

**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

CASE NO. _____

UNITED STATES OF AMERICA

v.

TELEFÓNICA VENEZOLANA, C.A.,

Defendant.

_____ /

DEFERRED PROSECUTION AGREEMENT

Defendant Telefónica Venezolana, C.A. (the "Company"), pursuant to authority granted by the Company's Board of Directors reflected in Attachment B, and the United States Department of Justice, Criminal Division, Fraud Section and the United States Attorney's Office for the Southern District of New York (the "Fraud Section and the Office"), enter into this deferred prosecution agreement (the "Agreement"). Telefónica, S.A. ("Telefónica"), which is not a defendant in this matter, also agrees, pursuant to the authority granted by Telefónica's Board of Directors, to certain terms and obligations of the Agreement as described below. The terms and conditions of this Agreement are as follows:

Criminal Information and Acceptance of Responsibility

1. The Company acknowledges and agrees that the Fraud Section and the Office will file the attached one-count criminal Information in the United States District Court for the Southern District of New York charging the Company with one count of conspiracy to commit an offense against the United States, in violation of Title 18, United States Code, Section 371, that is, to violate the anti-bribery provisions of the Foreign Corrupt Practices Act of 1977 ("FCPA"), as

amended, Title 15, United States Code, Section 78dd-1. In so doing, the Company: (a) knowingly waives any right it may have to indictment on this charge, as well as all rights to a speedy trial pursuant to the Sixth Amendment to the United States Constitution, Title 18, United States Code, Section 3161, and Federal Rule of Criminal Procedure 48(b); (b) knowingly waives any objection with respect to venue to any charges by the United States arising out of the conduct described in the Statement of Facts attached hereto as Attachment A ("Statement of Facts") and consents to the filing of the Information, as provided under the terms of this Agreement, in the United States District Court for the Southern District of New York; and (c) agrees that the charges in the Information and any charges arising from the conduct described in the Statement of Facts are not time-barred by the applicable statute of limitations on the date of the signing of this Agreement. The Fraud Section and the Office agree to defer prosecution of the Company pursuant to the terms and conditions described below.

2. The Company admits, accepts, and acknowledges that it is responsible under United States law for the acts of its officers, directors, employees, and agents as charged in the Information, and as set forth in the Statement of Facts, and that the allegations described in the Information and the facts described in the Statement of Facts are true and accurate. The Company agrees that, effective as of the date the Company signs this Agreement, in any prosecution that is deferred by this Agreement, it will not dispute the Statement of Facts set forth in this Agreement, and, in any such prosecution, the Statement of Facts shall be admissible as: (a) substantive evidence offered by the government in its case-in-chief and rebuttal case; (b) impeachment evidence offered by the government on cross-examination; and (c) evidence at any sentencing hearing or other hearing. In addition, in connection therewith, the Company agrees not to assert any claim under the United States Constitution, Rule 410 of the Federal Rules of Evidence, Rule

11(f) of the Federal Rules of Criminal Procedure, Section 1B1.1(a) of the United States Sentencing Guidelines, or any other federal rule that the Statement of Facts should be suppressed or is otherwise inadmissible as evidence in any form.

Term of the Agreement

3. This Agreement is effective for a period beginning on the date on which the Information is filed and ending three years from that date (the "Term"). The Company and Telefónica agree, however, that, in the event the Fraud Section and the Office determine, in their sole discretion, that the Company or Telefónica have knowingly violated any provision of this Agreement or has failed to completely perform or fulfill each of the Company's or Telefónica's obligations under this Agreement, an extension or extensions of the Term may be imposed by the Fraud Section and the Office, in their sole discretion, for up to a total additional time period of one year, without prejudice to the Fraud Section's and the Office's right to proceed as provided in Paragraphs 17 to 20 below. Any extension of the Agreement extends all terms of this Agreement, including the terms of the reporting requirement in Attachment D, for an equivalent period. Conversely, in the event the Fraud Section and the Office find, in their sole discretion, that there exists a change in circumstances sufficient to eliminate the need for the reporting requirement in Attachment D, and that the other provisions of this Agreement have been satisfied, the Agreement may be terminated early.

Relevant Considerations

4. The Fraud Section and the Office enter into this Agreement based on the individual facts and circumstances presented by this case, including:

a. the nature and seriousness of the offense conduct, as described in the Statement of Facts, including the Company's participation in a corrupt bribery scheme to obtain U.S. dollars through a government-run currency exchange program in Venezuela;

b. the Company did not receive voluntary disclosure credit pursuant to the Criminal Division's Corporate Enforcement and Voluntary Self-Disclosure Policy, or pursuant to U.S.S.G. § 8C2.5(g)(1), because it did not voluntarily and timely disclose to the Fraud Section and the Office the conduct described in the Statement of Facts;

c. the Company received credit for its cooperation with the Fraud Section's and the Office's investigation pursuant to U.S.S.G. § 8C2.5(g)(2) because it cooperated with the investigation and demonstrated recognition and affirmative acceptance of responsibility for its criminal conduct; the Company also received credit for its cooperation and remediation pursuant to the Criminal Division's Corporate Enforcement and Voluntary Self-Disclosure Policy. Such cooperation included, among other things: (i) making regular factual presentations to the Fraud Section and the Office based on the information learned in the course of the Company's internal investigation; (ii) voluntarily making employees based outside the United States available for interviews in the United States; (iii) producing a significant number of documents to the Fraud Section and the Office, while navigating foreign data privacy and related laws; and (iv) collecting, analyzing, and organizing voluminous evidence and information for the Fraud Section and the Office, accompanied by translations of documents; however, in the initial phases of the government's investigation, the Company failed to timely identify, collect, produce, and disclose certain records and important information, which affected investigative efforts by the Fraud Section and the Office and reduced the impact of the Company's cooperation;

d. the Company provided to the Fraud Section and the Office all relevant facts known to it prior to the Agreement, including information about the individuals involved in the conduct described in the Statement of Facts;

e. the Company also received credit pursuant to the Criminal Division Corporate Enforcement and Voluntary Self-Disclosure Policy because the Company and Telefónica engaged in timely remedial measures, including: (i) disciplining certain employees involved in the relevant misconduct or that were otherwise made aware of the misconduct, including terminating employees; (ii) strengthening its anti-corruption compliance program by building and empowering an independent compliance function, appointing a Chief Compliance Officer with direct access to the Audit Committee of the Board of Directors, and investing in additional compliance resources throughout its global operations; (iii) overhauling its review and approval process for transactions with non-standard pricing, including by ensuring that the compliance function reviews all such transactions globally; (iv) reviewing, enhancing, and testing its broader internal controls for pricing and other transactions with the assistance of a forensic accounting firm; (v) strengthening processes for vetting, engaging, and monitoring third parties, including implementing additional controls concerning payments to third parties through a proprietary software tool; and (vi) establishing risk assessment and audit processes to regularly review and update the compliance program and otherwise mitigate business risks; and

f. Telefónica has committed to continuing to enhance its compliance program and internal controls, including ensuring that its compliance program satisfies the minimum elements set forth in Attachment C to this Agreement (Corporate Compliance Program);

g. Based on the Company's and Telefónica's remediation and the state of Telefónica's compliance program, and the Company's and Telefónica's agreement to report to the

Fraud Section and the Office as set forth in Attachment D to this Agreement (Corporate Compliance Reporting), the Fraud Section and the Office determined that an independent compliance monitor was unnecessary;

h. the Company and Telefónica have no prior criminal history;

i. the Company and Telefónica have limited civil or regulatory enforcement matters, namely, a subsidiary of Telefónica, Telefónica Brasil S.A., resolved, without admitting or denying the charges, an action brought by the Securities and Exchange Commission in 2019 for alleged violations of the accounting provisions of the FCPA, in connection with hospitality provided to government officials for sporting events in Brazil in 2013 and 2014;

j. the Company and Telefónica have agreed to continue to cooperate with the Fraud Section and the Office in any ongoing investigation as described in Paragraphs 5 and 6;

k. accordingly, after considering (a) through (j) above, the Fraud Section and the Office have determined that the appropriate resolution of this case is a deferred prosecution agreement and a criminal penalty of \$85,260,000, which reflects a discount of 20 percent off the 5th percentile of the otherwise-applicable Sentencing Guidelines fine range.

Ongoing Cooperation and Disclosure Requirements

5. The Company and Telefónica shall cooperate fully with the Fraud Section and the Office in any and all matters relating to the conduct described in this Agreement and the Statement of Facts and other conduct under investigation by the Fraud Section and the Office at any time during the Term until the later of the date upon which all investigations and prosecutions arising out of such conduct are concluded, or the end of the Term. At the request of the Fraud Section and the Office, the Company and Telefónica shall also cooperate fully with other domestic or foreign law enforcement and regulatory authorities and agencies, as well as the Multilateral Development

Banks ("MDBs"), in any investigation of the Company, Telefónica, or their affiliates, or any of their present or former officers, directors, employees, agents, and consultants, or any other party, in any and all matters relating to the conduct described in this Agreement and the Statement of Facts and other conduct under investigation by the Fraud Section, the Office, or any other component of the Department of Justice at any time during the Term. The Company's and Telefónica's cooperation pursuant to this Paragraph is subject to applicable law and regulations, as well as valid claims of attorney-client privilege or attorney work product doctrine; however, the Company and Telefónica must provide to the Fraud Section and the Office a log of any information or cooperation that is not provided based on an assertion of law, regulation, or privilege, and the Company and Telefónica bear the burden of establishing the validity of any such assertion. The Company and Telefónica agree that their cooperation pursuant to this Paragraph shall include, but not be limited to, the following:

a. The Company and Telefónica represent that they have timely and truthfully disclosed all factual information with respect to their activities, those of their subsidiaries and affiliates, and those of their present and former directors, officers, employees, agents, and consultants relating to the conduct described in this Agreement and the Statement of Facts, as well as any other conduct under investigation by the Fraud Section and the Office at any time about which the Company or Telefónica has any knowledge. The Company and Telefónica further agree that they shall promptly and truthfully disclose all factual information with respect to their activities, those of their affiliates, and those of their present and former directors, officers, employees, agents, and consultants about which the Company and Telefónica shall gain any knowledge or about which the Fraud Section and the Office may inquire. This obligation of truthful disclosure includes, but is not limited to, the obligation of the Company and Telefónica to provide

to the Fraud Section and the Office, upon request, any document, record, or other tangible evidence about which the Fraud Section and the Office may inquire of the Company or Telefónica, including evidence that is responsive to any requests made prior to the execution of this Agreement.

b. Upon request of the Fraud Section and the Office, the Company and Telefónica shall designate knowledgeable employees, agents, or attorneys to provide to the Fraud Section and the Office the information and materials described in Paragraph 5(a) above on behalf of the Company and Telefónica. It is further understood that the Company and Telefónica must at all times provide complete, truthful, and accurate information.

c. The Company and Telefónica shall use their best efforts to make available for interviews or testimony, as requested by the Fraud Section and the Office, present or former officers, directors, employees, agents, and consultants of the Company or Telefónica. This obligation includes, but is not limited to, sworn testimony before a federal grand jury or in federal trials, as well as interviews with domestic or foreign law enforcement and regulatory authorities. Cooperation under this Paragraph shall include identification of witnesses who, to the knowledge of the Company or Telefónica, may have material information regarding the matters under investigation.

d. With respect to any information, testimony, documents, records, or other tangible evidence provided to the Fraud Section and the Office pursuant to this Agreement, the Company and Telefónica consent to any and all disclosures, subject to applicable laws and regulations, to other governmental authorities, including United States authorities and those of a foreign government, as well as the MDBs, of such materials as the Fraud Section and the Office, in their sole discretion, shall deem appropriate.

6. In addition to the obligations in Paragraph 5, during the Term, should the Company or Telefónica learn of any evidence or allegation of conduct that may constitute a violation of the FCPA anti-bribery or accounting provisions, or the Foreign Extortion Prevention Act (“FEPA”) had the conduct occurred within the jurisdiction of the United States, the Company and Telefónica shall promptly report such evidence or allegation to the Fraud Section and the Office.

Payment of Monetary Penalty

7. The Fraud Section, the Office, the Company, and Telefónica agree that application of the United States Sentencing Guidelines (“USSG” or “Sentencing Guidelines”) to determine the applicable fine range yields the following analysis:

- a. The 2014 Sentencing Guidelines are applicable to this matter.
- b. Offense Level. Based upon USSG § 2C1.1, the total offense level is 40, calculated as follows:

(a)(2) Base Offense Level	12
(b)(1) Multiple Bribes	+2
(b)(2) Value of the payment more than \$20,000,000	+22
(b)(3) Public official in a high-level decision-making or sensitive position	+4
TOTAL	40
- c. Base Fine. Based upon USSG § 8C2.4(a)(1), the base fine is \$72,500,000 (the fine indicated in the Offense Level Fine Table)
- d. Culpability Score. Based upon USSG § 8C2.5, the culpability score is 7, calculated as follows:

(a) Base Culpability Score	5
(b)(2) the organization had 1,000 or more employees and an individual within high-level personnel of the organization participated in, condoned, or was	

willfully ignorant of the offense	+4
(g)(2) the organization fully cooperated in the investigation and clearly demonstrated recognition and affirmative acceptance of responsibility for its criminal conduct	-2
TOTAL	<u>7</u>

Calculation of Fine Range:

Base Fine	\$72,500,000
Multipliers	1.4 / 2.8
Fine Range	\$101,500,000 / \$203,000,000

8. The Fraud Section, the Office, the Company, and Telefónica agree, based on the application of the Sentencing Guidelines, that the appropriate criminal penalty is \$85,260,000. This reflects a 20 percent discount off the 5th percentile of the Sentencing Guidelines fine range.

