

“Daimler”), was a German vehicle manufacturing company with business operations throughout the world. Among other things, Daimler sold all manner of cars, trucks, vans, and buses, including Unimogs, heavy duty all terrain trucks primarily used for hauling, and Actros, large commercial tractor/trailer-style vehicles. Daimler was a major global producer of premium passenger cars, as well as the largest manufacturer of commercial vehicles in the world. As a result of its luxury car and commercial vehicles lines, Daimler had among its customers government and state-owned entities from many countries in which it did business. Daimler sold its products worldwide, had production facilities on five continents, did business in many foreign countries, and employed more than 270,000 people.

4. Defendant DAIMLERCHRYSLER CHINA LTD., now known as Daimler North East Asia Ltd. (“DCCL”), was a Beijing-based, wholly-owned Daimler subsidiary and cost center that managed Daimler’s business relationships in the People’s Republic of China (“China”), assisted Daimler in selecting and managing its joint ventures in China, and helped manage Daimler’s expatriate employees in China. DCCL, a foreign corporation, was a “person,” as that term is used in the FCPA, 15 U.S.C. § 78dd-3(f)(1).

5. The Bureau of Geophysical Prospecting (“BGP”) was a division of the China National Petroleum Corporation, a Chinese state-owned oil company. Among other things, BGP was involved in searching for oil in various regions of China. BGP was an “instrumentality” of the Chinese government, and individuals employed by BGP were “foreign officials,” as those terms are used in the FCPA, 15 U.S.C. § 78dd-3(f)(2)(A).

6. Sinopec Corp. (“Sinopec”) was a Chinese state-owned energy company involved in, among other things, the exploration and production of petroleum and natural gas, as well as the

refining and sale of petroleum products. Sinopec was an “instrumentality” of the Chinese government, and individuals employed by Sinopec were “foreign officials,” as those terms are used in the FCPA, 15 U.S.C. § 78dd-3(f)(2)(A).

7. Changqing Petroleum Exploration Bureau (“Changqing”) was a Chinese state-owned oil and natural gas extracting company. Changqing was an “instrumentality” of the Chinese government, and individuals employed by Changqing were “foreign officials,” as those terms are used in the FCPA, 15 U.S.C. § 78dd-3(f)(2)(A).

BACKGROUND REGARDING DCCL’S BRIBERY

8. At various times, Daimler operated a myriad of wholly and partially-owned subsidiaries and joint ventures to sell its vehicles in China and Hong Kong. Although DCCL did not itself sell any vehicles directly into China, certain DCCL employees assisted with the sale of vehicles by various Daimler divisions in Germany to government customers in China, including principally BGP and Sinopec.

9. Between 2000 and 2005, DCCL employees and/or Daimler employees through DCCL made at least €4,173,944 in improper payments in the form of “commissions,” delegation travel, and gifts for the benefit of Chinese government officials or their designees, in connection with over €112,357,719 in sales of commercial vehicles and Unimogs to Chinese government customers. These sales to Chinese government customers were made directly from Daimler’s commercial vehicles and Unimog divisions in Germany through various intermediaries with the assistance of DCCL employees in the commercial vehicles division.

10. To make improper payments to Chinese government officials, Daimler and DCCL typically inflated the sales price of vehicles sold to Chinese government customers and then

maintained the overpayments in debtor accounts on Daimler's books and records, including one debtor account called the "special commissions" account. The "special commissions" account, also known as the "819" account for the last three digits of the account number, was used by Daimler to make improper payments to Chinese government officials. DCCL employees, including its then head of sales and marketing (the "Sales and Marketing Head"), disbursed payments from the 819 account to and for the benefit of Chinese government officials. The Sales and Marketing Head was in charge of sales for commercial vehicles and had the authority to cause the wiring of funds from a Daimler bank account in Germany to Chinese government officials or their designees. At the time, no checks or policies were in place to ensure the legitimacy or appropriateness of such payments.

11. DCCL and Daimler also employed agents to assist in securing commercial vehicles and Unimog business from Chinese government customers. Neither DCCL nor Daimler performed due diligence on these agents, and there were inadequate controls in place to ensure that payments made to these agents were not passed on to Chinese government officials and their designees. The agency agreements were often not in writing. In addition, DCCL and Daimler lacked adequate oversight into the appropriateness or purpose of payments from debtor accounts that ultimately went to government officials in China and their designees. Finance and controls oversight was so lacking with respect to Daimler's sale of commercial vehicles in China that DCCL's Sales and Marketing Head was able to remove at least approximately €230,000 from a company debtor account without detection, and then direct those funds to the offshore bank account of his wife.

COUNT ONE
(Conspiracy)

12. Paragraphs 1 through 11 of this Information are realleged and incorporated by reference as if fully set forth herein.

