iraq in 1998, 1999 and 2000 in order to participate in the OFF program. DAIMLER employees learned that Iraqi government officials wanted to purchase DAIMLER vehicles, but that there was political pressure from the Iraqi government not to buy German vehicles, particularly DAIMLER vehicles, because of Germany’s and the company’s close affiliation with the United States. In 1998, DAIMLER employees also learned that DAIMLER had been blacklisted by the Iraqi government as a result of claims filed by DAIMLER against the Iraqi government before the U.N. Compensation

Commission (“UNCC”) for damages incurred during the first Gulf War. Iraqi officials told DAIMLER employees that they could not do business with DAIMLER so long as the UNCC claims were pending. As a result of these discussions and in order to sell vehicles to the Iraqi government, DAIMLER agreed to withdraw its UNCC claims, which totaled approximately DM38.4 million.

137. On November 5, 2000, DAIMLER entered into a contract with the Iraqi government wherein DAIMLER agreed to withdraw its UNCC claims and the Iraqi government agreed to give DAIMLER preferential treatment and to purchase vehicles valued at double the amount waived by DAIMLER when it withdrew its claims, *i.e.* DM77 million. Thereafter, DAIMLER began to participate in the OFF program. The direct OFF sales between DAIMLER and the Iraqi government were executed by DCOS and Global Service and Parts, DAIMLER’s international spare parts sales department. DAIMLER typically learned of OFF business in Iraq either by contacting ministries or by monitoring a U.N. website upon which Iraqi government entities listed products that they needed and wished to purchase pursuant to the OFF program. DAIMLER’s representative in Baghdad typically picked up tender packages from various Iraqi ministries and mailed them to DCOS or the Global Service and Parts department.

138. DCOS or the Global Service and Parts department prepared offers for the sale of their vehicles and/or spare parts and sent them to their representative in Baghdad, who then presented DAIMLER’s bid to the Iraqi government. All of these direct sales between DAIMLER and the Iraqi government were prepared, negotiated and finalized by employees at DAIMLER’s headquarters in Germany. DAIMLER negotiated its OFF contracts directly with the government of Iraq and then entered into the contracts. After the contracts were signed, they were sent to the U.N. for approval. DAIMLER also sold vehicles to intermediaries who then sold the vehicles to the Iraqi government.

In some cases, DAIMLER knew that the end user was the Iraqi government; in other cases, DAIMLER only learned after the fact that the intermediary eventually sold the vehicles to government entities in Iraq.

139. DAIMLER, or its intermediaries, agreed to pay a 10% commission to the government of Iraq in connection with sales of its vehicles under the OFF program. In cases where DAIMLER entered into contracts to sell vehicles to the Iraqi government under the OFF program but the contracts were never executed (either because they failed to receive U.N. approval or the Iraqi government decided not to make the purchase), DAIMLER offered to make payments worth 10% of the contract value to the government of Iraq. In either case, DAIMLER entered into side agreements or side letters with its Iraqi government customers in which DAIMLER expressly promised to kick back 10% of the anticipated contract value to the Iraqi government. One such letter from the then head of DCOS's sales efforts in Iraq to the attention of the purchasing manager for the Iraqi Ministry of Oil stated: "DaimlerChrysler AG undertakes to pay to the Oil Products Distribution Company a sum of DM13,589.50 equivalent to 10% of the total amount of DM135,895 . . . Upon the establishment of the Letter of Credit."

140. An intermediary entered into another contract for the supply of 75 trucks with a sixteen-ton payload and spare parts to the Ministry of Trade in Iraq. The contract, which was for €6,951,320, included an unsigned side letter stating that "[t]he contract amount including (631950 Euro) (six hundred thirty one thousand nine hundred fifty Euro) or equivalent in D.M. to cover the after sales service which should be paid to Iraqi Maritime Company for each shipment before the arrival of goods to Um-Qaser Port." Similarly, another DAIMLER intermediary entered into a side agreement with the Iraqi Oil Products Distribution Company in connection with the sale of 20

engines in a contract valued at more than €27 million, stating that DAIMLER promised to pay €27,647.51 “corresponding to after-sales services related to the contract signed between DaimlerChrysler AG and Oil Products Distribution Company.”

141. In connection with four of its OFF contracts, two of which were performed and two of which were never performed, DAIMLER inflated the price of its vehicles and spare parts by 10% so that the inflated amount could be kicked back to the Iraqi government.

142. Ultimately, DAIMLER conducted most of its Iraqi business under the OFF program through third-parties because there was political pressure from the Iraqi government not to buy German vehicles. Under the third-party agreements, DAIMLER sold trucks, truck chassis, and spare parts to companies in the Middle East and other countries. DAIMLER’s contract partners typically modified the vehicles and resold them to Iraqi ministries, paying the standard 10% kickback. In total, DAIMLER entered into twelve third-party contracts in which its contract partners made an estimated \$5 million in ASSF payments.

