

Press Release

SEC Charges Cognizant and Two Former Executives With FCPA Violations

FOR IMMEDIATE RELEASE

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Washington D.C., Feb. 15, 2019 — Cognizant Technology Solutions Corporation has agreed to pay \$25 million to settle charges that it violated the Foreign Corrupt Practices Act (FCPA), and two of the company's former executives were charged for their roles in facilitating the payment of millions of dollars in a bribe to an Indian government official.

The Securities and Exchange Commission's complaint alleges that in 2014, a senior government official of the Indian state of Tamil Nadu demanded a \$2 million bribe from the construction firm responsible for building Cognizant's 2.7 million square foot campus in Chennai, India. As alleged in the complaint, Cognizant's President Gordon Coburn and Chief Legal Officer Steven E. Schwartz authorized the contractor to pay the bribe, and directed their subordinates to conceal the bribe by doctoring the contractor's change orders. The SEC also alleges that Cognizant authorized the construction firm to make two additional bribes totaling more than \$1.6 million. Cognizant allegedly used sham change order requests to conceal the payments it made to reimburse the firm.

"Bribery to further corporate goals is an illusory path to long-term success. While always the wrong choice, it is particularly egregious when senior executives chart that course for those they lead, as our complaint alleges here. We are committed to holding them accountable for their actions," said Charles E. Cain, Chief of the SEC Enforcement Division's FCPA Unit.

The SEC charged Coburn and Schwartz with violating anti-bribery, books and records, and internal accounting controls provisions of the federal securities laws. The SEC is seeking permanent injunctions, monetary penalties, and officer-and-director bars against Coburn and Schwartz.

The SEC's order as to Cognizant found that the company violated Sections 30A, 13(b)(2)(A) and 13(b)(2)(B) of the Securities Exchange Act of 1934, which are anti-bribery, books and records, and internal accounting controls provisions of the federal securities laws. Without admitting or denying the allegations, the company agreed to pay disgorgement and prejudgment interest of approximately \$19 million and a penalty of \$6 million.

The Department of Justice and the U.S. Attorney's Office for the District of New Jersey today announced the indictment of Coburn and Schwartz on criminal charges of violating and conspiring to violate the FCPA's anti-bribery and accounting provisions.

The SEC's investigation was conducted by Michael K. Catoe, Paul W. Sharratt, and M. Shahriar Masud of the FCPA Unit under the supervision of Robert I. Dodge. The litigation will be led by John Bowers. The SEC appreciates the assistance of the Justice Department's Fraud Section, the U.S. Attorney's

Office for the District of New Jersey, and the Federal Bureau of Investigation.

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Related Materials

- SEC Complaint - Coburn and Schwartz
- SEC Order - Cognizant