
SEC Charges Microsoft Corporation with FCPA Violations

ADMINISTRATIVE PROCEEDING

File No. 3-19260

July 22, 2019 - The Securities and Exchange Commission today announced that Microsoft Corporation has agreed to pay more than \$16 million to settle charges that it violated the Foreign Corrupt Practices Act (FCPA) in connection with its operations in four different foreign based subsidiaries.

According to the SEC's order, Microsoft's subsidiary in Hungary provided discounts on software licenses to its resellers, distributors and other third parties. Instead of passing on the discounts to Microsoft's government customers, the discounts were used to fund improper payments intended for foreign government officials to secure software license sales for Microsoft. The SEC also found that Microsoft's subsidiaries in Saudi Arabia and Thailand provided improper travel and gifts to both foreign government officials and employees of non-government customers funded through slush funds maintained by Microsoft's vendors and resellers. The SEC further found that Microsoft's subsidiary in Turkey provided an excessive discount to an unauthorized third party in a licensing transaction for which Microsoft's records do not reflect any services provided.

The SEC's order found that Microsoft violated the books and records and internal accounting controls provisions of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Securities Exchange Act of 1934. Without admitting or denying the SEC's findings, Microsoft consented to a cease-and-desist order and agreed to pay disgorgement of \$13,780,733 and prejudgment interest of \$2,784,418. Microsoft Hungary has also agreed to pay a criminal fine of \$8,751,795 as part of a non-prosecution agreement with the U.S. Department of Justice related to causing books and records violations of the FCPA.

The SEC's investigation was supervised by Tracy L. Davis of the San Francisco Regional Office. The SEC appreciates the assistance of the Department of Justice Criminal Division's Fraud Section, the Federal Bureau of Investigation, the U.S. Attorney's Office for the Southern District of New York and the Securities Exchange Commission, Thailand.

Related Materials

- [Order - Microsoft Corporation](#)

Modified: July 22, 2019