143. The DAIMLER executives who negotiated the third-party contracts understood that DAIMLER’s contract partners would pay illegal kickbacks to Iraqi ministries. At this time, for example, DAIMLER had copies of contract files containing resale agreements between its contract partners and the Iraqi ministry end-purchasers. The contract files included the secret side agreements to pay ASSF kickbacks. One internal DAIMLER email message acknowledged the side letters using the German abbreviation K.D. for “Kundendienst,” or after-sales services payment.

**DAIMLER'S LACK OF AN ADEQUATE  
ANTI-BRIBERY COMPLIANCE PROGRAM**

144. Prior to 2005, DAIMLER's anti-bribery compliance program was inadequate, despite the fact that the company had been an issuer since 1993 and filed periodic reports with the SEC, and that the company had more than 270,000 employees and 60 affiliates and business units that sold vehicles to governments and government-related entities in many countries in which DAIMLER operated, including high risk countries for corruption. Specifically, DAIMLER's compliance effort before 2005 had the following characteristics:

- (a) A decentralized compliance program with no head of compliance;
- (b) Financial controlling and legal personnel who had only dotted central reporting lines and who reported directly to the sales organization within their country or business unit;
- (c) An understaffed and decentralized internal audit department. Prior to 2006, DAIMLER had approximately 240 employees working in the internal audit function. These employees were located in 27 local departments across the world, and most reported to local management instead of central internal audit. Thus, local management, who were focused on sales performance, were able to heavily influence the types of issues examined by internal audit employees, as well as the remedial steps, if any, recommended by them;
- (d) Inadequate, decentralized, and inconsistent integrity codes and policies for the prevention of violations of the FCPA or other anti-corruption statutes, including anti-corruption representations, warranties, or other language in contracts with affiliates, dealers, agents or other third parties;
- (e) Inadequate guidelines and controls concerning the disbursement of cash from cash desks, which allowed DAIMLER employees to take out tens of thousands of dollars in cash at any given time, in foreign currencies, without justification or high-level sign offs;
- (f) Inadequate controls over more than 200 TPAs;

- (g) Inadequate controls over the opening and maintaining of bank accounts. For instance, before 2006, DAIMLER and its wholly owned or controlled subsidiaries had more than 625 open bank accounts, or 9.5 per entity on average;
- (h) Inadequate controls over the selection, use, and making of payments to agents and intermediaries;
- (i) Inadequate training of DAIMLER employees on FCPA or other anti-bribery compliance; and
- (j) Decentralized hotlines for reporting violations of the FCPA or other anti-corruption statutes or seeking guidance on doing business with foreign government customers.

**COUNT ONE  
(Conspiracy)**

145. Paragraphs 1 through 144 of this Information are realleged and incorporated by reference as if fully set forth herein.

146. From in or about 1999, through in or about January 2008, within the territory of the United States and elsewhere, defendant DAIMLER AG and others, known and unknown, did unlawfully, willfully, and knowingly combine, conspire, confederate, and agree with each other to commit an offense against the United States, specifically: to knowingly falsify and cause to be falsified books, records, and accounts which, in reasonable detail, would accurately and fairly reflect the transactions and dispositions of the assets of DAIMLER AG, an issuer within the meaning of the FCPA, in violation of 15 U.S.C. §§ 78m(b)(2)(A), 78m(b)(5), and 78ff(a).

**PURPOSE OF THE CONSPIRACY**

147. The purpose of the conspiracy was for DAIMLER to conceal improper payments made to foreign government officials to induce them to cause their governments agencies and instrumentalities to purchase DAIMLER vehicles.

**MANNER AND MEANS OF THE CONSPIRACY**

148. To achieve the object of the conspiracy, DAIMLER and others, known and unknown, used the following manner and means, among others:

a. DAIMLER agreed to cause money to be sent and did send money to bank accounts controlled by foreign government officials and their designees, in exchange for being granted contracts with the government and with government-owned and government-controlled entities.

b. DAIMLER maintained and used third party accounts or "TPAs" to help effectuate improper payments to foreign government officials.

c. DAIMLER maintained and used headquarters and local "cash desks" to help transmit improper payments to foreign government officials.

d. DAIMLER agreed to cause money to be sent and did send money to bank accounts controlled by third party agents with the understanding that those agents, on DAIMLER's behalf, would pass on the money, in whole or in part, to foreign government officials, and their designees, in exchange for being granted contracts with the government and with government-owned and government-controlled entities.

e. DAIMLER inflated the price of DAIMLER products for sale to government customers in order to cover the cost of payments to foreign government officials, and their designees.

f. DAIMLER provided gifts and things of value other than money to foreign government officials, and their designees, in exchange for being granted contracts with the government and with government-owned and government-controlled entities.

g. DAIMLER entered into sham contracts, including consulting contracts, in order to conceal the true nature of bribe payments made to foreign government officials, and their designees.

h. DAIMLER falsified its books and records in order to conceal the true nature of bribe payments made to foreign governments and foreign government officials, and their designees.

