



April 6, 2004 9:01 a.m. EDT

Lucent Fires 4 China Executives Over Control Deficiencies

DOW JONES NEWSWIRES

April 6, 2004 9:01 a.m.

WASHINGTON -- **Lucent Technologies** Inc. Tuesday said it dismissed four executives in China after discovering "incidents" and internal-control deficiencies in its operations there.

In a filing with the U.S. Securities and Exchange Commission, the company said the four executives involved were the president, chief operating officer, a marketing executive, and a finance manager of its China operations.

Lucent said it has reported its findings on the internal-control deficiencies to the U.S. Department of Justice and the SEC.

The filing didn't provide further information about the incidents or the internal-control deficiencies of the company's China operations. A company spokesman declined to provide additional details.

Lucent said it has taken actions to improve its controls and policies in a manner it believes should prevent such incidents from recurring.


The company said its operations in China will now report to Robert Wartsler, president of global sales, as an interim president until a new president is named.

Lucent Technologies said it believes the deficiencies and incidents didn't have a material impact on its financial results. But the company said that, at this time, it can't ascertain any impact the matter may have on its future business operations in China.

The company said the deficiencies in China were found during the course of extensive Foreign Corrupt Practices Act compliance audits performed by it in 23 countries, including Brazil, China, India, Indonesia, the Philippines and Russia, a U.S.-based operation that supports sales in China, and other functions in the U.S. that support non-U.S. activities. The filing said the examinations of its foreign and U. S. operations and support functions confirmed the effectiveness of the company's FCPA compliance controls and policies in all of the operations and functions other than China.

The SEC and Justice Department already are investigating Lucent's Saudi Arabian operations for possible violations of the Foreign Corrupt Practices Act. As reported by The Wall Street Journal in August 2003, a Saudi telecommunications company filed a lawsuit accusing Lucent of bribing a

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Saudi official with money, gifts and free use of private jets to make business decisions that were favorable to Lucent.

Lucent and Swiss company ACEC SA allegedly paid more than \$15 million in bribes between 1995 and 2002 to Ali al-Johani, who served as minister of Saudi Arabia's Ministry of Post Telephone & Telegraph, according to the suit. In exchange for the bribes, Mr. Johani allegedly directed Saudi Telecommunications Co., a company created by the Saudi government, to make decisions in Lucent's favor, National Group for Communications & Computers Ltd. alleges in the suit.

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