

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA,

Plaintiff,

v.

DAIMLERCHRYSLER AUTOMOTIVE
RUSSIA SAO,

Defendant.

Criminal No. _____

Count One:
18 U.S.C. § 371

Count Two:
15 U.S.C. § 78dd-3 and
18 U.S.C. § 2

INFORMATION

1. The United States Department of Justice, Criminal Division, Fraud Section, charges that, at all times material to this Information (unless specified otherwise):

GENERAL ALLEGATIONS

2. The Foreign Corrupt Practices Act of 1977 (hereinafter, the "FCPA"), as amended, 15 U.S.C. §§ 78dd-1, *et seq.*, prohibited certain classes of persons and entities from making payments to foreign government officials to obtain or retain business or secure an improper advantage. Title 15, United States Code, Section 78dd-3, specifically prohibited any person other than an issuer or domestic concern, while in the territory of the United States, from corruptly making use of the mails or any means or instrumentality of interstate commerce in furtherance of an offer, promise, authorization, or payment of money or anything of value to a foreign official for the purpose of obtaining or retaining business for or with, or directing business to, any person or securing any improper advantage in order to assist in obtaining or retaining business for or with, or directing business to, any person.

3. Daimler AG, formerly DaimlerChrysler AG and Daimler Benz AG (collectively “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 does 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 AUTOMOTIVE RUSSIA SAO, now known as Mercedes-Benz Russia SAO (“DCAR”), was a Moscow-based, wholly-owned subsidiary of Daimler. DCAR sold Daimler spare parts, assisted with the sale of vehicles from various Daimler divisions in Germany, including in particular its overseas sales division (“DCOS”), to government customers in the Russian Federation (“Russia”), and also imported Daimler passenger and commercial vehicles into Russia for sale to customers and distributors. DCAR, a foreign corporation, was a “person,” as that term is used in the Foreign Corrupt Practices Act, 15 U.S.C. § 78dd-3(f)(1).

5. The Russian Ministry of Internal Affairs, known by its initials in Russian as “MVD,” was a department and agency of the Russian government principally responsible for police, militia, immigration, and other functions. The Russian traffic police fell under the supervision of the MVD.

6. The Special Purpose Garage (“SPG”) was an “instrumentality” of the Russian government, and individuals employed by the SPG were “foreign officials,” as those terms are used

in the FCPA, 15 U.S.C. § 78dd-3(f)(2)(A).

7. Machinoimport was a Russian government-owned and controlled purchasing agent for the city of Moscow. Machinoimport was an “instrumentality” of the Russian government, and individuals employed by Machinoimport were “foreign officials,” as those terms are used in the FCPA, 15 U.S.C. § 78dd-3(f)(2)(A).

8. Dorinvest was a Russian government-owned and controlled purchasing agent for the city of Moscow. Dorinvest was an “instrumentality” of the Russian government, and individuals employed by Dorinvest were “foreign officials,” as those terms are used in the FCPA, 15 U.S.C. § 78dd-3(f)(2)(A).

9. Daimler sold passenger cars and commercial vehicles directly from its headquarters in Stuttgart, Germany, to its Russian government clients with the assistance of DCAR and Daimler’s representative office in Moscow. Daimler carried out such sales from DCOS with DCAR acting as an agent to assist with such direct sales. DCAR and Daimler sold passenger cars, commercial vehicles, and Unimogs in Russia.

10. Daimler’s business in Russia was substantial. DCAR and Daimler’s government customers in Russia included the MVD, the SPG, the Russian military, the city of Moscow, the City of Ufa, and the City of Novi Urengoi, among others.

BACKGROUND REGARDING DCAR’S BRIBERY

11. Daimler, through DCAR, made improper payments at the request of Russian government officials or their designees in order to secure business from Russian government customers. Payments of this nature were made with the knowledge and involvement of the former senior management of DCAR and DCOS.

12. DCAR and Daimler sometimes made improper payments to government officials in Russia to secure business by over-invoicing the customer and paying the excess amount back to the government officials, or to other designated third parties that provided no legitimate services to Daimler or DCAR, with the understanding that such payments would be passed on, in whole or in part, to Russian government officials. When payments were made to third parties, the payments were recorded on one of at least nine Daimler debtor accounts.

13. These overpayments were maintained as reserves on Daimler's books and records in certain internal debtor accounts, including debtor accounts that were identified by the name of the government customer with which Daimler and DCAR did business. When requested, Daimler employees wired and authorized the wiring of payments from Daimler's bank accounts in Germany to, among other destinations, U.S. and Latvian bank accounts beneficially owned by shell companies with the understanding that the money, in whole or in part, was for the benefit of Russian government officials.