#### **OVERT ACTS**

149. In furtherance of the conspiracy and to accomplish its unlawful objects, at least one of the co-conspirators committed or caused to be committed, within the territory of the United States and elsewhere, the following overt acts, among others:

#### **RUSSIA**

##### **Improper Payments In Connection With The Sale Of Passenger Vehicles To The SPG**

a. Between in or about February 2001 and March 2005, DCAR and DAIMLER made 29 payments totaling approximately €928,023 to the Deutsche Bank account in Stuttgart, Germany, of a Russian government official at the SPG (the "SPG Official") in connection with DAIMLER's sale of Mercedes Benz passenger cars to the SPG.

b. In or about April 2003, DCAR and DAIMLER made a payment of €139,800 from DAIMLER's account in Germany to Berwick Commercial LLC, a corporation registered in



Delaware, with the understanding that the payment would be passed on, in whole or in part, to the SPG Official.

c. Between in or about September 2001 and February 2002, DCAR and DAIMLER made five payments totaling approximately €313,050 from DAIMLER's account in Germany to Kongress Food Ltd., a corporation with an address in Dublin, Ireland, with the understanding that the payments would be passed on, in whole or in part, to the SPG Official.

d. Between in or about February 2004 and January 2005, DCAR and DAIMLER made six payments totaling approximately €306,356 from DAIMLER's account in Germany to Delight Commercial, Ltd., a corporation with an address in the Seychelles, with the understanding that the payments would be passed on, in whole or in part, to the SPG Official.

e. Between in or about January 2003 and May 2003, DCAR and DAIMLER made three payments totaling approximately €305,400 from DAIMLER's account in Germany to Pymont Alliance Corp., a corporation with an address in the Bahamas, with the understanding that the payments would be passed on, in whole or in part, to the SPG Official.

f. In or about January 2005, DCAR and DAIMLER made a payment of €99,682 from DAIMLER's account in Germany to Loretta LLP, a corporation with an address in the United Kingdom, with the understanding that the payment would be passed on, in whole or in part, to the SPG Official.

g. In or about 2005, DCAR and DAIMLER entered into a retroactive commission agreement with an individual introduced to DAIMLER by an employee of the SPG as someone with close ties to the Russian government whom DAIMLER could use as an agent through which to make

payments to Russian government officials in exchange for assistance in securing business with the SPG.

h. In addition to the payments to the SPG Official, and the entities described above, between in or about July 2001 and November 2005, DCAR and DAIMLER made payments totaling approximately €384,619 to at least 11 other shell companies that did not perform services for DAIMLER sufficient to justify the payments, with the understanding that these payments would be passed on, in whole or in part, to Russian government officials in exchange for assistance in securing business with the SPG.

**Improper Payments In Connection With The Sale of Passenger Vehicles To The Russian MVD**

i. Between in or about August 2000 and November 2002, DCAR and DAIMLER made 22 payments totaling approximately €785,225 from DAIMLER's account in Germany to a Bank of America account in San Diego, California, for Sittard Investments, a California corporation, to secure passenger car sales to the Moscow traffic police.

j. Similarly, between in or about January 2003 and June 2004, DCAR and DAIMLER made 13 payments totaling approximately €728,302 from DAIMLER's account in Germany to a bank account in Latvia for Novitta Ltd., a Delaware corporation, in connection with sales of passenger cars to the MVD.

k. Between in or about January 2005 and May 2005, DCAR and DAIMLER made five payments totaling approximately €402,876 from DAIMLER's account in Germany to a bank account in Latvia for Tower Block Ventures, a U.K. corporation, for the benefit of a consultant to the MVD in connection with passenger car sales to the MVD.

l. Between in or about September 2004 and December 2004, DCAR and DAIMLER made three payments totaling approximately €235,200 from DAIMLER's account in Germany to a bank account in Latvia for Silvarado Ltd., a corporation that provided no legitimate services for DAIMLER or DCAR, in connection with passenger car sales to the MVD.

m. Between in or about May 2003 and August 2003, DCAR and DAIMLER made four payments totaling approximately €189,291 from DAIMLER's account in Germany to a bank account in Latvia for Capital Alliance Corp., a Florida corporation, in connection with passenger car sales to the MVD and to the Russian military.

**Improper Payments In Connection With The Sale Of Commercial Vehicles**

n. In 2004, DCAR and DAIMLER made three payments totaling approximately €58,000 from DAIMLER's account in Germany to Technofores, a Delaware corporation, to secure the sale of one commercial vehicle to the SPG for approximately €357,814.

