

# Comms: USA's SEC charges UTStarcom with bribery

The Securities and Exchange Commission charged California-based UTStarcom with breaches of the Foreign Corrupt Practices Act; the US Department of Justice has also taken action against the company.

UTStarcom agreed, without admitting or denying the charges, to the entry of a permanent injunction against FCPA violations and to provide the SEC with annual FCPA compliance reports and certifications for four years, in addition to paying the USD1.5 million penalty. It also agreed to pay USD1.5 million fine to the US DoJ.

Marc J. Fagel, Director of the SEC's San Francisco Regional Office said "UTStarcom spent millions of dollars on illegal bribes to win and keep customers in Asia."

The SEC's complaint, filed in the U.S. District Court for the Northern District of California, alleges that UTStarcom's wholly-owned subsidiary in China paid nearly USD7 million between 2002 and 2007 for hundreds of overseas trips by employees of Chinese government-controlled telecommunications companies that were customers of UTStarcom, purportedly to provide customer training. In reality, the trips were entirely or primarily for sightseeing.

The SEC further alleges that UTStarcom provided lavish gifts and all-expenses paid executive training programs in the U.S. for existing and potential foreign government customers in China and Thailand. UTStarcom also purported to hire individuals affiliated with foreign government customers to work in the U.S. and provided them with work visas, when in reality the individuals did no work for UTStarcom.

According to the SEC's complaint, UTStarcom also made improper payments to sham consultants in China and Mongolia while knowing that they would pay bribes to foreign government officials.