9. The Company and/or Telefónica (on behalf of the Company) agrees to pay a monetary penalty in the amount of \$85,260,000 to the United States Treasury no later than ten business days after the Agreement is fully executed. The Company, Telefónica, the Fraud Section, and the Office agree that this penalty is appropriate given the facts and circumstances of this case, including the Relevant Considerations described in Paragraph 4 of this Agreement. The \$85,260,000 penalty is final and shall not be refunded. Furthermore, nothing in this Agreement shall be deemed an agreement by the Fraud Section and the Office that \$85,260,000 is the maximum penalty that may be imposed in any future prosecution, and the Fraud Section and the Office are not precluded from arguing in any future prosecution that the Court should impose a higher fine, although the Fraud Section and the Office agree that under those circumstances, it will recommend to the Court that any amount paid under this Agreement should be offset against any

fine the Court imposes as part of a future judgment. The Company and Telefónica acknowledge that no tax deduction may be sought in connection with the payment of any part of this \$85,260,000 penalty. The Company and Telefónica shall not seek or accept directly or indirectly reimbursement or indemnification from any source with regard to the penalty or disgorgement amounts that the Company or Telefónica pays pursuant to this Agreement or any other agreement entered into with an enforcement authority or regulator concerning the facts set forth in the Statement of Facts.

Conditional Release from Liability

10. Subject to Paragraph 17, the Fraud Section and the Office agree, except as provided in this Agreement, that they will not bring any criminal or civil case against the Company and Telefónica, or any of their affiliates and subsidiaries, relating to any of the conduct described in the Statement of Facts or the criminal Information filed pursuant to this Agreement, or for the conduct that the Company and Telefónica disclosed to the Fraud Section and the Office prior to the signing of this Agreement. The Fraud Section and the Office, however, may use any information related to the conduct described in the Statement of Facts against the Company and Telefónica: (a) in a prosecution for perjury or obstruction of justice; (b) in a prosecution for making a false statement; (c) in a prosecution or other proceeding relating to any crime of violence; or (d) in a prosecution or other proceeding relating to a violation of any provision of Title 26 of the United States Code.

a. This Agreement does not provide any protection against prosecution for any future conduct by the Company or Telefónica, or any of their subsidiaries or affiliates.

b. In addition, this Agreement does not provide any protection against prosecution of any individuals, regardless of their affiliation with the Company or Telefónica, or any of their subsidiaries or affiliates.

Corporate Compliance Program

11. The Company and Telefónica represent that they have implemented and will continue to implement a compliance and ethics program designed to prevent and detect violations of the FCPA and other applicable anti-corruption laws throughout their operations, including those of their affiliates, agents, and joint ventures, and those of their contractors and subcontractors whose responsibilities include interacting with foreign officials or other activities carrying a high risk of corruption, including, but not limited to, the minimum elements set forth in Attachment C.

12. In order to address any deficiencies in their internal accounting controls, policies, and procedures, the Company and Telefónica represent that they have undertaken, and will continue to undertake in the future, in a manner consistent with all of their obligations under this Agreement, a review of their existing internal accounting controls, policies, and procedures regarding compliance with the FCPA and other applicable anti-corruption laws. Where necessary and appropriate, the Company and Telefónica agree to adopt a new compliance program, or to modify their existing one, including internal controls, compliance policies, and procedures in order to ensure that they maintain: (a) an effective system of internal accounting controls designed to ensure the making and keeping of fair and accurate books, records, and accounts; and (b) a rigorous anti-corruption compliance program that incorporates relevant internal accounting controls, as well as policies and procedures designed to effectively detect and deter violations of the FCPA and other applicable anti-corruption laws. The compliance program, including the internal accounting controls system will include, but not be limited to, the minimum elements set forth in Attachment C.

Corporate Compliance Reporting

13. The Company and Telefónica agree that they will report to the Fraud Section and the Office annually during the Term regarding remediation and implementation of the compliance measures described in Attachment C. These reports will be prepared in accordance with Attachment D.

14. On the date the Term expires, the Company and Telefónica, by the Chief Executive Officer and Chief Compliance Officer of the Company, and the Chief Executive Officer and Chief Compliance Officer of Telefonica, will certify to the Fraud Section and the Office, in the form of executing the document attached as Attachment F to this Agreement, that the Company and Telefónica have met their compliance obligations pursuant to this Agreement. This certification will be deemed a material statement and representation by the Company and Telefónica to the executive branch of the United States for purposes of Title 18, United States Code, Sections 1001 and 1519, and it will be deemed to have been made in the judicial district in which this Agreement is filed.

Deferred Prosecution

15. In consideration of the undertakings agreed to by the Company and Telefónica herein, the Fraud Section and the Office agree that any prosecution of the Company for the conduct set forth in the Statement of Facts be and hereby is deferred for the Term. To the extent there is conduct disclosed by the Company and Telefónica that is not set forth in the Statement of Facts, such conduct will not be exempt from further prosecution and is not within the scope of or relevant to this Agreement.

16. The Fraud Section and the Office further agree that if the Company and Telefónica fully comply with all of their obligations under this Agreement, the Fraud Section and the Office

will not continue the criminal prosecution against the Company described in Paragraph 1 and, at the conclusion of the Term, this Agreement shall expire. Within six months after the Agreement's expiration, the Fraud Section and the Office shall seek dismissal with prejudice of the criminal Information filed against the Company described in Paragraph 1, and agree not to file charges in the future against the Company based on the conduct described in this Agreement and the Statement of Facts. If, however, the Fraud Section and the Office determine during this six-month period that the Company or Telefónica breached the Agreement during the Term, as described in Paragraph 17, the Fraud Section's and the Office's ability to extend the Term, as described in Paragraph 3, or to pursue other remedies, including those described in Paragraphs 17 to 21, remains in full effect.

Breach of the Agreement

17. If, during the Term, the Company or Telefónica (a) commits any felony under U.S. federal law; (b) provides in connection with this Agreement deliberately false, incomplete, or misleading information, including in connection with its disclosure of information about individual culpability; (c) fails to cooperate as set forth in Paragraphs 5 and 6 of this Agreement; (d) fails to implement a compliance program as set forth in Paragraphs 11 and 12 of this Agreement and Attachment C; (e) commits any acts that, had they occurred within the jurisdictional reach of the FCPA, would be a violation of the FCPA; or (f) otherwise fails to completely perform or fulfill each of the Company's and Telefónica's obligations under the Agreement, regardless of whether the Fraud Section and the Office become aware of such a breach after the Term is complete, the Company or Telefónica shall thereafter be subject to prosecution for any federal criminal violation of which the Fraud Section and the Office has knowledge, including, but not limited to, the charges in the Information described in Paragraph 1, which may be pursued by the Fraud Section and the

Office in the U.S. District Court for the Southern District of New York or any other appropriate venue. Determination of whether the Company or Telefónica has breached the Agreement and whether to pursue prosecution of the Company shall be in the Fraud Section's and the Office's sole discretion. Any such prosecution may be premised on information provided by the Company, Telefónica, or their personnel. Any such prosecution relating to the conduct described in the Statement of Facts or relating to conduct known to the Fraud Section and the Office prior to the date on which this Agreement was signed that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against the Company or Telefónica, notwithstanding the expiration of the statute of limitations, between the signing of this Agreement and the expiration of the Term plus one year. Thus, by signing this Agreement, the Company and Telefónica agree that the statute of limitations with respect to any such prosecution that is not time-barred on the date of the signing of this Agreement shall be tolled for the Term plus one year. In addition, the Company and Telefónica agree that the statute of limitations as to any violation of federal law that occurs during the Term will be tolled from the date upon which the violation occurs until the earlier of the date upon which the Fraud Section and the Office are made aware of the violation or the duration of the Term plus five years, and that this period shall be excluded from any calculation of time for purposes of the application of the statute of limitations.

18. In the event the Fraud Section and the Office determines that the Company or Telefónica have breached this Agreement, the Fraud Section and the Office agree to provide the Company and Telefónica with written notice of such breach prior to instituting any prosecution resulting from such breach. Within thirty days of receipt of such notice, the Company and Telefónica shall have the opportunity to respond to the Fraud Section and the Office in writing to

explain the nature and circumstances of such breach, as well as the actions the Company and Telefónica have taken to address and remediate the situation, which explanation the Fraud Section and the Office shall consider in determining whether to pursue prosecution of the Company or Telefónica.

19. In the event that the Fraud Section and the Office determine that the Company or Telefónica has breached this Agreement: (a) all statements made by or on behalf of the Company or Telefónica to the Fraud Section, the Office, or the Court, including the Statement of Facts, and any testimony given by the Company or Telefónica before a grand jury, a court, or any tribunal, or at any legislative hearings, whether prior or subsequent to this Agreement, and any leads derived from such statements or testimony, shall be admissible in evidence in any and all criminal proceedings brought by the Fraud Section and the Office against the Company or Telefónica; and (b) the Company, Telefónica, or their affiliates shall not assert any claim under the United States Constitution, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule that any such statements or testimony made by or on behalf of the Company or Telefónica prior or subsequent to this Agreement, or any leads derived therefrom, should be suppressed or are otherwise inadmissible. The decision whether conduct or statements of any current director, officer or employee, or any person acting on behalf of, or at the direction of, the Company or Telefónica, will be imputed to the Company or Telefónica for the purpose of determining whether the Company or Telefónica has violated any provision of this Agreement shall be in the sole discretion of the Fraud Section and the Office.

20. The Company and Telefónica acknowledge that the Fraud Section and the Office have made no representations, assurances, or promises concerning what sentence may be imposed by the Court if the Company or Telefónica breaches this Agreement and this matter proceeds to

judgment. The Company and Telefónica further acknowledge that any such sentence is solely within the discretion of the Court and that nothing in this Agreement binds or restricts the Court in the exercise of such discretion.

21. On the date the Term expires, the Company and Telefónica, by the Chief Executive Officer and Chief Financial Officer of the Company, and the Chief Executive Officer and Chief Financial Officer of Telefónica and the Chief Financial Officer of Telefónica, will certify to the Fraud Section and the Office in the form of executing the document attached as Attachment E to this Agreement that Telefónica and the Company have met their disclosure obligations pursuant to Paragraphs 5 and 6 of this Agreement. Each certification will be deemed a material statement and representation by Telefónica to the executive branch of the United States for purposes of 18 U.S.C. §§ 1001 and 1519, and it will be deemed to have been made in the judicial district in which this Agreement is filed.

Sale, Merger, or Other Change in Corporate Form of Company

22. Except as may otherwise be agreed by the parties in connection with a particular transaction, the Company and Telefónica agree that in the event that, during the Term, it undertakes any change in corporate form, including if it sells, merges, or transfers business operations that are material to the Company's consolidated operations, or to the operations of any subsidiaries or affiliates involved in the conduct described in the Statement of Facts, as they exist as of the date of this Agreement, whether such sale is structured as a sale, asset sale, merger, transfer, or other change in corporate form, it shall include in any contract for sale, merger, transfer, or other change in corporate form a provision binding the purchaser, or any successor in interest thereto, to the obligations described in this Agreement. The purchaser or successor in interest must also agree in writing that the Fraud Section's and the Office's ability to determine a breach under this

Agreement is applicable in full force to that entity. The Company and Telefónica agree that the failure to include these provisions in the transaction will make any such transaction null and void. The Company and Telefónica shall provide notice to the Fraud Section and the Office at least thirty (30) days prior to undertaking any such sale, merger, transfer, or other change in corporate form. The Fraud Section and the Office shall notify the Company and Telefónica prior to such transaction (or series of transactions) if they have determined that the transaction or transactions will have the effect of circumventing or frustrating the enforcement purposes of this Agreement, as determined in the sole discretion of the Fraud Section and the Office. If at any time during the Term, the Company or Telefónica engages in a transaction(s) that has the effect of circumventing or frustrating the enforcement purposes of this Agreement, the Fraud Section and the Office may deem it a breach of this Agreement pursuant to Paragraphs 17 to 21 of this Agreement. Nothing herein shall restrict the Company and Telefónica from indemnifying (or otherwise holding harmless) the purchaser or successor in interest for penalties or other costs arising from any conduct that may have occurred prior to the date of the transaction, so long as such indemnification does not have the effect of circumventing or frustrating the enforcement purposes of this Agreement, as determined by the Fraud Section and the Office.