**Improper Payments In Connection With The Sale of Unimogs**

**Dorinvest**

o. DCAR and DAIMLER agreed to make commission payments to two senior members of Dorinvest (the "Dorinvest Officials"), of approximately €7,343 and €2,447, respectively, in order to secure the August 2001 sale of a Unimog to the city of Moscow.

p. In early 2002, in connection with the sale of seven Unimogs to the city of Moscow, DAIMLER wired a payment of approximately \$7,000 to the bank account of relatives of one of the Dorinvest Officials who were living in Jerusalem, Israel.

q. In or about November 2001, DCAR and DAIMLER also made a payment from DAIMLER's account in Germany of approximately €34,427 to Contrex, a Cyprus corporation established for the benefit of the wife of one of the Dorinvest Officials.

**Machinoimport**

r. On or about January 24, 2001, a DAIMLER employee made a payment of approximately DM15,000 from DAIMLER's account in Germany to the Latvian bank account of Fidelity Finance Corporation, a Delaware corporation, in connection with the sale of four Unimogs to Gormost, a department within the city of Moscow responsible for bridges and tunnels, with the understanding that such payment would be passed on, in whole or in part, to Russian government officials in order to secure this sale.

s. On or about May 28, 2001, DAIMLER made a payment of approximately €30,072.62, also from DAIMLER's account in Germany to Fidelity Finance Corporation's Latvian bank account, with the understanding that such payment would be passed on, in whole or in part, to Russian government officials in connection with an additional sale of Unimogs.

**Russian Military**

t. On or about July 15, 2003, DCAR and DAIMLER made a payment of approximately €5,478.09 from DAIMLER's account in Germany to the Latvian bank account of Forfun Co., a Delaware corporation, in connection with the sale of one Unimog to the Russian military, with the understanding that such payment would be passed on, in whole or in part, to Russian military officials.

u. On or about January 31, 2002, DCAR and DAIMLER made a payment of approximately €19,488 from DAIMLER's account in Germany to the Swiss bank account of

Northcote Holdings, a Costa Rican corporation, in connection with the sale of another Unimog to the Russian military, with the understanding that such payment would be passed on, in whole or in part, to Russian military officials.

**City of Ufa**

v. On or about March 19, 2001, April 24, 2001, and June 19, 2001, DCAR and DAIMLER made payments totaling approximately DM55,030 from DAIMLER's account in Germany to an official with the Department of Communal Economy and Town Improvements for the City of Ufa, a Russian municipal government official, as well as another unidentified individual, in connection with the sale of seven Unimogs to the City of Ufa.

w. In or about February 2001, DCAR and DAIMLER paid an additional DM9,191.34 commission to this unidentified individual, as well as another person, in connection with the City of Ufa's purchase of an eighth Unimog.

**City of Novi Urengoi**

x. On or about March 19, 2002, DCAR and DAIMLER made a payment of approximately €7,635 from DAIMLER's account in Germany to a senior municipal government official with the City of Novi Urengoi in connection with the sale of a Unimog to the City of Novi Urengoi.

y. On or about July 17, 2002, DCAR and DAIMLER made a payment of approximately €26,650 to the bank account of Crofton Allianz, a Delaware corporation, in connection with the sale of a second Unimog to the City of Novi Urengoi, with the understanding that such payment would be passed on, in whole or in part, to a Russian government official.

z. In or about September 2002, a DAIMLER employee made a separate €4,441.64 payment in cash to the same Russian government official.

## **CHINA**

### **Use Of Agents To Make Improper Payments For The Purpose Of Securing Business From Chinese State-Owned Entities**

#### **M.F. Mechanical & Electrical, Inc.**

aa. On or about July 27, 2001, DCCL and DAIMLER paid M.F. Mechanical & Electrical, Inc. ("M.F. Mechanical"), approximately €98,300 in connection with a €1,875,777 contract for the sale of Unimogs to Changqing. DAIMLER wired the payment from its account in Germany to M.F. Mechanical's bank account at the Far East National Bank in Los Angeles, California.

#### **Shores International**

bb. On or about February 28, 2002, DCCL and DAIMLER made a purported commission payment in the amount of €18,000 from its account in Germany to Shores International ("Shores"), a Texas corporation, to an account at Metrobank in Houston, Texas, in connection with the sale of €1,009,497 worth of commercial vehicles to Sinopec.

#### **Lily Energy Services, Inc.**

cc. On or about February 21, 2003, DCCL and DAIMLER made a purported commission payment of approximately €15,000 from an account in Germany to Lily Energy Services, Inc. ("Lily"), a Texas corporation, at American First National Bank in Houston, Texas, in connection with the sale of six Actros trucks valued at €492,000 to Changqing.