14. A former senior member of DCAR's Government Sales and Passenger Car Sales departments (the "DCAR Government Sales Executive") authorized these payments to Russian government officials and designated third parties via Daimler's debtor accounts, which payments were intended to induce passenger vehicle sales to Russian government customers. Daimler and DCAR employees often directed the payments to Russian officials into these officials' Latvian bank accounts that were nominally held in the name of shell companies, some of which were U.S.-registered corporations.

15. Daimler and DCAR employees also made and authorized the making of cash payments to Russian government officials employed at Russian government customers, or their

designees, in order to induce Unimog sales to several Russian government municipalities.

16. Daimler and DCAR recorded the improper payments to Russian government officials or their designees in their books and records as “commissions,” “special discounts,” and “N.A.,” which translates to “useful payment” or “necessary payment,” and was understood by certain employees to mean “official bribe.”

COUNT ONE
(Conspiracy)

17. Paragraphs 1 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, within the territory of the United States and elsewhere, defendant DCAR, the DCAR Government Sales Executive, 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, DCAR paid money and gave gifts and things of value to Russian government officials in order to assist DCAR and its parent, Daimler, in obtaining and retaining business, in violation of the FCPA, 15 U.S.C. § 78dd-3.

PURPOSE OF THE CONSPIRACY

19. The purpose of the conspiracy was for DCAR to make improper payments to Russian government officials to induce them to cause Russian government agencies and instrumentalities to purchase Daimler vehicles.

MANNER AND MEANS OF THE CONSPIRACY

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

Overall Sales

a. Overall, between 2000 and 2005, Daimler's vehicle sales in Russia, consisting of sales of passenger vehicles, commercial vehicles, and Unimogs, totaled approximately €1.4 billion, of which approximately 5% or €64,660,000 was derived from the sale of vehicles to Russian government customers. In connection with these vehicle sales, DCAR and Daimler made over €3 million in improper payments to Russian government officials employed at their Russian governmental customers, their designees, or to third-party shell companies that provided no legitimate services to Daimler or DCAR with the understanding that the funds would be passed on, in whole or in part, to Russian government officials.

Passenger Car Sales

b. DCAR employees acted as liaisons to Russian government customers, including the MVD, which included the Russian traffic police. The MVD and the SPG were

Daimler's principal Russian government customers for passenger cars between 2000 and 2005. Daimler made improper payments to Russian officials employed at its Russian government customers directly and through agents and third-party shell companies in order to secure contracts to sell passenger cars.

c. In total, Daimler and DCAR made approximately €2,866,281 in payments to 23 different parties that were recorded on the debtor accounts used in connection with sales of passenger cars to the SPG, at least €1.4 million of which was used to pay bribes directly to Russian government officials with the SPG or was used to pay third parties with the understanding that such payments would be passed on, in whole or in part, to Russian government officials with the SPG.

d. In addition, Daimler and DCAR made approximately €3.8 million in payments to third parties that were recorded on the debtor accounts used in connection with sales of passenger cars to the MVD, at least €1.8 million of which, in whole or in part, was used to pay bribes to Russian government officials with the MVD or was used to pay third parties with the understanding that such payments would be passed on, in whole or in part, to Russian government officials with the MVD.

e. Daimler and DCAR made payments to MVD consultants with the knowledge that those payments would be passed on, in whole or in part, to Russian government officials or their designees in their efforts to obtain and retain business from the Russian MVD.

Commercial Vehicle Sales

f. Between 2000 and 2005, Daimler sold commercial vehicles directly to government customers in Russia from its Commercial Vehicles Division in Germany, with the assistance of DCAR in areas such as contract negotiations, pricing, and the drafting of contracts.

The two primary Russian government purchasers of Daimler's commercial vehicles were Machinoimport and Dorinvest, both of which were Russian government purchasing agents for the city of Moscow.

g. Between 2000 and 2005, Daimler made improper payments to Russian government officials employed by state-owned customers and to third-party shell companies in order to secure contracts to sell commercial vehicles to those customers. As with passenger car sales, the improper payments were sometimes derived by inflating the purchase price of the vehicles and paying the excess amount back to employees of Daimler's Russian governmental customers directly or indirectly through third-party shell companies. Some of these price differentials or "inclusions" were improperly recorded in Daimler's books and records as "service reserves," although certain Daimler and DCAR employees understood that these price surcharges were intended to be paid as bribes to Russian government officials or their designees.

h. Between 2000 and 2005, Daimler and DCAR made at least 12 improper payments totaling approximately €388,724 to seven different third parties in connection with the sale of commercial vehicles to Russian government customers, including improper payments to an individual with close ties to the Russian government with the understanding that the payments would be passed on, in whole or in part, to Russian government officials in connection with Daimler's sale of commercial vehicles.