Public Statements

23. The Company and Telefónica expressly agree that they shall not, through present or future attorneys, officers, directors, employees, agents or any other person authorized to speak for the Company or Telefónica make any public statement, in litigation or otherwise, contradicting the acceptance of responsibility by the Company set forth above or the facts described in the Statement of Facts. Any such contradictory statement shall, subject to cure rights of the Company and Telefónica described below, constitute a breach of this Agreement, and the Company

thereafter shall be subject to prosecution as set forth in Paragraphs 17 to 19 of this Agreement. The decision whether any public statement by any such person contradicting a fact contained in the Statement of Facts will be imputed to the Company and Telefónica for the purpose of determining whether they have breached this Agreement shall be at the sole discretion of the Fraud Section and the Office. If the Fraud Section and the Office determines that a public statement by any such person contradicts in whole or in part a statement contained in the Statement of Facts, the Fraud Section and the Office shall so notify the Company and Telefónica, and the Company and Telefónica may avoid a breach of this Agreement by publicly repudiating such statement(s) within five business days after notification. The Company and Telefónica shall be permitted to raise defenses and to assert affirmative claims in other proceedings relating to the matters set forth in the Statement of Facts provided that such defenses and claims do not contradict, in whole or in part, a statement contained in the Statement of Facts. This Paragraph does not apply to any statement made by any present or former officer, director, employee, or agent of the Company or Telefónica in the course of any criminal, regulatory, or civil case initiated against such individual, unless such individual is speaking on behalf of the Company or Telefónica.

24. The Company and Telefónica agrees that if they, or any of their direct or indirect subsidiaries or affiliates, issues a press release or holds any press conference in connection with this Agreement, the Company and Telefónica shall first consult with the Fraud Section and the Office to determine (a) whether the text of the release or proposed statements at the press conference are true and accurate with respect to matters between (i) the Fraud Section and the Office; and (ii) the Company and Telefónica; and (b) whether the Fraud Section and the Office have any objection to the release.

25. The Fraud Section and the Office agree, if requested to do so, to bring to the attention of law enforcement and regulatory authorities the facts and circumstances relating to the nature of the conduct underlying this Agreement, including the nature and quality of the Company's and Telefónica's cooperation and remediation. By agreeing to provide this information to such authorities, the Fraud Section and the Office are not agreeing to advocate on behalf of the Company or Telefónica, but rather are agreeing to provide facts to be evaluated independently by such authorities.

Limitations on Binding Effect of Agreement

26. This Agreement is binding on the Company, Telefónica, the Fraud Section, and the Office, but specifically does not bind any other component of the Department of Justice, other federal agencies, or any state, local or foreign law enforcement or regulatory agencies, or any other authorities, although the Fraud Section and the Office will bring the cooperation of the Company and Telefónica and their compliance with their other obligations under this Agreement to the attention of such agencies and authorities if requested to do so by the Company or Telefónica. If the Court refuses to grant exclusion of time under the Speedy Trial Act, 18 U.S.C. § 3161(h)(2), all the provisions of this Agreement shall be deemed null and void, and the Term shall be deemed to have not begun, except that the statute of limitations for any prosecution relating to the conduct described in the Statement of Facts shall be tolled from the date on which this Agreement is signed until the date the Court refuses to grant the exclusion of time plus six months, and except for the provisions contained within Paragraph 2 of this Agreement.

Notice

27. Any notice to the Fraud Section and the Office under this Agreement shall be given by electronic mail and/or personal delivery, overnight delivery by a recognized delivery service,

or registered or certified mail, addressed to Chief, FCPA Unit, Fraud Section, Criminal Division, U.S. Department of Justice, 1400 New York Avenue NW, Washington, DC 20005, and Chief, Complex Frauds & Cybercrime Section, United States Attorney's Office for the Southern District of New York, 26 Federal Plaza, 37th Floor, New York, NY 10278. Any notice to the Company and Telefónica under this Agreement shall be given by personal delivery, overnight delivery by a recognized delivery service, or registered or certified mail, with copies by electronic mail, addressed to Berge Setrakian, DLA Piper LLP, 1251 Avenue of the Americas, New York, New York, NY, 10020-1104. Notice shall be effective upon actual receipt by the Fraud Section and the Office or the Company and Telefónica.

Complete Agreement


28. This Agreement, including its attachments, sets forth all the terms of the agreement between the Company, Telefónica, the Fraud Section, and the Office. No amendments, modifications or additions to this Agreement shall be valid unless they are in writing and signed by the Fraud Section and the Office, the attorneys for the Company and Telefónica and a duly authorized representative of the Company.

AGREED:

FOR TELEFÓNICA VENEZOLANA, C.A.:

Date: 10-21-24

By:


Idoya Arteagabeitia
TELEFÓNICA VENEZOLANA, C.A.

Date: 10-21-24


By:


Berge Setrakian
Eric P. Christofferson
DLA Piper US LLP

FOR TELEFÓNICA, S.A.:

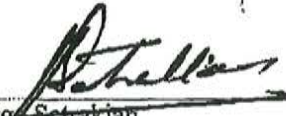
Date: 10-21-24

By:


Pablo de Carvajal
TELEFÓNICA, S.A.

Date: 10-21-24

By:


Eric P. Christofferson
DLA Piper US LLP

FOR THE DEPARTMENT OF JUSTICE:

GLENN S. LEON
Chief, Fraud Section
Criminal Division
United States Department of Justice

Date: Oct. 22, 2024

BY:


Nicola J. Myazek
Senior Litigation Counsel
Abdus Samad Pardesi
Trial Attorney

DAMIAN WILLIAMS
United States Attorney
Southern District of New York

Date: 10/22/2024

BY:


Jilan J. Kamal
Assistant United States Attorney

COMPANY OFFICER'S CERTIFICATE FOR TELEFÓNICA VENEZOLANA, C.A.

I have read this Agreement and carefully reviewed every part of it with outside counsel for Telefónica Venezolana, C.A. (the "Company"). I understand the terms of this Agreement and voluntarily agree, on behalf of the Company, to each of its terms. Before signing this Agreement, I consulted outside counsel for the Company. Counsel fully advised me of the rights of the Company, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into this Agreement.

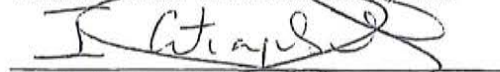
I have carefully reviewed the terms of this Agreement with the Board of Directors of the Company. I have advised and caused outside counsel for the Company to advise the Board of Directors fully of the rights of the Company, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into the Agreement.

No promises or inducements have been made other than those contained in this Agreement. Furthermore, no one has threatened or forced me, or to my knowledge any person authorizing this Agreement on behalf of the Company, in any way to enter into this Agreement. I am also satisfied with outside counsel's representation in this matter. I certify that I am a Director serving on the Company's Board of Directors and that I have been duly authorized by the Company to execute this Agreement on behalf of the Company.

Date: 10-21-2024

TELEFÓNICA VENEZOLANA, C.A.

By:



Idoya Arteagabeitia
Director, Board of Directors


COMPANY OFFICER'S CERTIFICATE FOR TELEFÓNICA, S.A.

I have read this Agreement and carefully reviewed every part of it with outside counsel for Telefónica, S.A. ("Telefónica"). I understand the terms of this Agreement and voluntarily agree, on behalf of Telefónica, to each of its terms. Before signing this Agreement, I consulted outside counsel for Telefónica. Counsel fully advised me of the rights of Telefónica, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into this Agreement.

I have carefully reviewed the terms of this Agreement with the Board of Directors of Telefónica. I have advised and caused outside counsel for Telefónica to advise the Board of Directors fully of the rights of Telefónica, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into the Agreement.

No promises or inducements have been made other than those contained in this Agreement. Furthermore, no one has threatened or forced me, or to my knowledge any person authorizing this Agreement on behalf of Telefónica, in any way to enter into this Agreement. I am also satisfied with outside counsel's representation in this matter. I certify that I am the Secretary General and Regulatory Affairs for Telefónica and that I have been duly authorized by Telefónica to execute this Agreement on behalf of Telefónica.

Date: 10-21-2024

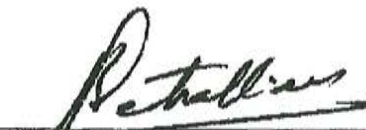
TELEFÓNICA, S.A.
By: 
Pablo de Carvajal
Secretary General and Regulatory Affairs

CERTIFICATE OF COUNSEL FOR TELEFÓNICA VENEZOLANA, C.A.

I am counsel for Telefónica Venezolana, C.A. (the "Company") in the matter covered by this Agreement. In connection with such representation, I have examined relevant Company documents and have discussed the terms of this Agreement with the Company Board of Directors. Based on our review of the foregoing materials and discussions, I am of the opinion that the representative of the Company has been duly authorized to enter into this Agreement on behalf of the Company and that this Agreement has been duly and validly authorized, executed, and delivered on behalf of the Company and is a valid and binding obligation of the Company. Further, I have carefully reviewed the terms of this Agreement with the Board of Directors of the Company. I have fully advised them of the rights of the Company, of possible defenses, of the Sentencing Guidelines' provisions and of the consequences of entering into this Agreement. To my knowledge, the decision of the Company to enter into this Agreement, based on the authorization of the Board of Directors, is an informed and voluntary one.

Date: 10-21-24

By: _____



Berge Setrakian
Eric P. Christofferson
DLA Piper US LLP
Counsel for Telefónica Venezolana, C.A.

CERTIFICATE OF COUNSEL FOR TELEFÓNICA, S.A.

I am counsel for Telefónica, S.A. ("Telefónica") in the matter covered by this Agreement. In connection with such representation, I have examined relevant Telefónica documents and have discussed the terms of this Agreement with the Telefónica Board of Directors. Based on our review of the foregoing materials and discussions, I am of the opinion that the representative of Telefónica has been duly authorized to enter into this Agreement on behalf of Telefónica and that this Agreement has been duly and validly authorized, executed, and delivered on behalf of Telefónica and is a valid and binding obligation of Telefónica. Further, I have carefully reviewed the terms of this Agreement with the Board of Directors and the Secretary General and Regulatory Affairs of Telefónica. I have fully advised them of the rights of Telefónica, of possible defenses, of the Sentencing Guidelines' provisions and of the consequences of entering into this Agreement. To my knowledge, the decision of Telefónica to enter into this Agreement, based on the authorization of the Board of Directors, is an informed and voluntary one.

Date: 10-21-24

By: _____


~~Berge Sotakian~~
Eric P. Christofferson
DLA Piper US LLP
Counsel for Telefónica, S.A.

ATTACHMENT A

STATEMENT OF FACTS

The following Statement of Facts is incorporated by reference as part of the Deferred Prosecution Agreement (the “Agreement”) between the United States Department of Justice, Criminal Division, Fraud Section, the United States Attorney’s Office for the Southern District of New York, (collectively, the “United States”), and Telefónica Venezolana, C.A. (“Telefónica Venezolana”). Telefónica Venezolana hereby agrees and stipulates that the following information is true and accurate. Telefónica Venezolana admits, accepts, and acknowledges that it is responsible for the acts of its officers, directors, employees, and agents as set forth below. Should the United States pursue the prosecution that is deferred by this Agreement, Telefónica Venezolana agrees that it will neither contest the admissibility of, nor contradict, this Statement of Facts in any such proceeding. The following facts establish beyond a reasonable doubt the charges set forth in the criminal Information attached to this Agreement:

Telefónica Venezolana and Relevant Entities and Individuals

1. From in or around 2014 to in or around 2015 (the “Relevant Period”), Telefónica Venezolana was a telecommunications operator headquartered in Caracas, Venezuela that provided mobile phone services in Venezuela. During the Relevant Period, through multiple holding companies, Telefónica Venezolana was a wholly owned subsidiary of Telefónica, S.A. (“Telefónica”), a global telecommunications operator headquartered in Madrid, Spain. Since in or around 1987, Telefónica has traded its American Depositary Receipts (“ADRs”) on the New York Stock Exchange. Telefónica is therefore an “issuer,” as that term is defined in the Foreign Corrupt Practices Act (“FCPA”), Title 15, United States Code, Section 78dd-1(a).

2. During the Relevant Period, Telefónica controlled, oversaw, and managed

Telefónica Venezolana's operations, including the selection and employment of its senior officers. As such, Telefónica Venezolana was an "agent" of Telefónica in Venezuela, as that term is used in the FCPA, Title 15, United States Code, Section 78dd-1(a).

3. "Executive-1," whose identity is known to the United States and Telefónica Venezolana, served as a senior executive of Telefónica Venezolana, at the control and direction of Telefónica, during the Relevant Period. Executive-1 was therefore an "agent" of Telefónica, in Venezuela, as that term is used in the FCPA, Title 15, United States Code, Section 78dd-1(a).

4. "Company-A" is the wholly owned Venezuelan subsidiary of a multinational telecommunications equipment and systems company, whose identity is known to the United States and Telefónica Venezolana. During the Relevant Period, Company-A was one of Telefónica Venezolana's main suppliers of telecommunications infrastructure components and related equipment.