**King Jack, Inc.**

dd. On or about October 25, 2004, DCCL and DAIMLER made a payment of approximately €53,540 from an account in Germany to King Jack Inc., a California corporation, to an account at Cathay Bank, City of Industry, California, in connection with the June 2004 sale of 16 Unimogs and 12 Actros to Sinopec, a deal valued at over €2 million.

**Chinese Agent "A"**

ee. On June 9, 2003, a DCCL employee wired approximately €4,000 from DCCL's account in Germany to Chinese Agent A's account at Bank of America in San Francisco, California, in connection with the sale of one Actros truck, valued at €87,000, to BGP.

**Additional Improper Payments For The Purpose Of Securing Business From Chinese State-Owned Entities**

ff. DCCL and DAIMLER made the following improper payments to assist in obtaining or retaining business from BGP and Sinopec:

- (a) Between April 2000 and October 2004, multiple payments totaling at least approximately €155,905 for the purpose of entertaining executives at both entities;
- (b) On or about July 8, 2003 and September 17, 2004, payments totaling approximately €56,400 into accounts at multiple banks to an individual associated with an official at BGP in charge of operations in another country;
- (c) On or about December 16, 2004, a payment of approximately €14,800 to a relative of a Chinese government official associated with BGP in connection with the sale of commercial vehicles to BGP;
- (d) Between March 2002 and February 2003, payments totaling approximately €30,000 in commissions for "marketing research" to the Stuttgart bank account of the son of an official of BGP; and
- (e) On or about April 18, 2002, a payment of approximately €57,000 to the wife of a Chinese government official employed at Sinopec. In order to conceal

the nature of the payment, on or about April 13, 2001, the day after Sinopec agreed to purchase commercial vehicles from DAIMLER, DCCL employees, on behalf of the company, entered into a phony consulting agreement with the wife of the Chinese government official, in exchange for which no services were ever performed.

gg. Between 2000 and 2005, DCCL and DAIMLER provided the following things of value, among others, to the son of a Chinese government official who made purchasing decisions for BGP in order to assist in securing business from BGP:

- (a) internships at DAIMLER for him and his girlfriend in 2001;
- (b) letters from a former DAIMLER employee to German immigration officials to assist him and his girlfriend with their efforts to obtain student visas;
- (c) €2,223 in expenses to attend a truck race in July 2004 for him, the Chinese government official, and others;
- (d) use of a Mercedes passenger car for a period of time; and
- (e) employment at DAIMLER from January-April 2005 with a monthly salary of €600.

**Improper Payments For Delegation Trips For The Purpose Of Securing Business From Sinopec**

hh. DCCL and DAIMLER made the following payments in connection with delegation trips for the purpose of assisting in securing business from Sinopec:

- (a) Payments totaling €35,648 for a 14-day delegation trip in December 2001 for 12 Sinopec officials to Germany, along with gifts worth €980 to the government officials on the trip; and
- (b) Payments totaling €40,257 in July 2004 for a delegation trip for Sinopec officials to Germany. On or about July 15, 2004, a DCCL employee stated in an e-mail that the delegation members planned to travel all over Europe and would be provided pocket money.



**VIETNAM**

**Saigon Bus**

ii. On or about December 29, 2004, and pursuant to a sham consulting agreement, MBV wired a payment of approximately \$54,343.64 from MBV's Deutsche Bank account in Ho Chi Minh City to the Wells Fargo Bank Texas N.A. bank account of Trading & Investment Houston.

**ASEM 5 Conference**

jj. On or about September 6, 2004, MBV wired \$90,000 from MBV's Deutsche Bank account to accounts controlled by a Vietnamese government office associated with import licensing. Then, on or about October 13, 2004, MBV paid an additional \$90,000 to the import licensing office in exchange for the favorable licensing/tariff treatment. This total of \$180,000 in payments was improperly recorded in MBV's books and records as expenses relating to the provision of cars to the ASEM 5 conference, including driver training and gasoline. In addition, MBV personnel paid a Vietnamese government official \$220,000 for allowing MBV to provide Mercedes Benz vehicles to the conference.

**Ministry of Public Security**

kk. In or about 2004, MBV made an improper payment of €72,000 and agreed to make additional payments of approximately €95,000 and €72,000 to Vietnamese government officials in the Ministry of Public Security through an intermediary called Teamwork Co., Ltd.

## **TURKMENISTAN**

### **Gifts to a High-Level Turkmen Executive Government Official**

ll. In February 2000, DAIMLER and IPC delivered to a high-level executive official of Turkmenistan's government (the "Turkmen Government Official") an armored Mercedes Benz S-class passenger car, valued at more than €300,000, for his birthday.

mm. On February 6, 2003, DAIMLER and DCOS presented the Turkmen Government Official with the translated copy of his manifesto in a golden box. The translation payment was improperly recorded in DAIMLER's books and records as "expenses to develop Commonwealth of Independent States' successor market - Turkmenistan."

