

In the Matter of Juniper Networks, Inc. (2019)

Nature of the Business.

Juniper Networks, Inc. is a Delaware corporation headquartered in California that specializes in designing and manufacturing networking and cybersecurity products and providing related services. The company maintains securities registered with the SEC pursuant to Section 12(b) of the Securities Exchange Act which are publicly traded on the NYSE.

Juniper has three wholly owned foreign subsidiaries: JNN in Russia, Juniper Networks R&D Ltd. in Hong Kong, and Juniper Networks Shanghai Ltd. in China (“Russia Subsidiary,” “Hong Kong Subsidiary,” and “China Subsidiary,” respectively).

Influence to be Obtained.

According to the SEC, from 2008 to 2013 employees at the Russia Subsidiary told senior management that the sales team needed to offer increased discounts to end-user customers to compete with other companies. However, instead of passing on the discounts to end-user customers, the sales employees agreed to pool the funds saved by the discounts to be spent by themselves and the third-party distributors (“channel partners”) that provide end-user customers with system integration and maintenance. The employees and channel partners used the funds, in part, to pay for trips, meals, and entertainment with customers, including government officials. The employees were able to conceal the transactions and circumvent the proper approval process by placing the funds in off-book accounts. After senior management at the Russia Subsidiary discovered the scheme in 2009, Juniper instructed the Russia Subsidiary to end the scheme, but employees continued the conduct through 2013.

Similarly, employees at the China and Hong Kong Subsidiary allegedly paid for trips and entertainment for customers, including government officials. According to the SEC, employees falsified trip agendas to downplay the amount of entertainment involved in the trips. The falsified agendas were submitted to the China Subsidiary’s legal department for approval, and sometimes sent to the customer invitees so they could use the agendas to obtain internal approval for the trips.

Enforcement.

On August 29, 2019, the SEC settled its enforcement action against Juniper for violations of the FCPA’s books-and-records and internal controls provisions. According to the cease-and-desist order, Juniper agreed to pay \$4 million in disgorgement, \$1,245,018 in prejudgment interest, and \$6.5 million in civil penalties—totaling \$11,745,018 in sanctions. The SEC recognized Juniper’s timely disclosure of facts found during an internal investigation and its cooperation with the SEC investigation as well as remediation efforts, including revising its compliance policies and enhancing its compliance group.

Key Facts

Citation. *In the Matter of Juniper Networks, Inc.*, Admin. Proc. File No. 3-19397 (Aug. 29, 2019).

Date Filed. August 29, 2019.

Country. Russia, China.

Date of Conduct. 2008 – 2013.

Amount of the Value. Not Stated.

Amount of Business Related to the Payment. Not Stated.

Intermediary. Subsidiary; Third Party Intermediaries.

Foreign Official. Unnamed government officials.

FCPA Statutory Provision. Books-and-Records; Internal Controls.

Other Statutory Provision. None.

Disposition. Cease-and-Desist Order.

Defendant Jurisdictional Basis. Issuer.

Defendant’s Citizenship. United States.

Total Sanction. \$11,745,018.

Compliance Monitor/Reporting Requirements. None.

Related Enforcement Actions. None.

Total Combined Sanction. \$11,745,018.