13. From in or about 2000 through in or about 2005, within the territory of the United States and elsewhere, defendant DCCL, the Sales and Marketing Head, and others, known and unknown, did unlawfully, willfully, and knowingly combine, conspire, confederate, and agree, together and with each other, to commit an offense against the United States, specifically, to willfully use the means and instrumentalities of interstate commerce corruptly in furtherance of an offer, payment, promise to pay, and the authorization of the payment of money, and offer, gift, promise to give, and authorization of the giving of anything of value to any foreign official, or any person, while knowing that all or a portion of such money or thing of value would be offered, given, and promised, directly and indirectly, to any foreign officials, for purposes of: (i) influencing the acts and decisions of such foreign officials in their official capacities; (ii) inducing such foreign officials to do and omit to do acts in violation of the lawful duties of such officials; (iii) securing an improper advantage; and (iv) inducing such foreign officials to use their influence with a foreign government and instrumentalities thereof to affect and influence acts and decisions of such government and instrumentalities, that is, DCCL paid money and gave gifts and things of value to Chinese government officials in order to assist DCCL and its parent, Daimler, in obtaining and retaining business, in violation of the FCPA, 15 U.S.C. § 78dd-3.

PURPOSE OF THE CONSPIRACY

14. The purpose of the conspiracy was for DCCL to make improper payments to Chinese government officials to induce them to cause Chinese government agencies and instrumentalities to purchase Daimler vehicles.

MANNER AND MEANS OF THE CONSPIRACY

15. To achieve the object of the conspiracy, DCCL and others, known and unknown, used the following manner and means, among others:

a. DCCL and Daimler made improper payments directly to Chinese government officials in connection with sales to BGP and Sinopec, Daimler's largest government customers for its commercial vehicles in China. In total, Daimler and DCCL made approximately €2,599,694 in improper payments to Chinese government officials associated with these entities to assist in obtaining sales worth approximately €71,562,882.

b. Between 2001 and 2004, DCCL and Daimler at the direction of Chinese government officials made improper payments totaling at least €188,840 into U.S. bank accounts belonging to third parties to obtain contracts valued at €5,533,381 for the sale of commercial vehicles and Unimogs to Chinese government customers. These payments were made into U.S. bank accounts even though no part of the transaction involved the U.S., nor were the entities that nominally controlled the bank accounts parties to any of the transactions. DCCL and Daimler did not perform any due diligence to discern who the recipients were. Further, the corporate entities that received the payments from Daimler for the benefit of the Chinese government officials performed no legitimate services for DCCL or Daimler and did nothing to earn these payments.

c. Between 1998 and 2005, DCCL and Daimler also provided at least €268,568

worth of delegation trips to employees of its government customers in China for the purpose of assisting in securing business from those customers. Agents working as intermediaries between DCCL and Daimler, on the one hand, and its Chinese government customers, on the other hand, typically requested the delegation trips up front during the contract negotiation process on behalf of the customer involved. DCCL and Daimler then estimated the cost of the trip and increased the purchase price of the vehicles accordingly. Some contracts characterized these trips as “factory inspection trips,” even though the trips were primarily visits to tourist locations.

OVERT ACTS

16. In furtherance of the conspiracy and to accomplish its unlawful object, at least one of the co-conspirators committed or caused to be committed, within the territory of the United States and elsewhere, the following overt acts, among others:

**Use Of Agents To Make Improper Payments For The Purpose Of
Securing Business From Chinese State-Owned Entities**

M.F. Mechanical & Electrical, Inc.

a. On or about July 27, 2001, DCCL and Daimler paid M.F. Mechanical & Electrical, Inc. (“M.F. Mechanical”), approximately €98,300 in connection with a €1,875,777 contract for the sale of Unimogs to Changqing. Daimler wired the payment from its account in Germany to M.F. Mechanical’s bank account at the Far East National Bank in Los Angeles, California. The payment was for the benefit of the Changqing official who helped Daimler secure the contract. Although a consulting contract existed between M.F. Mechanical and Daimler, it was signed after the underlying contract between DCCL and Changqing was executed, and one month before a DCCL executive authorized the €98,300 improper payment. DCCL and Daimler made the

payment with the understanding that it would be passed on, in whole or in part, to the Changqing official or his designees.

Shores International

b. On or about February 28, 2002, DCCL and Daimler made a purported commission payment in the amount of €18,000 from its account in Germany to Shores International (“Shores”), a Texas corporation, to an account at Metrobank in Houston, Texas, in connection with the sale of €1,009,497 worth of commercial vehicles to Sinopec. The payment to Shores, the corporate address for which was a residential apartment complex in Houston, was a purported commission payment to the wife of a Chinese government official at Sinopec involved in contract implementation. DCCL and Daimler made the payment with the understanding that it would be passed on, in whole or in part, to Sinopec officials or their designees.

Lily Energy Services, Inc.

c. On or about February 21, 2003, DCCL and Daimler made a purported commission payment of approximately €15,000 from an account in Germany to Lily Energy Services, Inc. (“Lily”), a Texas corporation, at American First National Bank in Houston, Texas, in connection with the sale of six Actros trucks valued at €492,000 to Changqing. Lily was owned by the same Changqing official for whose benefit the payment was made through M.F. Mechanical, referenced above. There was no written consulting agreement between DCCL or Daimler and Lily, nor did Lily provide any legitimate services to DCCL or Daimler. DCCL and Daimler made the payment with the understanding that it would be passed on, in whole or in part, to the Changqing official or his designees.