5. "Company-A Executive," whose identity is known to the United States and Telefónica Venezolana, had senior managerial responsibility for Company-A during the Relevant Period.

6. "Company-A Employee," whose identity is known to the United States and Telefónica Venezolana, served as an account manager for Company-A during the Relevant Period.

7. "Company-B" is the wholly-owned Venezuelan subsidiary of another multinational telecommunications equipment and systems company, whose identity is known to the United States and Telefónica Venezolana. During the Relevant Period, Company-B was one of Telefónica Venezolana's main suppliers of telecommunications infrastructure components and related equipment.

8. "Company-B Employee," whose identity is known to the United States and

Telefónica Venezolana, was an employee of Company-B. Company-B Employee served as an account manager for Company-B during the Relevant Period.

9. “Company-C” is the United Arab Emirates-based subsidiary of a technology import-export company, whose identity is known to the United States and Telefónica Venezolana. Company-B designated Company-C as Company-B’s “integrator” for a series of sales from Company-B to Telefónica Venezolana during the Relevant Period. As the purported “integrator,” Company-C was responsible for configuring the hardware and software that Company-B sold for use in Telefónica Venezolana’s telecommunications network, to ensure that all components worked together.

Foreign Government Entities and Officials

10. “Foreign Official-1,” whose identity is known to the United States and Telefónica Venezolana, is a Venezuelan national who served as a high-ranking Venezuelan government official during the Relevant Period. Foreign Official-1 was therefore a “foreign official,” as that term is used in the FCPA, Title 15, United States Code, Section 78dd-1(f)(1).

11. “Foreign Official-2,” whose identity is known to the United States and Telefónica Venezolana, is a Venezuelan national who served as a high-ranking Venezuelan government official during the Relevant Period. Foreign Official-2 was therefore a “foreign official,” as that term is used in the FCPA, Title 15, United States Code, Section 78dd-1(f)(1).

Third Party Agents and Consultants

12. “Intermediary-1,” whose identity is known to the United States and Telefónica Venezolana, is a Venezuelan national who solicited and received bribe payments from Telefónica Venezolana during the Relevant Period on behalf of, among others, Foreign Official-1 and Foreign Official-2.

13. “Shell Company-1,” whose identity is known to the United States and Telefónica Venezolana, was a shell company incorporated in Panama that was owned and controlled by Intermediary-1 during the Relevant Period and used, at least in part, for the benefit of Venezuelan government officials, including Foreign Official-1.

14. “Intermediary-2,” whose identity is known to the United States and Telefónica Venezolana, is a Venezuelan national and a relative of Intermediary-1. During the Relevant Period, Intermediary-2 assisted Intermediary-1 in providing things of value to Foreign Official-1 and others.

Overview of the Bribery Scheme

15. During the Relevant Period, Telefónica Venezolana, through certain of its officers, employees, and agents, and while acting as an agent of Telefónica, together with its co-conspirators, knowingly and willfully conspired and agreed with others to corruptly provide payments to, and for the benefit of, foreign officials in Venezuela, including Foreign Official-1 and Foreign Official-2, to secure an improper advantage and to influence those foreign officials in order to obtain and retain business by receiving preferential access to U.S. dollars in a government-sponsored currency auction that allowed Telefónica Venezolana to purchase equipment for its telecommunications network.

16. Specifically, in or around 2014, Telefónica Venezolana participated in a currency auction in Venezuela that allowed Telefónica Venezolana to exchange its Venezuelan bolívars for U.S. dollars. To ensure its success in the auction, Telefónica Venezolana recruited two suppliers, Company-A and Company-B, to make approximately \$28,870,099 in corrupt payments to Intermediary-1 and Shell Company-1 that were intended, at least in part, to benefit Venezuelan government officials, including Foreign Official-1 and Foreign Official-2. To conceal the bribe

payments, Telefónica Venezolana covered the cost of the bribes by agreeing to purchase equipment from Company-A and Company-B at inflated prices, using the U.S. currency obtained in the auction.

17. Telefónica Venezolana knew that a significant portion of the approximately \$28,870,099 would be paid as a “commission” that was intended, at least in part, for the benefit of Venezuelan government officials to influence the results of the currency auction. As a result of its corrupt payments, Telefónica Venezolana was permitted to exchange and subsequently received over \$110 million through the currency auction, which it used to purchase equipment from Company-A and Company-B.

18. In furtherance of the scheme, Telefónica Venezolana, together with others, utilized and caused the use of means and instrumentalities of interstate commerce to communicate with each other and other individuals regarding the scheme. The conspirators also routed corrupt payments totaling more than \$22 million into and out of correspondent bank accounts at financial institutions in New York, New York.

19. In total, in or around August 2014, the Venezuelan government awarded approximately \$172,046,000 to 16 telecommunications companies as part of the currency auction. Between the two bids it corruptly orchestrated, Telefónica Venezolana received approximately 65% of the total currency awarded in the auction. Telefónica Venezolana was able to deploy those funds (less the \$28,870,099 paid to Intermediary-1 through Shell Company-1) to buy network equipment from Company-A and Company-B and thereby continue providing telecommunications services to customers in Venezuela.

Background on 2014 Currency Auction

20. During the Relevant Period, Telefónica Venezolana was a major provider of telecommunications services to businesses and consumers in Venezuela. To provide such services, Telefónica Venezolana operated and maintained a telecommunications network throughout the country, which included towers, receivers, cables, and other infrastructure and equipment. Telefónica Venezolana relied on multinational companies, primarily Company-A and Company-B, to supply the necessary equipment for its network.

21. Since in or around the mid-2000s, the Venezuelan government, through the Banco Central de Venezuela (“Central Bank of Venezuela”), has maintained strict currency controls, including fixed official exchange rates for limited quantities of bolívars, to limit capital flight and support the value of the Venezuelan bolívar.

22. Owing to the instability of the Venezuelan bolívar, Company-A and Company-B generally did not accept payment from Telefónica Venezolana in bolívars and instead required payment in stable currencies such as the U.S. dollar. By contrast, Telefónica Venezolana overwhelmingly collected payments from its customers in bolívars and developed significant bolívar reserves. Due to strict currency controls, however, Telefónica Venezolana was unable to exchange its bolívar reserves for stable currencies. This undermined Telefónica Venezolana’s ability to purchase necessary equipment from Company-A and Company-B to operate and maintain its telecommunications network. Starting at least in or around the early 2010s, Telefónica Venezolana’s network was aging and in disrepair.

23. In or around 2013, the Venezuelan government began to sponsor currency exchanges (or “auctions”) that allowed domestic companies in critical industries to apply to exchange Venezuelan bolívars for U.S. dollars at favorable rates and in significant quantities.

These exchanges enabled domestic companies to import necessary goods and equipment from suppliers that would not accept payment in Venezuelan bolívars.

24. In or around 2014, the Venezuelan government held a national currency exchange auction specifically for the telecommunications industry. The auction, administered through the Central Bank of Venezuela, was called the Sistema Complementario de Administración de Divisas (“SICAD”). Although called an “auction,” SICAD was in fact a selective government program through which the Venezuelan government chose: (i) which companies would receive access to foreign currency at favorable exchange rates; (ii) for which purposes or goods; and (iii) if awarded, how much currency a company would be permitted to exchange. To place a “bid” in the auction, a company had to submit an application that identified, among other things, which goods a company sought to purchase with the foreign currency, from which suppliers, using which customs codes, and at what cost. A company participating in the auction was also required to place in escrow bolívars corresponding to the cost of the goods they sought to import, at the favorable exchange rate designated by the SICAD. If successful, the Central Bank of Venezuela would wire the awarded U.S. dollars (or other stable currency) directly to the “winning” company’s suppliers and would debit corresponding amounts of escrowed bolívars from the winning company’s escrowed account.

Telefónica Venezolana’s Corrupt Participation in the SICAD Auction

Executive-1’s Meetings with Venezuelan Government Officials and Intermediary-1

25. In or around May 2014, shortly before the SICAD auction was publicly announced, Executive-1 was summoned to an impromptu meeting with, among others, Foreign Official-1 and Foreign Official-2. In that meeting, Foreign Official-1 and Foreign Official-2 informed Executive-

1, in substance and in part, that: (i) the Venezuelan government would soon be announcing a currency auction for the telecommunications industry (*i.e.*, the SICAD auction); and (ii) Telefónica Venezolana would only be awarded U.S dollars through the auction if it paid a “commission” on any funds awarded, implying that the commission would personally benefit Foreign Official-1 and Foreign Official-2 (the “SICAD Meeting with Foreign Officials”).

26. Shortly thereafter, at a social gathering, Intermediary-1 informed Executive-1, in substance and in part, that Intermediary-1 had spoken with Foreign Official-1 about the SICAD Meeting with Foreign Officials. Intermediary-1 reiterated to Executive-1, in substance and in part, that Telefónica Venezolana needed to pay “fees” if it wanted to succeed in the forthcoming SICAD auction. Intermediary-1 asked who Telefónica Venezolana’s largest suppliers were, and Executive-1 identified Company-A and Company-B.

Company-A’s Participation in the Scheme at Telefónica Venezolana’s Direction

27. In or around May or June 2014, shortly after the encounter with Intermediary-1, Executive-1 met with Company-A Executive, Company-A Employee, and others, and stated, in substance and in part, that the SICAD auction would soon be announced and requested Company-A’s participation in the auction for the benefit of Telefónica Venezolana. In particular, Executive-1 directed Company-A Executive and Company-A Employee to contact Intermediary-1 to facilitate Company-A’s participation in the auction.

28. Shortly thereafter, Company-A Employee contacted Intermediary-1. After several meetings between Company-A employees and Intermediary-1 and Intermediary-1’s representatives, Company-A Employee provided Intermediary-1 with the necessary customs codes for the equipment that Telefónica Venezolana planned to buy from Company-A with the SICAD auction proceeds.

29. In or around July 2014, using their personal, U.S.-based email accounts, Company-A Executive and Company-A Employee exchanged drafts of a “consultancy agreement” between Company-A’s parent company and an as-yet-unnamed counterparty, to be identified by Intermediary-1 once Telefónica Venezolana and Company-A’s “bid” in the SICAD auction was successful.

30. In or around August 2014, Intermediary-1 informed Company-A Employee, in substance and in part, that the counterparty for the consultancy agreement would be Shell Company-1. At no time did Shell Company-1 or Intermediary-1 in fact perform any consultancy services for Telefónica Venezolana.

31. On or about August 4, 2014, Intermediary-1 contacted Company-A Employee to relay, in substance and in part, that Company-A had been awarded “everything”—all the U.S. dollars—that it had applied for through the SICAD auction.

32. Also on or about August 4, 2014, the Venezuelan government announced that Company-A had been awarded approximately \$55,454,000 through the auction. On or about August 6, 2014, the Central Bank of Venezuela debited approximately 609,994,000 bolívars from Company-A’s bank account, as the funds that would be exchanged for the U.S. dollars awarded.

33. On or about October 27, 2014, the Central Bank of Venezuela transferred approximately \$55,454,000 to Company-A’s parent company through a correspondent bank located in the Southern District of New York.

34. Beginning on or about November 26, 2014, through at least on or about December 2, 2014, an affiliate of Company-A transferred a total of approximately \$13,863,473, representing 25% of the \$55,454,000 awarded to Company-A through the auction, to Shell Company-1’s bank account in Luxembourg. Several of the transactions comprising the

\$13,863,473 to Shell Company-1 transited through correspondent banks located in the Southern District of New York.

35. Company-A used most of the \$55,454,000 obtained from the SICAD auction as payment from Telefónica Venezolana for network equipment. Telefónica Venezolana reimbursed Company-A for the corrupt payments of \$13,863,473 to Shell Company-1 by inflating the per-unit cost of the equipment that Telefónica Venezolana purchased from Company-A.

Company-B's Involvement in the SICAD Auction

36. In or around May or June 2014, Executive-1 coordinated with representatives of Company-B to use Intermediary-1 to facilitate Company-B's participation in the upcoming SICAD auction.

37. Between in or around May 2014 and July 2014, Telefónica Venezolana and Company-B agreed, among other things, that Telefónica Venezolana would directly participate in the SICAD auction and that the auction proceeds awarded to Telefónica Venezolana would be used to purchase network equipment from Company-B.

38. In or around June and July 2014, Company-B Employee exchanged emails with Intermediary-1 and Intermediary-2 concerning, in part, Telefónica Venezolana purchasing equipment from Company-B with the SICAD auction proceeds. Attachments to these emails indicate, in substance and in part, that Company-B's prices were inflated such that Telefónica Venezolana would bear the cost of the bribes. In or around July 2014, Company-B Employee shared versions of these attachments with Telefónica Venezolana employees.

39. On or about August 4, 2014, the Venezuelan government announced that Telefónica Venezolana had been awarded approximately \$60,027,000 through the auction. In or around August 2014, the Central Bank of Venezuela debited approximately 660,291,563 bolívars

from Telefónica Venezolana's bank account, as the funds that would be exchanged for the U.S. dollars awarded.

