

In the Matter of Mobile TeleSystems PJSC (2019)

Nature of the Business.

Mobile TeleSystems PJSC (“MTS”) is a telecommunication services provider headquartered in Moscow, Russia.

MTS maintains securities that are publicly traded on the NYSE and are registered with the SEC pursuant to Section 12(b) of the Exchange Act.

Influence to be Obtained.

According to the SEC, MTS violated anti-bribery, books and records, and internal accounting controls provisions of the FCPA to enter the Uzbekistan telecommunications market by bribing a government official through false contracts, charity donations, and stock transactions.

The SEC alleges that MTS entered in the telecommunications market in Uzbekistan by purchasing a majority interest in telecommunications company (the “Company”) that functioned as a bribe. Less than half of this majority interest belonged to a company that a government official owned to which MTS paid \$100 million (of the total \$121 million purchase) for its interest at an inflated rate. The SEC also alleges that once MTS entered the market, it was involved in multiple transactions over a nine-year period through the Company that favored the government official to position itself advantageously in the market. These transactions involved bribes to secure certain frequencies, purchasing an advertising company that the government official controlled, making charity contributions to charities affiliated with the government official, and entering into purchase agreements (in U.S. dollars) with third party companies for their assistance in purchasing equipment in which they paid a much higher exchange rate. MTS consolidated the Company’s books and records—including false payment entries—into its own and filed these statements with the SEC.

Enforcement.

On March 6, 2019, the SEC settled its enforcement action against MTS. MTS was required to implement an Independent Compliance Monitor and make periodic reports over a three-year period. MTS was also required to pay a civil penalty of \$100 million.

In a related matter, the DOJ entered into a deferred prosecution agreement with MTS and was required to pay a criminal penalty of \$850 million (to which the civil penalty will be credited).

Key Facts

Citation. *In the Matter of Mobile TeleSystems PJSC*, Admin. Proc. File No. 3-19022 (Mar. 6, 2019).

Date Filed. March 6, 2019.

Country. Uzbekistan.

Date of Conduct. 2004-2012.

Amount of the Value. Over \$420 million.

Amount of Business Related to the Payment. Over \$2.4 billion.

Intermediary. None.

Foreign Official. Unnamed government officials.

FCPA Statutory Provision. Anti-Bribery; Books-and-Records; Internal Controls.

Other Statutory Provision. None.

Disposition. Cease-and-Desist Order.

Defendant Jurisdictional Basis. Issuer.

Defendant’s Citizenship. Russian.

Total Sanction. \$100 million.

Compliance Monitor/Reporting Requirements. Independent Compliance Monitor for three years.

Related Enforcement Actions. *In re United States v. Mobile TeleSystems PJSC*, 19-cr-00167 (Feb. 22, 2019).

Total Combined Sanction. \$850 million.