### **"N.A." Payments**

- nn. Transactions involving improper N.A. payments include the following:
- (a) September 1999 sale of 18 Mercedes Benz S-class passenger cars to the Turkmen Cabinet of Ministers in a contract valued at €1,121,438, involving "N.A." payments totaling \$20,000;
  - (b) 2000 sale of 100 buses from Mercedes Benz Turkey through IPC to the Turkmenistan Transportation Ministry in a contract valued at DM21,885,468, involving "N.A." payments of DM2,525,640;
  - (c) February 2003 sale of 50 Sprinter ambulances to the Turkmenistan Ministry of Health in a contract valued at €689,024, involving payment of €75,000 labeled as "N.A." and the provision of a free ambulance worth €120,000; and
  - (d) May 2004 sale of 25 Actros trucks to an entity owned or controlled by a Turkmenistan government official in a contract worth €1,334,816, involving a payment of \$25,000 labeled as "N.A."

## **NIGERIA**

### **Payments In Exchange For Sales To The State House**

oo. In connection with State House sales of \$359,985 for the MB Pullman on December 4, 1998, and DM15,882,317 for the cars on December 14, 1998, DAIMLER made €1,427,242.65 in improper commission payments funded from TPAs associated with Anammco, with the understanding that these funds would be passed on, in whole or in part, to Nigerian officials to secure the State House Contract.

### **Payments to a Then High-Level Executive Branch Official of Nigeria**

pp. In May 1999, at the request of the Anammco executive, DAIMLER wired DM800,000 from its accounts in Germany to a numbered Swiss bank account. The payment request from the Anammco executive referenced initials that matched those of a then high-level executive branch official of Nigeria (the "Executive Branch official"), and the funds were debited from an Anammco TPA upon the approval of the DCOS executive and its then head of finance.

qq. In November 1999, DAIMLER approved payment of DM200,000 to the London bank account of the Executive Branch official. This payment was requested by the Anammco executive, approved by the highest level managers and finance personnel within DCOS, and debited from an Anammco TPA. The payment instructions from the Anammco executive contain the initials "SH," which Anammco employees used as short hand for the "State House" deal, and related notes by the Anammco executive also referenced initials that matched those of the Executive Branch official.

### **November 1999 Payment to State House Buyer**

rr. In November 1999, DAIMLER approved a payment of DM50,000 to the chief buyer for State House who signed the State House contract. The payment was requested by the Anammco

executive, approved by senior management and finance personnel, and debited to an Anammco TPA. The payment instructions make reference to "SH."

**Cash Payments**

ss. DAIMLER also made a variety of cash payments to the Anammco executive in connection with State House transactions. For example, on June 27, 1999, the Anammco executive sent a facsimile to a DCOS employee requesting that DM400,000 in cash be disbursed to him against a debtor account used for the State House transaction. The payment instruction indicated that the Anammco executive would pick up the funds when he arrived "on the occasion of the advised visit of [the Executive Branch official]." The amount was first paid from the State House debtor account and then transferred to an Anammco TPA before being withdrawn in cash. This cash disbursement was approved by the DCOS executive.

tt. On March 22, 1999, the Anammco executive requested that DAIMLER disburse DM50,000 in cash, which was to be used to make payments to a delegation of State House officials who were visiting a DAIMLER factory in Sindelfingen, Germany.

uu. On October 30, 2000, the Anammco executive requested that DAIMLER disburse DM40,000 in cash. In connection with this request, DAIMLER employees prepared a payment instruction referencing "Spare Parts State House." The payment was debited to an Anammco TPA.

**The Savannah Sugar Company Ltd.**

vv. On March 22, 1999, the Anammco executive requested that DAIMLER disburse \$150,000 to him in cash from a cash desk, to be debited to an Anammco TPA, in connection with a sale to SSCL. The cash disbursement was approved by the then heads of sales and finance for DCOS ("DCOS sales and finance executives").

ww. On November 22, 2000, the Anammco executive requested that DAIMLER wire a payment of DM200,000, to be debited from an Anammco TPA to an account of HVA International, a consulting firm for the state-owned SSCL. The payment was approved on November 23, 2000, by the DCOS sales and finance executives. The payment authorization referenced "SSCL." There is no evidence that HVA International performed services for Anammco or DAIMLER sufficient to warrant a payment of this amount.

xx. Between 1999 and 2002, DAIMLER, acting on requests from the Anammco executive, debited three additional payments against an Anammco TPA to the director of the state-owned SSCL: (1) DM100,000 requested on August 11, 2001; (2) €50,000 requested on March 10, 2002; and (3) €50,000 requested on November 17, 2002. All three payments were approved by then senior DCOS personnel and wired to an account at Westminster Bank in Derby, England, belonging to the head of SSCL. On October 30, 2000, the Anammco executive also requested a cash disbursement of \$110,000. The payment request indicated that the cash was "for the remainder of the \$4.6 million order from Savannah Sugar." The request was approved by the DCOS finance executive.