King Jack, Inc.

d. On or about October 25, 2004, DCCL and Daimler made a payment of approximately €53,540 from an account in Germany to King Jack Inc., a California corporation, to an account at Cathay Bank, City of Industry, California, in connection with the June 2004 sale of 16 Unimogs and 12 Actros to Sinopec, a deal valued at over €2 million. The owner of King Jack had a U.S. address in Texas. Neither King Jack nor its owner performed any legitimate services for DCCL or Daimler. DCCL and Daimler made the payment with the understanding that it would be passed on, in whole or in part, to Sinopec officials or their designees.

Chinese Agent A

e. On June 9, 2003, a DCCL employee wired approximately €4,000 from DCCL's account in Germany to an individual's ("Chinese Agent A's") account at Bank of America in San Francisco, California, in connection with the sale of one Actros truck, valued at €87,000, to BGP. There was neither a written consulting agreement between DCCL or Daimler and Chinese Agent A, nor did he perform any services for DCCL or Daimler. DCCL and Daimler made the payment with the understanding that it would be passed on, in whole or in part, to BGP officials or their designees.

**Additional Improper Payments For The Purpose Of
Securing Business From Chinese State-Owned Entities**

f. DCCL and Daimler made the following additional improper payments to assist in obtaining or retaining business from BGP and Sinopec:

- (i) Between April 2000 and October 2004, multiple payments totaling at least approximately €155,905 for the purpose of entertaining executives at both entities;
- (ii) On or about July 8, 2003, and September 17, 2004, payments totaling approximately €56,400 into accounts at multiple banks to an individual

associated with an official at BGP in charge of operations in another country;

- (iii) On or about December 16, 2004, a payment of approximately €14,800 to a relative of a Chinese government official associated with BGP in connection with the sale of commercial vehicles to BGP;
- (iv) Between March 2002 and February 2003, payments totaling approximately €30,000 in commissions for "market research" to the Stuttgart bank account of the son of an official of BGP; and
- (v) On or about April 18, 2002, a payment of approximately €57,000 to the wife of a Chinese government official employed at Sinopec. In order to conceal the nature of the payment, on or about April 13, 2001, the day after Sinopec agreed to purchase commercial vehicles from Daimler, DCCL employees, on behalf of the company, entered into a phony consulting agreement with the wife of the Chinese government official, in exchange for which no services were ever performed.

g. Between 2000 and 2005, DCCL and Daimler provided the following things of value, among others, to the son of a Chinese government official who made purchasing decisions for BGP in order to assist in securing business from BGP:

- (i) internships at Daimler for him and his girlfriend in 2001;
- (ii) letters from a former Daimler employee to German immigration officials to assist him and his girlfriend with their efforts to obtain student visas;
- (iii) €2,223 in expenses to attend a truck race in July 2004 for him, the Chinese government official, and others;
- (iv) use of a Mercedes passenger car for a period of time; and
- (v) employment at Daimler from January-April 2005 with a monthly salary of €600.

**Improper Payments For Delegation Trips
For The Purpose Of Securing Business From Sinopec**

h. DCCL and Daimler made the following payments in connection with delegation trips for the purpose of assisting in securing business from Sinopec:

- (i) Payments totaling €35,648 for a 14-day delegation trip in December 2001 for 12 Sinopec officials to Germany, along with gifts worth €980 to the government officials on the trip; and
- (ii) Payments totaling €40,257 in July 2004 for a delegation trip for Sinopec officials to Germany. On or about July 15, 2004, a DCCL employee stated in an e-mail that the delegation members planned to travel all over Europe and would be provided pocket money.

All in violation of Title 18, United States Code, Section 371.

COUNT TWO
(Foreign Corrupt Practices Act)

17. Paragraphs 1 through 11 and 14 through 16 of this Information are realleged and incorporated by reference as if fully set forth herein.

18. From in or about 2000 through in or about 2005, defendant DCCL, a “person” within the meaning of the Foreign Corrupt Practices Act, while in the territory of the United States, willfully did use and cause to be used means and instrumentalities of interstate and foreign 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 any foreign official, or any person, while knowing that all or a portion of such money or thing of value would be offered, given, and promised, directly and indirectly, to any foreign officials, for purposes of: (i) influencing the acts and decisions of such foreign officials in their official capacities; (ii) inducing such foreign officials to do and omit to do acts in violation of their lawful

duties; (iii) securing an improper advantage; and (iv) inducing such foreign officials to use their influence with a foreign government and instrumentalities thereof to affect and influence acts and decisions of such government and instrumentalities, in order to assist DCCL and its parent, Daimler, in obtaining and retaining business for and with, and directing business to, themselves, to wit: (i) DCCL caused wire transfers to be sent from Daimler accounts in Germany to financial institutions in the United States and elsewhere, via international and interstate wires, in furtherance of corrupt payments to Chinese government officials; (ii) DCCL made payments in furtherance of sham "delegation trips" for Chinese government officials; and (iii) DCCL made payments and provided things of value to family members and designees of Chinese government officials.

All in violation of Title 15, United States Code, Section 78dd-3,
and Title 18, United States Code, Section 2.

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