40. On or about August 18, 2014, Telefónica Venezolana entered a contract with Company-C—acting on behalf of Company-B as its purported network integrator—for the purchase of network equipment. In fact, Company-C never performed any services for Company-B.

41. On or about September 3, 2014, the Central Bank of Venezuela transferred approximately \$60,026,505.73 to Company-C through a correspondent bank located in the Southern District of New York.

42. On or about September 24, 2014, Company-C and Shell Company-1 entered into a purported "Commission Agreement" according to which Shell Company-1 would act as a "consultant" for the "Procurement of Communications Equipment for TELEFONICA VENEZOLANA, C.A."

43. On or about September 30, 2014, Shell Company-1 issued an invoice to Company-C for "fees" for \$15,006,750.

44. On or about October 28, 2014, Company-C transferred approximately \$15,006,626, representing 25% of the funds awarded to Telefónica Venezolana in the SICAD auction, to Shell Company-1's bank account in Luxembourg. This transaction went through a correspondent bank located in the Southern District of New York.

45. Company-B and Company-C used the \$60,027,000 in auction proceeds as payment from Telefónica Venezolana for network equipment. Telefónica Venezolana bore the cost of the \$15,006,626 payment to Shell Company-1 by inflating the costs of the network equipment that Telefónica Venezolana purchased from Company-B through Company-C.

Benefits to Foreign Officials

46. During the Relevant Period, Intermediary-1, Intermediary-2, and others, known and unknown, comingled the bribes related to the purchase of Telefónica Venezolana's telecommunications equipment with other funds and then paid for the lavish expenses of Foreign Official-1 and Foreign Official-1's family.

47. For example, beginning in or around December 2014 through at least January 2015, soon after Shell Company-1 received the payments that were intended, at least in part, as bribes, Intermediary-1 spent more than \$500,000 on a lavish vacation in Saint Barthélemy for Intermediary-1, Foreign Official-1, and members of their respective families.

48. Additionally, in or around January 2015, using some of the corrupt proceeds received through Shell Company-1, Intermediary-1 spent approximately \$605,000 on luxury watches and jewelry in Saint Barthélemy, including for the benefit of Foreign Official-1 and Foreign Official-1's spouse.

ATTACHMENT B

CERTIFICATE OF CORPORATE RESOLUTIONS **FOR TELEFÓNICA VENEZOLANA, C.A.**

WHEREAS, Telefónica Venezolana, C.A. (the “Company”) has been engaged in discussions with the United States Department of Justice, Criminal Division, Fraud Section (the “Fraud Section”) and the United States Attorney’s Office for the Southern District of New York (the “Office”) regarding issues arising in relation to certain improper payments for the benefit of foreign officials to assist in securing improper advantages for the Company; and

WHEREAS, in order to resolve such discussions, it is proposed that the Company enter into a certain agreement with the Fraud Section and the Office; and

WHEREAS, a Director on the Company’s Board of Directors, Idoya Arteagabeitia, together with outside counsel for the Company, have advised the Board of Directors of the Company of its rights, possible defenses, the Sentencing Guidelines’ provisions, and the consequences of entering into such agreement with the Fraud Section and the Office;

Therefore, the Board of Directors has RESOLVED that:

1. The Company (a) acknowledges the filing of the one-count Information charging the Company with an offense against the United States, in violation of Title 18, United States Code, Section 371, that is, to violate the anti-bribery provisions of the Foreign Corrupt Practices Act of 1977 (“FCPA”), as amended, Title 15, United States Code, Section 78dd-1; (b) waives indictment on such charges and enters into a deferred prosecution agreement with the Fraud Section and the Office; and (c) agrees to accept a monetary penalty against the Company totaling \$85,260,000, and to pay such penalty to the United States Treasury with respect to the conduct described in the Information;

2. The Company accepts the terms and conditions of this Agreement, including, but not limited to, (a) a knowing waiver of its rights to a speedy trial pursuant to the Sixth Amendment to the United States Constitution, Title 18, United States Code, Section 3161, and Federal Rule of Criminal Procedure 48(b); and (b) a knowing waiver for purposes of this Agreement and any charges by the United States arising out of the conduct described in the attached Statement of Facts of any objection with respect to venue and consents to the filing of the Information, as provided under the terms of this Agreement, in the United States District Court for the Southern District of New York; and (c) a knowing waiver of any defenses based on the statute of limitations for any prosecution relating to the conduct described in the attached Statement of Facts or relating to conduct known to the Fraud Section and the Office prior to the date on which this Agreement was signed that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement;

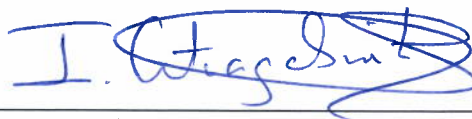
3. A Director for the Company's Board of Directors, Idoya Arteagabeitia, is hereby authorized, empowered, and directed, on behalf of the Company, to execute the Deferred Prosecution Agreement substantially in such form as reviewed by this Board of Directors at this meeting with such changes as the Director on the Company's Board of Directors, Idoya Arteagabeitia, may approve;

4. A Director for the Company's Board of Directors, Idoya Arteagabeitia, is hereby authorized, empowered, and directed to take any and all actions as may be necessary or appropriate and to approve the forms, terms or provisions of any agreement or other documents as may be necessary or appropriate, to carry out and effectuate the purpose and intent of the foregoing resolutions; and

5. All of the actions of the Director on the Company's Board of Directors, Idoya Arteagabeitia, which actions would have been authorized by the foregoing resolutions except that such actions were taken prior to the adoption of such resolutions, are hereby severally ratified, confirmed, approved, and adopted as actions on behalf of the Company.

Date: 10-21-2024

By:

A handwritten signature in blue ink, appearing to read "I. Arteagabeitia", written over a horizontal line.

Corporate Secretary
Telefónica Venezolana, C.A.

CERTIFICATE OF CORPORATE RESOLUTIONS
FOR TELEFÓNICA, S.A.

WHEREAS, Telefónica, S.A. ("Telefónica") has been engaged in discussions with the United States Department of Justice, Criminal Division, Fraud Section (the "Fraud Section") and the United States Attorney's Office for the Southern District of New York (the "Office") regarding issues arising in relation to certain improper payments for the benefit of foreign officials to assist in securing improper advantages for Telefónica Venezolana, C.A. ("Telefónica Venezolana"); and

WHEREAS, in order to resolve such discussions, it is proposed that Telefónica (on behalf of itself and its subsidiaries and affiliates) agrees to certain terms and obligations of a deferred prosecution agreement among Telefónica Venezolana, the Fraud Section, and the Office (the "Agreement"); and

WHEREAS, Telefónica's Secretary General and Regulatory Affairs, Pablo de Carvajal, together with outside counsel for Telefónica, have advised the Board of Directors of Telefónica of its rights, possible defenses, the Sentencing Guidelines' provisions, and the consequences of agreeing to such terms and obligations of the Agreement among Telefónica Venezolana, the Fraud Section, and the Office;

Therefore, the Board of Directors has RESOLVED that:

1. Telefónica (a) acknowledges the filing of the one-count Information charging Telefónica Venezolana with an offense against the United States, in violation of Title 18, United States Code, Section 371, that is, to violate the anti-bribery provisions of the Foreign Corrupt Practices Act of 1977 ("FCPA"), as amended, Title 15, United States Code, Section 78dd-1; (b) undertakes certain obligations under the Agreement among Telefónica Venezolana, the Fraud Section, and the Office; and (c) agrees to accept a monetary penalty against Telefónica Venezolana

totaling \$85,260,000, and to pay such penalty to the United States Treasury with respect to the conduct described in the Information if Telefónica Venezolana does not pay such monetary penalty within the time period specified in the Agreement;

2. Telefónica accepts the terms and conditions of this Agreement, including, but not limited to, (a) a knowing waiver of Telefónica Venezolana's rights to a speedy trial pursuant to the Sixth Amendment to the United States Constitution, Title 18, United States Code, Section 3161, and Federal Rule of Criminal Procedure 48(b); and (b) a knowing waiver for purposes of this Agreement and any charges by the United States arising out of the conduct described in the attached Statement of Facts of any objection with respect to venue and consents to the filing of the Information against Telefónica Venezolana, as provided under the terms of this Agreement, in the United States District Court for the Southern District of New York; and (c) a knowing waiver of any defenses based on the statute of limitations for any prosecution relating to the conduct described in the attached Statement of Facts or relating to conduct known to the Fraud Section and the Office prior to the date on which this Agreement was signed that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement;

3. The Secretary General and Regulatory Affairs of the Company, Pablo de Carvajal, is hereby authorized, empowered and directed, on behalf of Telefónica, to execute the Deferred Prosecution Agreement substantially in such form as reviewed by this Board of Directors at this meeting with such changes as the Secretary General and Regulatory Affairs of the Company, Pablo de Carvajal, may approve;

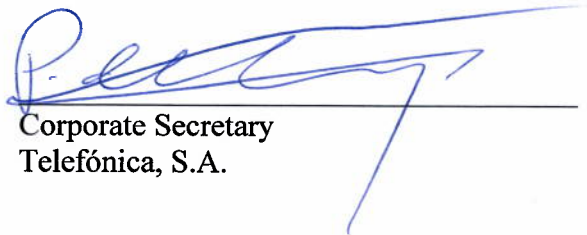
4. The Secretary General and Regulatory Affairs of the Company, Pablo de Carvajal, is hereby authorized, empowered and directed to take any and all actions as may be necessary or appropriate and to approve the forms, terms or provisions of any agreement or other documents as

may be necessary or appropriate, to carry out and effectuate the purpose and intent of the foregoing resolutions; and

5. All of the actions of the Secretary General and Regulatory Affairs of the Company, Pablo de Carvajal, which actions would have been authorized by the foregoing resolutions except that such actions were taken prior to the adoption of such resolutions, are hereby severally ratified, confirmed, approved, and adopted as actions on behalf of Telefónica.

Date: 10-21-2024

By:



Corporate Secretary
Telefónica, S.A.

ATTACHMENT C
CORPORATE COMPLIANCE PROGRAM

In order to address any deficiencies in their internal controls, compliance code, policies, and procedures regarding compliance with the Foreign Corrupt Practices Act (“FCPA”), 15 U.S.C. §§ 78dd-1, *et seq.*, and other applicable anti-corruption laws, Telefónica Venezolana, C.A. and Telefónica, S.A. (the “Companies”) agree to continue to conduct, in a manner consistent with all of their obligations under this Agreement, appropriate reviews of their existing internal controls, policies, and procedures.

Where necessary and appropriate, the Companies agree to modify their compliance program, including internal controls, compliance policies, and procedures in order to ensure that they maintain: (a) an effective system of internal accounting controls designed to ensure the making and keeping of fair and accurate books, records, and accounts; and (b) a rigorous compliance program that incorporates relevant internal accounting controls, as well as policies and procedures designed to effectively detect and deter violations of the FCPA and other applicable anti-corruption laws (collectively, the “anti-corruption laws,”). At a minimum, this should include, but not be limited to, the following elements to the extent they are not already part of the Companies’ existing internal controls, compliance code, policies, and procedures:

Commitment to Compliance

1. The Companies will ensure that their directors and senior management provide strong, explicit, and visible support and commitment to compliance with their corporate policy against violations of the anti-corruption laws, their compliance policies, and their Code of Conduct, and demonstrate rigorous support for compliance principles via their actions and words.

2. The Companies will ensure that mid-level management throughout their organization reinforce leadership's commitment to compliance policies and principles and encourage employees to abide by them. The Companies will create and foster a culture of ethics and compliance with the law in their day-to-day operations at all levels of the Companies.

Periodic Risk Assessment and Review

3. The Companies will implement a risk management process to identify, analyze, and address the individual circumstances of the Companies, in particular the foreign bribery risks facing the Companies.

4. On the basis of their periodic risk assessment, the Companies shall take appropriate steps to design, implement, or modify each element of their compliance program to reduce the risk of violations of the anti-corruption laws, their compliance policies, and their Code of Conduct.

Policies and Procedures

5. The Companies will develop and promulgate a clearly articulated and visible corporate policy against violations of the anti-corruption laws, which shall be memorialized in a written compliance policy or policies.

6. The Companies will develop and promulgate compliance policies and procedures designed to reduce the prospect of violations of the anti-corruption laws and the Companies' compliance policies and Code of Conduct, and the Companies will take appropriate measures to encourage and support the observance of ethics and compliance policies and procedures against violation of the anti-corruption laws by personnel at all levels of the Companies. These anti-corruption policies and procedures shall apply to all directors, officers, and employees and, where necessary and appropriate, outside parties acting on behalf of the Companies in a foreign

jurisdiction, including all agents and business partners. The Companies shall notify all employees that compliance with the policies and procedures is the duty of individuals at all levels of the Companies. Such policies and procedures shall address:

- a. gifts;
- b. hospitality, entertainment, and expenses;
- c. customer travel;
- d. political contributions;
- e. charitable donations and sponsorships;
- f. facilitation payments; and
- g. solicitation and extortion.