#### **Nigerian Police Force**

yy. On or about June 17, 2000, the Anammco executive requested that DAIMLER make a payment of DM150,000 to a member of the Nigerian Police Force at his Commerzbank account in Germany. The payment request forms submitted to DAIMLER by the Anammco executive referenced the Nigerian Police Force. Two days later, DCOS sales and finance executives authorized the payment.

zz. On or about October 20, 2000, the Anammco executive requested that DAIMLER disburse DM50,000 to him in large bills from a cash desk in connection with the Nigerian Police Force's purchase of the Master Lift. The DCOS finance executive approved the cash disbursement.

**World Youth Championship/Federation de Football Association**

aaa. In May 1999, the Anammco executive requested that DAIMLER pay DM126,000 to the Nigerian government official who signed the February 12, 1999 FIFA contract on behalf of the Ministry of Industry. DAIMLER made the payment. In September 1999, DAIMLER, again at the request of the Anammco executive, paid DM18,000 to the Ministry of Industry employee who witnessed the contract. Both payments were debited to an Anammco TPA.

**All-Africa Games**

bbb. Between January 2004 and January 2005, Anammco made multiple payments from an unrecorded bank account maintained by the Anammco executive with reference to "AAG," including:

- (a) Payments totaling €301,637 and \$350,000 to a Nigerian government official who owned a transport company;
- (b) Payments totaling €236,597 and \$162,000 to the owner of a Nigerian bus company; and
- (c) Two payments of \$30,000 and approximately €80,645 to a Nigerian government official into his Bank of America account in California.

**Senior Nigerian Diplomat in Brazil**

ccc. On May 25, 2005, DC do Brasil wired a payment of \$67,730 from DC do Brasil's bank account in Brazil to the U.S. bank account of the Nigerian diplomat maintained at Chevy Chase

Bank in Bethesda, Maryland. This payment was authorized by the then director of export sales and services for commercial vehicles at DC do Brazil.

## **TURKEY / MB TURK**

### **The MB Turk Export Transactions**

#### **Sale of Buses to North Korea**

ddd. In April 1999 and September 2000, MB Turk entered into two contracts for the sale of buses to Mangyong Trading Corporation. Mangyong Trading Corporation was an “instrumentality” of the North Korean government, and executives employed by Mangyong Trading Corporation were “foreign officials,” as those terms are used in the FCPA, 15 U.S.C. § 78dd-1(f)(1)(A). In connection with the April 1999 contract, MB Turk made an improper payment of €7,937, or 2% of the contract value, to an executive of Mangyong Trading Corporation, who was also a director fo the state-owned bank involved in the deal. In addition, in connection with the September 2000 contract, MB Turk paid DM15,765, a 4.5% commission, to a bank account in Hamburg, Germany, for the benefit of Mangyong Trading Corporation.

#### **Sale of Buses to Latvia**

eee. In November 1998 and April 2000, MB Turk sold 40 buses in two transactions of 20 buses each to the Riga City Council, a Latvian municipal governmental entity, for use by Riga’s public transportation companies. The sale was effected through Silverstar SIA (“Silverstar”), the general distributor in Latvia for EvoBus GmbH, a subsidiary of DAIMLER. This sale was separate from the sale of 117 buses to the city of Riga described above. Documents in the “N.A.” binders described above indicate that in connection with this sale, MB Turk made two improper payments totaling €383,485, of which €115,869 was wired to the general distributor in Latvia and the

remaining €267,616 was wired to an MB Turk account in Germany. These payments were described in MB Turk internal documents as commission payments or “N.A.”

### **Domestic Sales Inside Turkey**

#### **Sale of Vehicles to E.S.H.O.T.**

fff. In September 1997, MB Turk sold 130 buses to E.S.H.O.T., the public transport agency for the municipality of Izmir in Turkey, in a contract valued at €26,785,303. Pursuant to Turkish tender rules and the contract, MB Turk donated nine buses to the municipality. In addition to this donation, however, MB Turk paid DM10,000 in cash in an envelope to an individual identified simply as “Mrs. X,” which payment was recorded in the binders as “N.A.”

#### **Sale of Buses to Ministry of the Interior / Turkish Police**

ggg. In July 1998, MB Turk sold 14 buses to the Turkish Police through the Ministry of the Interior. In order to avoid a late penalty due to the delayed delivery of the buses, MB Turk paid DM2,840 to its local dealer with the understanding that the dealer would pay the money, in whole or in part, to an individual identified as “Mr. X.” MB Turk classified the payment as “N.A.”