Unimog Sales

i. Daimler sold Unimogs directly from its Unimog division in Germany to its government customers in Russia. Because of import restrictions, most Unimogs were sold to Russian government purchasing agents, including Dorinvest and Machinoimport.

j. Between 2000 and December 2005, Daimler sold 57 Unimogs to Russian customers, approximately 90% of which were sold to government entities, totaling approximately €17.89 million in sales. Thirty Unimogs were sold to the city of Moscow and its various subdivisions. Other Russian government purchasers included the Russian military, the city of Ufa, and the city of Novi Urengoi.

k. Daimler and DCAR made approximately €433,000 in improper payments to government officials in Russia directly and indirectly through third-party shell companies in order to secure contracts to sell Unimogs to Daimler's Russian government customers. Daimler made these improper payments in cash and through credits maintained in the company's omnibus credit accounts. Daimler generated reserve funds for the improper payments by issuing invoices to its government customer with prices that included only a partial discount. Daimler ultimately applied a larger discount and maintained the difference as a credit in Daimler's books and records. These funds were then withdrawn and paid to the government officials through shell companies.

OVERT ACTS

21. 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:

Improper Payments In Connection With The Sale Of Passenger Vehicles To The SPG

a. Between in or about February 2001 and March 2005, DCAR and Daimler made 29 payments totaling approximately €928,023 to the Deutsche Bank account in Stuttgart, Germany, of a Russian government official at the SPG (the "SPG Official") in connection with

Daimler's sale of Mercedes Benz passenger cars to the SPG.

b. In or about April 2003, DCAR and Daimler made a payment of €139,800 from Daimler's account in Germany, to Berwick Commercial LLC, a corporation registered in Delaware, with the understanding that the payment would be passed on, in whole or in part, to the SPG Official.

c. Between in or about September 2001 and February 2002, DCAR and Daimler made five payments totaling approximately €313,050 from Daimler's account in Germany to Kongress Food Ltd., a corporation with an address in Dublin, Ireland, with the understanding that the payments would be passed on, in whole or in part, to the SPG Official.

d. Between in or about February 2004 and January 2005, DCAR and Daimler made six payments totaling approximately €306,356 from Daimler's account in Germany to Delight Commercial, Ltd., a corporation with an address in the Seychelles, with the understanding that the payments would be passed on, in whole or in part, to the SPG Official.

e. Between in or about January 2003 and May 2003, DCAR and Daimler made three payments totaling approximately €305,400 from Daimler's account in Germany to Pymont Alliance Corp., a corporation with an address in the Bahamas, with the understanding that the payments would be passed on, in whole or in part, to the SPG Official.

f. In or about January 2005, DCAR and Daimler made a payment of €99,682 from Daimler's account in Germany to Loretta LLP, a corporation with an address in the United Kingdom, with the understanding that the payment would be passed on, in whole or in part, to the SPG Official.

g. In or about 2005, DCAR and Daimler entered into a retroactive commission agreement with an individual introduced to Daimler by an employee of the SPG as someone with

close ties to the Russian government whom Daimler could use as an agent through which to make payments to Russian government officials in exchange for assistance in securing business with the SPG.

h. In addition to the payments to the SPG Official, and the entities described above, between in or about July 2001 and November 2005, DCAR and Daimler made payments totaling approximately €384,619 to at least 11 other shell companies that did not perform services for Daimler sufficient to justify the payments with the understanding that these payments would be passed on, in whole or in part, to Russian government officials in exchange for assistance in securing business with the SPG.

**Improper Payments In Connection With
The Sale of Passenger Vehicles To The Russian MVD**

i. Between in or about August 2000 and November 2002, DCAR and Daimler made 22 payments totaling approximately €785,225 from Daimler's account in Germany to a Bank of America account in San Diego, California, for Sittard Investments, a California corporation, to secure passenger car sales to the Moscow traffic police.

j. Similarly, between in or about January 2003 and June 2004, DCAR and Daimler made 13 payments totaling approximately €728,302 from Daimler's account in Germany to a bank account in Latvia for Novitta Ltd., a Delaware corporation, in connection with passenger car sales to the MVD.

k. Between in or about January 2005 and May 2005, DCAR and Daimler made five payments totaling approximately €402,876 from Daimler's account in Germany to a bank account in Latvia for Tower Block Ventures, a U.K. corporation, for the benefit of a consultant to

the MVD in connection with passenger car sales to the MVD.

l. Between in or about September 2004 and December 2004, DCAR and Daimler made three payments totaling approximately €235,200 from Daimler's account in Germany to a bank account in Latvia for Silvarado Ltd., a corporation that provided no legitimate services for Daimler or DCAR, in connection with passenger car sales to the MVD.

m. Between in or about May 2003 and August 2003, DCAR and Daimler made four payments totaling approximately €189,291 from Daimler's account in Germany to a bank account in Latvia for Capital Alliance Corp., a Florida corporation, in connection with passenger car sales to the MVD and to the Russian military.