7. The Companies will ensure that they have a system of financial and accounting procedures, including a system of internal controls, reasonably designed to ensure the maintenance of fair and accurate books, records, and accounts. This system should be designed to provide reasonable assurances that:

- a. transactions are executed in accordance with management's general or specific authorization;
- b. transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for assets;
- c. access to assets is permitted only in accordance with management's general or specific authorization; and

d. the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

8. The Companies shall review their anti-corruption compliance policies and procedures as necessary to address changing and emerging risks and update them as appropriate to ensure their continued effectiveness, taking into account relevant developments in the field and evolving international and industry standards.

Independent, Autonomous, and Empowered Oversight

9. The Companies will assign responsibility to one or more senior corporate executives of the Companies for the implementation and oversight of the Companies' anti-corruption compliance policies and procedures. Such corporate official(s) shall have the authority to report directly to independent monitoring bodies, including internal audit, the Companies' Board of Directors, or any appropriate committee of the Companies' Board of Directors, and shall have an adequate level of autonomy from management as well as sufficient resources, authority, and support from senior leadership to maintain such autonomy.

Training and Guidance

10. The Companies will implement mechanisms designed to ensure that their Code of Conduct and anti-corruption compliance policies and procedures are effectively communicated to all directors, officers, employees, and, where necessary and appropriate, agents and business partners. These mechanisms shall include: (a) periodic training for all directors and officers, all employees in positions of leadership or trust, positions that require such training (e.g., internal audit, sales, legal, compliance, finance), or positions that otherwise pose a corruption risk to the Companies, and, where necessary and appropriate, agents and business partners; and (b) metrics

for measuring knowledge retention and effectiveness of the training. The Companies will conduct training in a manner tailored to the audience's size, sophistication, or subject matter expertise and, where appropriate, will discuss prior compliance incidents.

11. The Companies will maintain, or where necessary establish, an effective system for providing guidance and advice to directors, officers, employees, and, where necessary and appropriate, agents and business partners, on complying with the Companies' anti-corruption compliance policies and procedures, including when they need advice on an urgent basis or in any foreign jurisdiction in which the Companies operate.

Confidential Reporting Structure and Investigation of Misconduct

12. The Companies will maintain, or where necessary establish, an effective system for internal and, where possible, confidential reporting by, and protection of, directors, officers, employees, and, where appropriate, agents and business partners concerning violations of the Companies' Code of Conduct or anti-corruption compliance policies and procedures and protection of directors, officers, employees, and, where appropriate, agents and business partners who make such reports. To ensure effectiveness, the Companies commit to following applicable anti-retaliation and whistleblower protection laws, and to appropriately training employees on such laws.

13. The Companies will maintain, or where necessary establish, an effective and reliable process with sufficient resources for responding to, investigating, and documenting allegations of violations of the anti-corruption laws or the Companies' anti-corruption compliance policies and procedures.

Compensation Structures and Consequence Management

14. The Companies will implement clear mechanisms to incentivize behavior amongst all directors, officers, employees, and, where necessary and appropriate, parties acting on behalf of the Companies, in compliance with their corporate policy against violations of the anti-corruption laws, their compliance policies, and their Code of Conduct. These incentives shall include, but shall not be limited to, the implementation of criteria related to compliance in the Companies' compensation and bonus system.

15. The Companies will institute appropriate disciplinary procedures to address, among other things, violations of the anti-corruption laws and the Companies' Code of Conduct and anti-corruption compliance policies and procedures by the Companies' directors, officers, and employees. Such procedures should be applied consistently and fairly, regardless of the position held by, or perceived importance of, the director, officer, or employee. The Companies shall implement procedures to ensure that, where misconduct is discovered, reasonable steps are taken to remedy the harm resulting from such misconduct, and to ensure that appropriate steps are taken to prevent further similar misconduct, including assessing the internal controls, Code of Conduct, and compliance policies and procedures and making modifications necessary to ensure the overall anti-corruption compliance program is effective.

Third-Party Management

16. The Companies will institute appropriate risk-based due diligence and compliance requirements pertaining to the retention and oversight of all agents and business partners, including:

- a. properly documented due diligence pertaining to the hiring and appropriate and regular oversight of agents and business partners;
- b. informing agents and business partners of the Companies' commitment to abiding by anti-corruption laws, and of the Companies' Code of Conduct and anti-corruption compliance policies and procedures; and
- c. seeking a reciprocal commitment from agents and business partners.

17. The Companies will understand and record the business rationale for using a third party in a transaction, and will conduct adequate due diligence with respect to the risks posed by a third-party partner such as a third-party partner's reputations and relationships, if any, with foreign officials. The Companies will ensure that contract terms with third parties specifically describe the services to be performed, that the third party is actually performing the described work, and that its compensation is commensurate with the work being provided in that industry and geographical region. The Companies will engage in ongoing monitoring and risk management of third-party relationships through updated due diligence, training, audits, and/or annual compliance certifications by the third party.

18. Where necessary and appropriate, the Companies will include standard provisions in agreements, contracts, and renewals thereof with all agents and business partners that are reasonably calculated to prevent violations of the anti-corruption laws, which may, depending upon the circumstances, include: (a) anti-corruption representations and undertakings relating to compliance with the anti-corruption laws; (b) rights to conduct audits of the books and records of the agent or business partner to ensure compliance with the foregoing; and (c) rights to terminate an agent or business partner as a result of any breach of the anti-corruption laws, the Companies'

Code of Conduct or compliance policies, or procedures, or the representations and undertakings related to such matters.

Mergers and Acquisitions

19. The Companies will develop and implement policies and procedures for mergers and acquisitions requiring that the Companies conduct appropriate risk-based due diligence on potential new business entities, including appropriate FCPA and anti-corruption due diligence by legal, accounting, and compliance personnel.

20. The Companies will ensure that the Companies' Code of Conduct and compliance policies and procedures regarding the anti-corruption laws apply as quickly as is practicable to newly acquired businesses or entities merged with the Companies and will promptly:

- a. train the directors, officers, employees, agents, and business partners consistent with Paragraph 10 above on the anti-corruption laws and the Companies' compliance policies and procedures regarding anti-corruption laws;
- b. where warranted, conduct an FCPA-specific audit of all newly acquired or merged businesses as quickly as practicable;
- c. where warranted, establish a plan to integrate the acquired businesses or entities into the Companies' enterprise resource planning systems as quickly as practicable.

Monitoring and Testing

21. The Companies will conduct periodic reviews and testing of all elements of their compliance programs to evaluate and improve their effectiveness in preventing and detecting violations of anti-corruption laws and the Companies' Code of Conduct and anti-corruption

compliance policies and procedures, taking into account relevant developments in the field and evolving international and industry standards.

22. The Companies will ensure that compliance and control personnel have sufficient direct or indirect access to relevant sources of data to allow for timely and effective monitoring and/or testing of transactions.

Analysis and Remediation of Misconduct

23. The Companies will conduct a root cause analysis of misconduct, including prior misconduct, to identify any systemic issues and/or any control failures. The Companies will timely and appropriately remediate the root causes of misconduct. The Companies will ensure that root causes, including systemic issues and controls failures, and relevant remediation are shared with management as appropriate.

ATTACHMENT D

COMPLIANCE REPORTING REQUIREMENTS

Telefónica Venezolana, C.A. and Telefónica, S.A. (the “Companies”) agree that they will report to the United States Department of Justice, Criminal Division, Fraud Section and the United States Attorney’s Office for the Southern District of New York (the “Fraud Section and the Office”) periodically. During the Term, the Companies shall review, test, and update their compliance program and internal controls, policies, and procedures described in Attachment C. The Companies shall be required to: (i) conduct an initial (“first”) review and submit a first report and (ii) conduct and prepare at least two follow-up reviews and reports, as described below. Prior to conducting each review, the Companies shall be required to prepare and submit a workplan for the review.

In conducting the reviews, the Companies shall undertake the following activities, among others: (a) inspection of relevant documents, including the Companies’ current policies, procedures, and training materials concerning compliance with the FCPA and other applicable anti-corruption laws; (b) inspection and testing of the Companies’ systems procedures, and internal controls, including record-keeping and internal audit procedures at sample sites; (c) meetings with, and interviews of, relevant current and, where appropriate, former directors, officers, employees, business partners, agents, and other persons; and (d) analyses, studies, and comprehensive testing of the Companies’ compliance program.

Written Work Plans, Reviews and Reports

1. The Companies shall conduct a first review and prepare a first report, followed by at least two follow-up reviews and reports.

2. Within sixty (60) calendar days of the date this Agreement is executed, the Companies shall, after consultation with the Fraud Section and the Office, prepare and submit a written work plan to address the Companies' first review. The Fraud Section and the Office shall have thirty (30) calendar days after receipt of the written work plan to provide comments.

3. With respect to each follow-up review and report, after consultation with the Fraud Section and the Office, the Companies shall prepare a written work plan within forty-five (45) calendar days of the submission of the prior report, and the Fraud Section and the Office shall provide comments within thirty (30) calendar days after receipt of the written work plan.

4. All written work plans shall identify with reasonable specificity the activities the Companies plans to undertake to review and test each element of their compliance program, as described in Attachment C.

5. Any disputes between the Companies and the Fraud Section and the Office with respect to any written work plan shall be decided by the Fraud Section and the Office in their sole discretion.

6. No later than one year from the date this Agreement is executed, the Companies shall submit to the Fraud Section and the Office a written report setting forth: (1) a complete description of their remediation efforts to date; (2) a complete description of the testing conducted to evaluate the effectiveness of the compliance program and the results of that testing; and (3) their proposals to ensure that their compliance program is reasonably designed, implemented, and enforced so that the program is effective in deterring and detecting violations of the FCPA and other applicable anti-corruption laws. The report shall be transmitted to:

Deputy Chief – FCPA Unit
Deputy Chief – CECP Unit
Criminal Division, Fraud Section

U.S. Department of Justice
1400 New York Avenue, NW
Bond Building, Eleventh Floor
Washington, DC 20005

Chief, Complex Frauds & Cybercrime Section,
United States Attorney's Office for the Southern District of New York,
26 Federal Plaza, 37th Floor
New York, NY 10278

The Companies may extend the time period for issuance of the first report with prior written approval of the Fraud Section and the Office.

Follow-up Reviews and Reports

7. The Companies shall undertake at least two follow-up reviews and reports, incorporating the views of the Fraud Section and the Office on the Companies' prior reviews and reports, to further monitor and assess whether the Companies' compliance program is reasonably designed, implemented, and enforced so that it is effective at deterring and detecting violations of the FCPA and other applicable anti-corruption laws.

8. The first follow-up ("second") review and report shall be completed by no later than one year after the first report is submitted to the Fraud Section and the Office.

9. The second follow-up ("third") report shall be completed and delivered to the Fraud Section and the Office no later than thirty (30) days before the end of the Term.

10. The Companies may extend the time period for submission of any of the follow-up reports with prior written approval of the Fraud Section and the Office.

Confidentiality of Submissions

11. Submissions by the Companies, including the work plans and reports, will likely include proprietary, financial, confidential, and competitive business information. Moreover, public disclosure of the submissions could discourage cooperation, impede pending or potential

government investigations and thus undermine the objectives of the reporting requirement. For these reasons, among others, the submissions and the contents thereof are intended to remain and shall remain non-public, except as otherwise agreed to by the parties in writing, or except to the extent the Fraud Section and the Office determine in their sole discretion that disclosure would be in furtherance of the Fraud Section's and the Office's discharge of their duties and responsibilities or is otherwise required by law.

ATTACHMENT E

CERTIFICATION

To: United States Department of Justice
Criminal Division, Fraud Section
Attention: Chief of the Fraud Section

United States Department of Justice
United States Attorney's Office for the Southern District of New York
Attention: United States Attorney for the Southern District of New York

Re: Deferred Prosecution Agreement Disclosure Certification

The undersigned certify, pursuant to Paragraph 21 of the Deferred Prosecution Agreement (“the Agreement”) filed on [DATE] in the United States District Court for the Southern District of New York, by and between the United States of America, Telefónica Venezolana, C.A., and Telefónica, S.A. (the “Companies”), that the undersigned are aware of the Companies’ disclosure obligations under Paragraphs 5 and 6 of the Agreement, and that the Companies have disclosed to the United States Department of Justice, Criminal Division, Fraud Section and the United States Attorney’s Office for the Southern District of New York (collectively, the “Offices”) any and all evidence or allegations of conduct required pursuant to Paragraphs 5 and 6 of the Agreement, which includes evidence or allegations of any violation of the anti-bribery or accounting provisions of the Foreign Corrupt Practices Act of 1977 (“FCPA”), as amended, Title 15, United States Code, Section 78dd-1, or the Foreign Extortion Prevention Act (“FEPA”) had the conduct occurred within the jurisdiction of the United States, committed by the Companies’ employees or agents (“Disclosable Information”). This obligation to disclose information extends to any and all Disclosable Information that has been identified through the Companies’ compliance and controls program, whistleblower channel, internal audit reports, due diligence procedures, investigation

process, or other processes. The undersigned further acknowledge and agree that the reporting requirements contained in Paragraphs 5 and 6 and the representations contained in this certification constitute a significant and important component of the Agreement and of the Offices' determination whether the Companies have satisfied their obligations under the Agreement.

