

## In re UTStarcom, Inc. (2009)

### Nature of the Business.

Provision of global telecommunications services, including the design, manufacture, and sales of network equipment and handsets by UTStarcom China Co. Ltd., a wholly-owned subsidiary of UTStarcom, Inc. ("UTStarcom"), a Delaware corporation.

### Influence to be Obtained.

Obtaining lucrative telecommunications contracts for UTStarcom China Co. Ltd. between 2002 and 2007, UTStarcom paid for more than 225 overseas "training" trips for employees of Chinese government-owned telecommunications companies. In actuality, the trips were primarily for sightseeing. UTStarcom arranged for the all-expense paid trips to destinations including Hawaii, Las Vegas, and New York to obtain and retain customer contracts and then improperly recorded the trips as training expenses.

In 2006, UTStarcom's audit committee began an internal investigation into the improper payments which eventually uncovered and disclosed the infractions.

### Enforcement.

On December 31, 2009, UTStarcom entered into a non-prosecution agreement with the DOJ, agreeing to pay a \$1.5 million penalty, implement rigorous internal controls, and cooperate fully going forward.

In a complaint filed December 31, 2009, the SEC alleged corrupt conduct by UTStarcom in addition to the provision of travel detailed in the non-prosecution agreement with the DOJ. On April 13, 2011, without admitting or denying the allegations, UTStarcom consented to entry of final judgment in its matter against the SEC.

### Key Facts

**Citation.** *In re UTStarcom* (2010).

**Date Filed.** December 31, 2009.

**Country.** China.

**Date of Conduct.** 2001 – 2007.

**Amount of the Value.** \$7 million.

**Amount of Business Related to the Payment.** Not Stated.

**Intermediary.** None.

**Foreign Official.** Employees of Chinese Government-Owned Telecommunications Companies.

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

**Other Statutory Provision.** None.

**Disposition.** Non-Prosecution Agreement.

**Defendant Jurisdictional Basis.** Issuer.

**Defendant's Citizenship.** United States.

**Total Sanction.** \$1,500,000.

**Compliance Monitor/Reporting Requirements.** Reporting Requirements.

**Related Enforcement Actions.** *SEC v. UTStarcom Inc.*

**Total Combined Sanction.** \$3,000,000.