

## United States v. Alain Riedo (S.D. Cal. 2013)

### Nature of the Business.

Maxwell Technologies S.A., incorporated and headquartered in Switzerland, manufactures and sells high-voltage/high-tension capacitors in several countries. It is a wholly-owned subsidiary of Maxwell Technologies, Inc., a U.S. corporation. Alain Riedo, a Swiss citizen, was Maxwell S.A.'s Vice President and General Manager and was also Senior Vice President of Maxwell Inc.

### Influence to be Obtained.

According to the indictment filed by the DOJ, Riedo conspired from about 2002 to about 2009 with certain other Maxwell managers, senior officers, and third-party agents to bribe officials at Pinggao Group Co. Ltd, Xi-an XD High Voltage Apparatus Co., Ltd., and New Northeast Electric Shenyang HV Switchgear Co., Ltd., which were Chinese government agencies. The alleged bribes were paid in exchange for the officials' assistance in securing contracts for the sale of Maxwell's high voltage capacitor products to state-owned manufacturers of electrical-utility infrastructure. Riedo allegedly engaged third-party agents to market and sell Maxwell's capacitors to Chinese consumers and ensured that the quotes procured from Maxwell S.A. contained a secret mark-up of approximately 20 percent. The mark-up money was characterized as a "special arrangement" or "consulting fee" in the agents' invoices to Maxwell S.A. and then used to bribe employees at the Chinese government agencies. Riedo allegedly allowed these false characterizations to be recorded in Maxwell's books and financial statements and filings, and hampered efforts by other Maxwell executives to learn the truth about operations and finances at Maxwell S.A.'s operations.

### Enforcement.

On October 15, 2013, the DOJ obtained an indictment against Alain Riedo, and the court issued a warrant for his arrest. As of December 31, 2013, Riedo is considered a fugitive.

In 2011, Maxwell Technologies resolved DOJ and SEC parallel actions concerning its business conduct in China by agreeing to pay approximately \$14 million in penalties and disgorgement.

### Key Facts

**Citation.** *United States v. Riedo*, No. 3:13-cr-3789 (S.D. Cal. 2013).

**Date Filed.** October 15, 2013.

**Country.** China.

**Date of Conduct.** 2002 – 2009.

**Amount of the Value.** \$2.8 million.

**Amount of Business Related to the Payment.** \$15 million.

**Intermediary.** Sales Agents; Consultants.

**Foreign Official.** Officials at state-owned and controlled electric-utility infrastructure agencies of the Chinese government.

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

**Other Statutory Provision.** None.

**Disposition.** Fugitive.

**Defendant Jurisdictional Basis.** Employee of Issuer.

**Defendant's Citizenship.** Switzerland.

**Total Sanction.** Pending.

**Related Enforcement Actions.** *United States v. Maxwell Technologies, Inc.*; *SEC v. Maxwell Technologies, Inc.*