The undersigned hereby certify that they are respectively the Chief Executive Officer and Chief Finance Officer of Telefónica, S.A. and the Chief Executive Officer and Chief Finance Officer of Telefónica Venezolana, C.A., and that each has been duly authorized by the Companies to sign this Certification on behalf of the Companies.

This Certification shall constitute a material statement and representation by the undersigned and by, on behalf of, and for the benefit of, the Companies to the executive branch of the United States for purposes of 18 U.S.C. § 1001, and such material statement and representation shall be deemed to have been made in the Southern District of New York. This Certification shall also constitute a record, document, or tangible object in connection with a matter within the jurisdiction of a department and agency of the United States for purposes of 18 U.S.C. § 1519, and such record, document, or tangible object shall be deemed to have been made in the Southern District of New York.

Date: _____

Name (Printed): _____

Name (Signed): _____

Chief Executive Officer
Telefónica, S.A.

Date: _____

Name (Printed): _____

Name (Signed): _____

Chief Financial Officer
Telefónica, S.A.

Date: _____

Name (Printed): _____

Name (Signed): _____

Chief Executive Officer
Telefónica Venezolana, C.A.

Date: _____

Name (Printed): _____

Name (Signed): _____

Chief Financial Officer
Telefónica Venezolana, C.A.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

v.

TELEFÓNICA VENEZOLANA, C.A.,

Defendant.

**SEALED NOTICE OF INTENT TO
FILE AN INFORMATION**

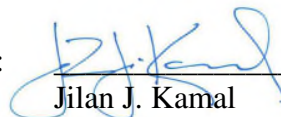
Please take notice that the United States Attorney's Office will file an Information upon the defendant's waiver of Indictment, pursuant to Rule 7(b) of the Federal Rules of Criminal Procedure.

Furthermore, I have reviewed Judge Garnett's Individual Rules for matters involving the U.S. Attorney's Office, and the relevant records, and Judge Garnett is recused from this matter.

Dated: New York, New York
October 29, 2024

DAMIAN WILLIAMS
United States Attorney

By:



Jilan J. Kamal
Assistant United States Attorney

AGREED AND CONSENTED TO:

By:



Berge Setrakian, Esq.
Eric Christofferson, Esq.
John Hillebrecht, Esq.
Attorneys for Telefónica Venezolana, C.A.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

v.

TELEFÓNICA VENEZOLANA, C.A.,

Defendant.

INFORMATION

24 Cr.

The United States charges:

GENERAL ALLEGATIONS

Relevant Statutory Background

1. The Foreign Corrupt Practices Act of 1977, as amended, Title 15, United States Code, Sections 78dd-1, *et seq.* (“FCPA”), was enacted by Congress for the purpose of, among other things, making it unlawful to act corruptly in furtherance of an offer, promise, authorization, or payment of money or anything of value, directly or indirectly, to a foreign official for the purpose of obtaining or retaining business for, or directing any business to, any person.

TELEFÓNICA VENEZOLANA and Relevant Entities and Individuals

2. From in or around 2014 to in or around 2015 (the “Relevant Period”), TELEFÓNICA VENEZOLANA, C.A. (“TELEFÓNICA VENEZOLANA”), the defendant, was a telecommunications operator headquartered in Caracas, Venezuela, that provided mobile phone services in Venezuela. During the Relevant Period, through multiple holding companies, TELEFÓNICA VENEZOLANA was a wholly owned subsidiary of Telefónica, S.A. (“Telefónica”), a global telecommunications operator headquartered in Madrid, Spain. Since in or around 1987, Telefónica has traded its American Depositary Receipts (“ADRs”) on the New York

Stock Exchange. Telefónica is therefore an “issuer,” as that term is defined in the FCPA, Title 15, United States Code, Section 78dd-1(a).

3. During the Relevant Period, Telefónica controlled, oversaw, and managed TELEFÓNICA VENEZOLANA, the defendant, including the selection and employment of its senior officers. As such, TELEFÓNICA VENEZOLANA was an “agent” of Telefónica in Venezuela, as that term is used in the FCPA, Title 15, United States Code, Section 78dd-1(a).

4. “Executive-1,” whose identity is known to the United States and TELEFÓNICA VENEZOLANA, the defendant, served as a senior executive of TELEFÓNICA VENEZOLANA, at the control and direction of Telefónica, during the Relevant Period. Executive-1 was therefore an “agent” of Telefónica, in Venezuela, as that term is used in the FCPA, Title 15, United States Code, Section 78dd-1(a).

5. “Company-A,” is the wholly owned Venezuelan subsidiary of a multinational telecommunications equipment and systems company, whose identity is known to the United States and TELEFÓNICA VENEZOLANA, the defendant. During the Relevant Period, Company-A was one of TELEFÓNICA VENEZOLANA’s main suppliers of telecommunications infrastructure components and related equipment.

6. “Company-A Executive,” whose identity is known to the United States and TELEFÓNICA VENEZOLANA, the defendant, had senior managerial responsibility for Company-A during the Relevant Period.

7. “Company-A Employee,” whose identity is known to the United States and TELEFÓNICA VENEZOLANA, the defendant, served as an account manager for Company-A during the Relevant Period.

8. “Company-B,” is the wholly owned Venezuelan subsidiary of another multinational telecommunications equipment and systems company, whose identity is known to the United States and TELEFÓNICA VENEZOLANA, the defendant. During the Relevant Period, Company-B was one of TELEFÓNICA VENEZOLANA’s main suppliers of telecommunications infrastructure components and related equipment.

9. “Company-B Employee,” whose identity is known to the United States and TELEFÓNICA VENEZOLANA, the defendant, was an employee of Company-B. Company-B Employee served as an account manager for Company-B during the Relevant Period.

10. “Company-C,” is the United Arab Emirates-based subsidiary of a technology import-export company, whose identity is known to the United States and TELEFÓNICA VENEZOLANA, the defendant. Company-B designated Company-C as Company-B’s “integrator” for a series of sales from Company-B to TELEFÓNICA VENEZOLANA during the Relevant Period. As the purported “integrator,” Company-C was responsible for configuring the hardware and software that Company-B sold for use in TELEFÓNICA VENEZOLANA’s telecommunications network, to ensure that all components worked together.

Foreign Government Entities and Officials

11. “Foreign Official-1,” whose identity is known to the United States and TELEFÓNICA VENEZOLANA, the defendant, is a Venezuelan national who served as a high-ranking Venezuelan government official during the Relevant Period. Foreign Official-1 was therefore a “foreign official,” as that term is used in the FCPA, Title 15, United States Code, Section 78dd-1(f)(1).

12. “Foreign Official-2,” whose identity is known to the United States and TELEFÓNICA VENEZOLANA, the defendant, is a Venezuelan national who served as a high-

ranking Venezuelan government official during the Relevant Period. Foreign Official-2 was therefore a “foreign official,” as that term is used in the FCPA, Title 15, United States Code, Section 78dd-1(f)(1).

Third Party Agents and Consultants

13. “Intermediary-1,” whose identity is known to the United States and TELEFÓNICA VENEZOLANA, the defendant, is a Venezuelan national who solicited and received bribe payments from TELEFÓNICA VENEZOLANA during the Relevant Period on behalf of, among others, Foreign Official-1 and Foreign Official-2.

14. “Shell Company-1,” whose identity is known to the United States and TELEFÓNICA VENEZOLANA, the defendant, was a shell company incorporated in Panama that was owned and controlled by Intermediary-1 during the Relevant Period and was used, at least in part, for the benefit of Venezuelan government officials, including Foreign Official-1.

15. “Intermediary-2,” whose identity is known to the United States and TELEFÓNICA VENEZOLANA, the defendant, is a Venezuelan national and a relative of Intermediary-1. During the Relevant Period, Intermediary-2 assisted Intermediary-1 in providing things of value to Foreign Official-1 and others.

Overview of the Bribery Scheme

16. During the Relevant Period, TELEFÓNICA VENEZOLANA, the defendant, through certain of its officers, employees, and agents, and while acting as an agent of Telefónica, together with its co-conspirators, knowingly and willfully conspired and agreed with others to corruptly provide payments to, and for the benefit of, foreign officials in Venezuela, including Foreign Official-1 and Foreign Official-2, to secure an improper advantage and to influence those foreign officials in order to obtain and retain business by receiving preferential access to U.S.

dollars in a government-sponsored currency auction that allowed TELEFÓNICA VENEZOLANA to purchase equipment for its telecommunications network.

17. Specifically, in or around 2014, TELEFÓNICA VENEZOLANA, the defendant, participated in a currency auction in Venezuela that allowed TELEFÓNICA VENEZOLANA to exchange its Venezuelan bolívars for U.S. dollars. To ensure its success in the auction, TELEFÓNICA VENEZOLANA recruited two suppliers, Company-A and Company-B, to make approximately \$28,870,099 in corrupt payments to Intermediary-1 and Shell Company-1 that were intended, at least in part, to benefit Venezuelan government officials, including Foreign Official-1 and Foreign Official-2. To conceal the bribe payments, TELEFÓNICA VENEZOLANA covered the cost of the bribes by agreeing to purchase equipment from Company-A and Company-B at inflated prices, using the U.S. currency obtained in the auction.

18. TELEFÓNICA VENEZOLANA, the defendant, knew that a significant portion of the approximately \$28,870,099 would be paid as a “commission” that was intended, at least in part, for the benefit of Venezuelan government officials to influence the results of the currency auction. As a result of its corrupt payments, TELEFÓNICA VENEZOLANA was permitted to exchange and subsequently received over \$110 million through the currency auction, which it used to purchase equipment from Company-A and Company-B.

19. In furtherance of the scheme, TELEFÓNICA VENEZOLANA, the defendant, together with others, utilized and caused the use of means and instrumentalities of interstate commerce to communicate with each other and other individuals regarding the scheme. The conspirators also routed corrupt payments totaling more than \$22 million into and out of correspondent bank accounts at financial institutions in New York, New York.

20. In total, in or around August 2014, the Venezuelan government awarded approximately \$172,046,000 to 16 telecommunications companies as part of the currency auction. Between the two bids it corruptly orchestrated, TELEFÓNICA VENEZOLANA, the defendant, received approximately 65% of the total currency awarded in the auction. TELEFÓNICA VENEZOLANA was able to deploy those funds (less the \$28,870,099 paid to Intermediary-1 through Shell Company-1) to buy network equipment from Company-A and Company-B and thereby continue providing telecommunications services to customers in Venezuela.

Background on the 2014 Currency Auction

21. During the Relevant Period, TELEFÓNICA VENEZOLANA, the defendant, was a major provider of telecommunications services to businesses and consumers in Venezuela. To provide such services, TELEFÓNICA VENEZOLANA operated and maintained a telecommunications network throughout the country, which included towers, receivers, cables, and other infrastructure and equipment. TELEFÓNICA VENEZOLANA relied on multinational companies, primarily Company-A and Company-B, to supply the necessary equipment for its network.

22. Since in or around the mid-2000s, the Venezuelan government, through the Banco Central de Venezuela (“Central Bank of Venezuela”), has maintained strict currency controls, including fixed official exchange rates for limited quantities of bolívares, to limit capital flight and support the value of the Venezuelan bolívar.

23. Owing to the instability of the Venezuelan bolívar, Company-A and Company-B generally did not accept payment from TELEFÓNICA VENEZOLANA, the defendant, in bolívares, and instead required payment in stable currencies such as the U.S. dollar. By contrast, TELEFÓNICA VENEZOLANA overwhelmingly collected payments from its customers in

bolívars and developed significant bolívar reserves. Due to strict currency controls, however, TELEFÓNICA VENEZOLANA was unable to exchange its bolívar reserves for stable currencies. This undermined TELEFÓNICA VENEZOLANA's ability to purchase necessary equipment from Company-A and Company-B to operate and maintain its telecommunications network. Starting at least in or around the early 2010s, TELEFÓNICA VENEZOLANA's network was aging and in disrepair.

24. In or around 2013, the Venezuelan government began to sponsor currency exchanges (or "auctions") that allowed domestic companies in critical industries to apply to exchange Venezuelan bolívars for U.S. dollars at favorable rates and in significant quantities. These exchanges enabled domestic companies to import necessary goods and equipment from suppliers that would not accept payment in Venezuelan bolívars.

