

Alcatel to pay \$137M to settle bribery charges

December 28 2010, By MICHELLE CHAPMAN , AP Business Writer



In this Sept. 16, 2010, The logo of Alcatel Lucent is seen at the entrance during a visit at Alcatel Lucent research center in Villard de Honnait, outskirts of Paris. Alcatel-Lucent SA has agreed to pay more than \$137 million to settle charges brought against it by the Securities and Exchange Commission and the Department of Justice. (AP Photo/Francois Mori, file)

(AP) -- Alcatel-Lucent SA has agreed to pay more than \$137 million to settle charges brought against it by the federal government.

The [Securities and Exchange Commission](#) accused the Paris-based maker of telecommunications gear of paying bribes to foreign government officials to illegally win business in Latin America and Asia.

[Alcatel](#), a top supplier to U.S. and European phone companies, agreed to pay more than \$45 million to settle the SEC's charges. It will pay an additional \$92 million to settle separate criminal charges announced by the Justice Department.

The SEC's complaint said Alcatel's bribes went to government officials in Costa Rica, Honduras, Malaysia and Taiwan between December 2001 and June 2006. Alcatel bought U.S.-based [Lucent](#) Technologies at the end of 2006.

"We take responsibility for and regret what happened and have implemented policies and procedures to prevent these violations from happening again," said Steve Reynolds, the company's general counsel.

The SEC complaint, filed Monday in U.S. District Court in Miami, said all of the bribery payments were undocumented or improperly recorded as consulting fees by Alcatel subsidiaries and then consolidated into the company's financial statements.

The complaint also says leaders of several Alcatel subsidiaries and geographical regions either knew or were severely reckless in not knowing about the misconduct.

"Alcatel and its subsidiaries failed to detect or investigate numerous red flags suggesting their employees were directing sham consultants to provide gifts and payments to foreign government officials to illegally win business," Robert Khuzami, director of the SEC's division of enforcement, said in a statement.

The settlement is subject to court approval.

A year ago, Alcatel created a reserve for the settlement of 97 million euros, or \$127 million. As a result, the company said, the settlement won't affect this year's results.

Last month Alcatel reported income of 25 million euros (\$35 million) on revenue of 4.1 billion euros (\$5.8 billion) for the third quarter after losses last year, helped by recovering demand for wireless and growth in

Asia and eastern Europe.

The company is headquartered in Paris and has its main North American office in Murray Hill, N.J.

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