### **INDONESIA**

#### **2001 Sale of Buses to Perum Damri**

hhh. In August 2001, DAIMLER’s local affiliate gave a senior official at Perum Damri a “special discount” worth \$11,962 toward the purchase of an A class Mercedes-Benz passenger car intended for the official’s daughter. The discount was worth 55% of the vehicle’s sales price. DAIMLER affiliates sold no other A class vehicles in Indonesia during this period with a similar discount amount. DAIMLER’s local affiliate provided this discount to assist in securing a



September 2001 contract valued at \$1.5 million between Perum Damri and DAIMLER's local affiliate for the purchase of 43 buses.

**Gifts to Perum Damri Officials**

iii. DAIMLER employees in Indonesia routinely provided gifts and other things of value to government officials and their relatives associated with the sale of vehicles to Perum Damri. Between 1998 and 2005, DAIMLER's local affiliates spent approximately \$41,000 on such gifts, including golf clubs, wedding gifts for the children of a senior official at Perum Damri, golf outings for Perum Damri officials, and gifts that were raffled off to low-level employees on the occasion of Perum Damri's anniversary. DAIMLER's majority owned and controlled affiliates had no policies or procedures regarding doing business with government customers or the provision of gifts, entertainment and other expenses to government officials, and offered no training concerning compliance with the FCPA or other applicable anti-corruption statutes.

**CROATIA**

**Improper Payments to a Croatian Government-Owned Company**

jjj. In or about September 2002, IMM made a payment of approximately DM200,000 to Croatian government officials which payment an internal ETF e-mail referred to as "nA."

kkk. On or about November 18, 2002, ETF made two payments totaling approximately €250,000 from ETF's account in Germany to IMM's two primary owners as a "success bonus" for having been awarded the contract by the Croatian MOI.

**Improper Payments to U.S.-based Shell Companies**

lll. On or about December 4, 2003, ETF made a payment of approximately €57,500 to Biotop pursuant to the July 30, 2003 contract with the understanding that the funds would be passed on, in whole or in part, to Croatian government officials in connection with the Fire Trucks Contract.

mmm. On or about July 19, 2006, ETF executed a credit note authorizing the payment of approximately €174,765 from ETF's account in Germany pursuant to the March 10, 2004 MRC contract, with the understanding that the funds would be passed on, in whole or in part, to Croatian government officials in connection with the Fire Trucks Contract.

nnn. On or about July 31, 2006, ETF executed a credit note authorizing the payment of approximately €217,030.62 from ETF's account in Germany pursuant to the March 10, 2004 MRC contract, with the understanding that the funds would be passed on, in whole or in part, to Croatian government officials in connection with the Fire Trucks Contract.

**IRAQ / OIL FOR FOOD**

ooo. The following chart lists the direct performed transactions in which DAIMLER made or agreed to make kickback payments in exchange for obtaining business under the OFF program:

UN Reference Number	Date(s) of payment/benefit	Purchaser	Transaction Summary	Total Revenue	Pre-Tax Profit
830815	19-Dec-02	Economic & Finance Department, Ministry of Oil, Government of Iraq	Sale of 1 MB Sprinter to Government of Iraq on or about Oct. 2000 – June 2002 (alleged payment of € 6,950)	€ 76,430	€ 12,302 (actual)
930572	Unknown	Economic & Finance Department, Ministry of Oil, Government of Iraq	Sale of 17 MB Actros to Government of Iraq on or about Apr. 2001 – Nov. 2003	€ 2,038,300	(-€ 346,743) (actual)

All in violation of Title 18, United States Code, Section 371

**COUNT TWO**  
**(FCPA – Books and Records)**

150. Paragraphs 1 through 144 and 147 through 149 of this Information are realleged and incorporated by reference as if fully set forth herein.

151. From in or about 1999 through in or about January 2008, DAIMLER knowingly falsified and caused to be falsified books, records, and accounts required to, in reasonable detail, accurately and fairly reflect the transactions and dispositions of DAIMLER, to wit: DAIMLER (a) used cash, internal accounts, and off-books external accounts as a way to make and conceal corrupt payments to foreign officials; (b) entered into sham contracts to justify and conceal corrupt

payments, including retroactive contracts designed to justify and conceal prior corrupt payments; (c) inflated the true cost of DAIMLER products in order to conceal corrupt payments; and (d) mischaracterized improper payments in DAIMLER's corporate books and records as consulting fees, commissions," "special discounts," and/or "nutzliche aufwendungen" or "N.A." payments, and other seemingly legitimate expenses.

All in violation of Title 15, United States Code, Sections 78m(b)(2)(A), 78m(b)(5), and 78ff(a), and Title 18, United States Code, Section 2.

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