**Improper Payments In Connection With
The Sale Of Commercial Vehicles**

n. In 2004, DCAR and Daimler made three payments totaling approximately €58,000 from Daimler's account in Germany to Technofores, a Delaware corporation, to secure the sale of one commercial vehicle to the SPG for approximately €357,814.

**Improper Payments In Connection With
The Sale Of Unimogs**

Dorinvest

o. DCAR and Daimler agreed to make commission payments to two senior members of Dorinvest (the "Dorinvest Officials"), both Russian government officials, of approximately €7,343 and €2,447, respectively, in order to secure the August 2001 sale of a Unimog to the city of Moscow.

q. In early 2002, in connection with the sale of seven Unimogs to the city of Moscow, Daimler wired a payment of approximately \$7,000 to the bank account of relatives of one

of the Dorinvest Officials who were living in Jerusalem, Israel.

r. In or about November 2001, DCAR and Daimler also made a payment from Daimler's account in Germany of approximately €34,427 to Contrex, a Cyprus corporation established for the benefit of the wife of one of the Dorinvest Officials.

Machinoimport

s. On or about January 24, 2001, a Daimler employee made a payment of approximately DM15,000 from Daimler's account in Germany to the Latvian bank account of Fidelity Finance Corporation, a Delaware corporation, in connection with the sale of four Unimogs to Gormost, a department within the city of Moscow responsible for bridges and tunnels, with the understanding that such payment would be passed on, in whole or in part, to Russian government officials in order to secure this sale.

t. On or about May 28, 2001, Daimler made a payment of approximately €30,072.62, also from Daimler's account in Germany, to Fidelity Finance Corporation's Latvian bank account with the understanding that such payment would be passed on, in whole or in part, to Russian government officials in connection with an additional sale of Unimogs.

Russian Military

u. On or about July 15, 2003, DCAR and Daimler made a payment of approximately €5,478.09 from Daimler's account in Germany to the Latvia bank account of Forfun Co., a Delaware corporation, in connection with the sale of one Unimog to the Russian military, with the understanding that such payment would be passed on, in whole or in part, to Russian military officials.

v. On or about January 31, 2002, DCAR and Daimler made a payment of

approximately €19,488 from Daimler's account in Germany to the Swiss bank account of Northcote Holdings, a Costa Rican corporation, in connection with the sale of another Unimog to the Russian military, with the understanding that such payment would be passed on, in whole or in part, to Russian military officials.

City of Ufa

w. On or about March 19, 2001, April 24, 2001, and June 19, 2001, DCAR and Daimler made payments totaling approximately DM55,030 from Daimler's account in Germany to an official with the Department of Communal Economy and Town Improvements for the City of Ufa, a Russian municipal government official, as well as another unidentified individual, in connection with the sale of seven Unimogs to the City of Ufa.

x. In or about February 2001, DCAR and Daimler paid an additional DM9,191.34 commission to this unidentified individual, as well as another person, in connection with the City of Ufa's purchase of an eighth Unimog.

City of Novi Urengoi

y. On or about March 19, 2002, DCAR and Daimler made a payment of approximately €7,635 from Daimler's account in Germany to a senior municipal government official with the City of Novi Urengoi in connection with the sale of a Unimog to the City of Novi Urengoi.

z. On or about July 17, 2002, DCAR and Daimler made a payment of approximately €26,650 to the bank account of Crofton Allianz, a Delaware corporation, in connection with the sale of a second Unimog to the City of Novi Urengoi, with the understanding that such payment would be passed on, in whole or in part, to a Russian government official.

aa. In or about September 2002, a Daimler employee made a separate €4,441.64

payment in cash to the same Russian government official.

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

COUNT TWO
(Foreign Corrupt Practices Act)

22. Paragraphs 1 through 16 and 19 through 21 of this Information are realleged and incorporated by reference as if fully set forth herein.

23. From in or about 2000 through in or about 2005, defendant DCAR, 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 the 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 any foreign official, or any person, while knowing that all or a portion of such money and 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 DCAR and its parent, Daimler, in obtaining and retaining business for and with, and directing business to, themselves, to wit: DCAR caused (i) 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 Russian government officials; (ii) DCAR made payments directly to Russian government officials; and (iii)

DCAR made payments to third party agents, including shell companies established in the United States, knowing that such payments would be passed on, in whole or in part, to Russian government officials on behalf of DCAR and Daimler.

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

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