25. In or around 2014, the Venezuelan government held a national currency exchange auction specifically for the telecommunications industry. The auction, administered through the Central Bank of Venezuela, was called the Sistema Complementario de Administración de Divisas ("SICAD"). Although called an "auction," SICAD was in fact a selective government program through which the Venezuelan government chose: (i) which companies would receive access to foreign currency at favorable exchange rates; (ii) for which purposes or goods; and (iii) if awarded, how much currency a company would be permitted to exchange. To place a "bid" in the auction, a company had to submit an application that identified, among other things, which goods a company sought to purchase with the foreign currency, from which suppliers, using which customs codes, and at what cost. A company participating in the auction was also required to place in escrow bolívars corresponding to the cost of the goods they sought to import, at the favorable exchange rate designated by the SICAD. If successful, the Central Bank of Venezuela would wire

the awarded U.S. dollars (or other stable currency) directly to the “winning” company’s suppliers and would debit corresponding amounts of escrowed bolívares from the winning company’s escrowed account.

TELEFÓNICA VENEZOLANA’s Corrupt Participation in the SICAD Auction

Executive-1’s Meetings with Venezuelan Government Officials and Intermediary-1

26. In or around May 2014, shortly before the SICAD auction was publicly announced, Executive-1 was summoned to an impromptu meeting with, among others, Foreign Official-1 and Foreign Official-2. In that meeting, Foreign Official-1 and Foreign Official-2 informed Executive-1, in substance and in part, that: (i) the Venezuelan government would soon be announcing a currency auction for the telecommunications industry (*i.e.*, the SICAD auction); and (ii) TELEFÓNICA VENEZOLANA, the defendant, would only be awarded U.S dollars through the auction if it paid a “commission” on any funds awarded, implying that the commission would personally benefit Foreign Official-1 and Foreign Official-2 (the “SICAD Meeting with Foreign Officials”).

27. Shortly thereafter, at a social gathering, Intermediary-1 informed Executive-1, in substance and in part, that Intermediary-1 had spoken with Foreign Official-1 about the SICAD Meeting with Foreign Officials. Intermediary-1 reiterated to Executive-1, in substance and in part, that TELEFÓNICA VENEZOLANA, the defendant, needed to pay “fees” if it wanted to succeed in the forthcoming SICAD auction. Intermediary-1 asked who TELEFÓNICA VENEZOLANA’s largest suppliers were, and Executive-1 identified Company-A and Company-B.

Company-A’s Participation in the Scheme at TELEFÓNICA VENEZOLANA’s Direction

28. In or around May or June 2014, shortly after the encounter with Intermediary-1, Executive-1 met with Company-A Executive, Company-A Employee, and others, and stated, in

substance and in part, that the SICAD auction would soon be announced, and requested Company-A's participation in the auction for the benefit of TELEFÓNICA VENEZOLANA, the defendant. In particular, Executive-1 directed Company-A Executive and Company-A Employee to contact Intermediary-1 to facilitate Company-A's participation in the auction.

29. Shortly thereafter, Company-A Employee contacted Intermediary-1. After several meetings between Company-A employees and Intermediary-1 and Intermediary-1's representatives, Company-A Employee provided Intermediary-1 with the necessary customs codes for the equipment that TELEFÓNICA VENEZOLANA, the defendant, planned to buy from Company-A with the SICAD auction proceeds.

30. In or around July 2014, using their personal, U.S.-based email accounts, Company-A Executive and Company-A Employee exchanged drafts of a "consultancy agreement" between Company-A's parent company and an as-yet-unnamed counterparty, to be identified by Intermediary-1 once TELEFÓNICA VENEZOLANA, the defendant, and Company-A's "bid" in the SICAD auction was successful.

31. In or around August 2014, Intermediary-1 informed Company-A Employee, in substance and in part, that the counterparty for the consultancy agreement would be Shell Company-1. At no time did Shell Company-1 or Intermediary-1 in fact perform any consultancy services for TELEFÓNICA VENEZOLANA, the defendant.

32. On or about August 4, 2014, Intermediary-1 contacted Company-A Employee to relay, in substance and in part, that Company-A had been awarded "everything"—all the U.S. dollars—that it had applied for through the SICAD auction.

33. Also on or about August 4, 2014, the Venezuelan government announced that Company-A had been awarded approximately \$55,454,000 through the SICAD auction. On or

about August 6, 2014, the Central Bank of Venezuela debited approximately 609,994,000 bolívars from Company-A's bank account, as the funds that would be exchanged for the U.S. dollars awarded.

34. On or about October 27, 2014, the Central Bank of Venezuela transferred approximately \$55,454,000 to Company-A's parent company through a correspondent bank located in the Southern District of New York.

35. Beginning on or about November 26, 2014, through at least on or about December 2, 2014, an affiliate of Company-A transferred a total of approximately \$13,863,473, representing 25% of the \$55,454,000 awarded to Company-A through the auction, to Shell Company-1's bank account in Luxembourg. Several of the transactions comprising the \$13,863,473 to Shell Company-1 transited through correspondent banks located in the Southern District of New York.

36. Company-A used most of the \$55,454,000 obtained from the SICAD auction as payment from TELEFÓNICA VENEZOLANA, the defendant, for network equipment. TELEFÓNICA VENEZOLANA reimbursed Company-A for the corrupt payments of \$13,863,473 to Shell Company-1 by inflating the per-unit cost of the equipment that TELEFÓNICA VENEZOLANA purchased from Company-A.

Company-B's Involvement in the SICAD Auction

37. In or around May or June 2014, Executive-1 coordinated with representatives of Company-B to use Intermediary-1 to facilitate Company-B's participation in the upcoming SICAD auction.

38. Between in or around May 2014 and July 2014, TELEFÓNICA VENEZOLANA, the defendant, and Company-B agreed, among other things, that TELEFÓNICA VENEZOLANA

would directly participate in the SICAD auction and that the auction proceeds awarded to TELEFÓNICA VENEZOLANA would be used to purchase network equipment from Company-B.

39. In or around June and July 2014, Company-B Employee exchanged emails with Intermediary-1 and Intermediary-2 concerning, in part, TELEFÓNICA VENEZOLANA, the defendant, purchasing equipment from Company-B with the SICAD auction proceeds. Attachments to these emails indicate, in substance and in part, that Company-B's prices were inflated such that TELEFÓNICA VENEZOLANA would bear the cost of the bribes. In or around July 2014, Company-B Employee shared versions of these attachments with TELEFÓNICA VENEZOLANA employees.

40. On or about August 4, 2014, the Venezuelan government announced that TELEFÓNICA VENEZOLANA, the defendant, had been awarded approximately \$60,027,000 through the auction. In or around August 2014, the Central Bank of Venezuela debited approximately 660,291,563 bolívars from TELEFÓNICA VENEZOLANA's bank account, as the funds that would be exchanged for the U.S. dollars awarded.

41. On or about August 18, 2014, TELEFÓNICA VENEZOLANA, the defendant, entered a contract with Company-C—acting on behalf of Company-B as its purported network integrator—for the purchase of network equipment. In fact, Company-C never performed any services for Company-B.

42. On or about September 3, 2014, the Central Bank of Venezuela transferred approximately \$60,026,505.73 to Company-C through a correspondent bank located in the Southern District of New York.

43. On or about September 24, 2014, Company-C and Shell Company-1 entered into a purported “Commission Agreement” according to which Shell Company-1 would act as a “consultant” for the “Procurement of Communications Equipment for TELEFONICA VENEZOLANA, C.A. [the defendant].”

44. On or about September 30, 2014, Shell Company-1 issued an invoice to Company-C for “fees” for approximately \$15,006,750.

45. On or about October 28, 2014, Company-C transferred approximately \$15,006,626, representing 25% of the funds awarded to TELEFÓNICA VENEZOLANA, the defendant, in the SICAD auction, to Shell Company-1’s bank account in Luxembourg. This transaction went through a correspondent bank located in the Southern District of New York.

46. Company-B and Company-C used the \$60,027,000 in SICAD auction proceeds as payment from TELEFÓNICA VENEZOLANA, the defendant, for network equipment. TELEFÓNICA VENEZOLANA bore the cost of the \$15,006,626 payment to Shell Company-1 by inflating the costs of the network equipment that TELEFÓNICA VENEZOLANA purchased from Company-B through Company-C.

Benefits to Foreign Officials

47. During the Relevant Period, Intermediary-1, Intermediary-2, and others known and unknown, comingled the bribes related to the purchase of TELEFÓNICA VENEZOLANA’s, the defendant’s, telecommunications equipment with other funds and then paid for the lavish expenses of Foreign Official-1 and Foreign Official-1’s family.

48. For example, beginning in or around December 2014 through at least January 2015, soon after Shell Company-1 received the payments that were intended, at least in part, as bribes,

Intermediary-1 spent more than \$500,000 on a lavish vacation in Saint Barthélemy for Intermediary-1, Foreign Official-1, and members of their respective families.

49. Additionally, in or around January 2015, using some of the corrupt proceeds received through Shell Company-1, Intermediary-1 spent approximately \$605,000 on luxury watches and jewelry in Saint Barthélemy, including for the benefit of Foreign Official-1 and Foreign Official-1's spouse.

STATUTORY ALLEGATIONS

COUNT ONE

(Conspiracy to Bribe a Foreign Official)

50. Paragraphs 1 through 49 of this Information are repeated and realleged as if fully set forth herein.

51. From in or around 2014 through at least 2015, in the Southern District of New York and elsewhere, TELEFÓNICA VENEZOLANA, the defendant, together with others known and unknown, willfully and knowingly combined, conspired, confederated, and agreed together and with each other to commit an offense against the United States, to wit, to violate the anti-bribery provisions of the FCPA, in violation of Title 15, United States Code, Section 78dd-1.

52. It was a part and object of the conspiracy that TELEFÓNICA VENEZOLANA, the defendant, being the agent of an issuer acting on behalf of that issuer, would and did make use of the mails and any means and instrumentalities of interstate commerce corruptly in furtherance of an offer, payment, promise to pay, and authorization of the payment of any money, and offer, gift, promise to give, and authorization of the giving of anything of value to a foreign official, and to any person, while knowing that all or a portion of such money and thing of value will be offered, given, and promised, directly and indirectly, to any foreign official, to any foreign political party or official thereof, and to any candidate for foreign political office, for purposes of

(A)(i) influencing any act and decision of such foreign official in that foreign official's official capacity; (ii) inducing such foreign official to do and omit to do any act in violation of the lawful duty of such foreign official; and (iii) securing any improper advantage; and (B) inducing such foreign official to use that foreign official's influence with a foreign government and agencies and instrumentalities thereof to affect and influence any act and decision of such government and agencies and instrumentalities, in order to assist TELEFÓNICA VENEZOLANA in obtaining and retaining business for and with, and directing business to, TELEFÓNICA VENEZOLANA and others, in violation of Title 15, United States Code, Section 78dd-1, to wit, TELEFÓNICA VENEZOLANA and others agreed to pay Shell Company-1, Intermediary-1, and others known and unknown, approximately 25% of any U.S. currency awarded in the SICAD auction in order to influence and induce Venezuelan officials to ensure successful bids for a total of \$115,481,000 in the SICAD auction, in order to assist TELEFÓNICA VENEZOLANA in obtaining and retaining business for, and directing business to, TELEFÓNICA VENEZOLANA and others.

Overt Acts

53. In furtherance of the conspiracy and to achieve the object thereof, at least one of the co-conspirators committed or caused to be committed, in the Southern District of New York and elsewhere, at least one of the following overt acts, among others:

a. On or about October 27, 2014, the Central Bank of Venezuela transferred approximately \$55,454,000 to Company-A's parent company through a correspondent bank located in the Southern District of New York.

b. Beginning on or about November 26, 2014, through at least on or about December 2, 2014, an affiliate of Company-A transferred a total of approximately \$13,863,473, representing 25% of the \$55,454,000 awarded to Company-A through the auction, to Shell

Company-1's bank account in Luxembourg. Several of the transactions comprising the \$13,863,473 to Shell Company-1 transited through correspondent banks located in the Southern District of New York.

c. On or about September 3, 2014, the Central Bank of Venezuela transferred approximately \$60,026,505.73 to Company-C through a correspondent bank located in the Southern District of New York.

d. On or about October 28, 2014, Company-C transferred approximately \$15,006,626, representing 25% of the funds awarded to TELEFÓNICA VENEZOLANA in the SICAD auction, to Shell Company-1's bank account in Luxembourg. This transaction transited through a correspondent bank located in the Southern District of New York.

(Title 18, United States Code, Section 371.)

FORFEITURE ALLEGATION

54. As a result of committing the offense alleged in Count One of this Information, TELEFÓNICA VENEZOLANA, the defendant, shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any and all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of said offense, including but not limited to a sum of money in United States currency representing the amount of proceeds traceable to the commission of said offense.

Substitute Assets Provision

55. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third person;
- c. has been placed beyond the jurisdiction of the Court;


- d. has been substantially diminished in value; or
- e. has been commingled with other property, which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p) and Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of the defendant up to the value of the forfeitable property described above.

(Title 18, United States Code, Section 981(a)(1)(C); Title 21 United States Code, Section 853(p); and Title 28, United States Code, Section 2461(c).)



GLENN S. LEON
Chief, Fraud Section



DAMIAN WILLIAMS
United States Attorney