

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

SECURITIES AND EXCHANGE COMMISSION,
100 F Street, N.E.
Washington, DC 20549,

Plaintiff,

vs.

TYCO INTERNATIONAL LTD.,
Freier Platz 10
CH-8200 Schaffhausen
Switzerland,

Defendant.

Civil Action No.

COMPLAINT

Plaintiff Securities and Exchange Commission ("SEC" or "Commission") alleges:

NATURE OF THE ACTION

1. This matter concerns violations by Tyco International Ltd. ("Tyco") of the books and records, internal controls, and anti-bribery provisions of the Foreign Corrupt Practices Act ("FCPA").
2. Tyco is an international global manufacturing company based in Switzerland with operations around the world. Tyco's securities are listed on the New York Stock Exchange.
3. In April 2006, the Commission filed a settled accounting fraud, disclosure, and FCPA injunctive action against Tyco, pursuant to which the company consented to entry of a final judgment enjoining it from violations of the anti-fraud, periodic reporting, books and records, internal controls, proxy disclosure, and anti-bribery provisions of the federal securities laws and ordering it to pay \$1 in disgorgement and a \$50 million civil penalty. The U.S. District

Court for the Southern District of New York entered the settled Final Judgment against Tyco on May 1, 2006. At the time of settlement, Tyco had already committed to and commenced a review of its FCPA compliance and a global, comprehensive internal investigation of possible additional FCPA violations. As a result of that review and investigation, certain FCPA violations have come to light for which the misconduct occurred, or the benefit to Tyco continued, after the 2006 injunction. Those are the violations that are alleged in this Complaint.

4. As its global review and investigation progressed, Tyco voluntarily disclosed this conduct to the Commission and took significant, broad-spectrum remedial measures. Those remedial measures include: the initial FCPA review of every Tyco legal operating entity – ultimately including 454 entities in 50 separate countries; active monitoring and evaluation of all of Tyco’s agents and other relevant third-party relationships; quarterly ethics and compliance training by over 4,000 middle-managers; FCPA-focused on-site reviews of higher risk entities; creation of a corporate Ombudsman’s office and numerous segment-specific compliance counsel positions; exit from several business operations in high-risk areas; and the termination of over 90 employees, including supervisors, because of FCPA-compliance concerns.

5. The FCPA misconduct reported by Tyco showed that Tyco’s books and records were misstated as a result of at least twelve different, post-injunction illicit payment schemes occurring at Tyco subsidiaries across the globe. The schemes frequently entailed illicit payments to foreign officials that were inaccurately recorded so as to conceal the nature of the payments. Those inaccurate entries were incorporated into Tyco’s books and records. Tyco thereby violated Section 13(b)(2)(A) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78m(b)(2)(A)].

6. Tyco also failed to devise and maintain internal controls sufficient to provide reasonable assurances that all transactions were properly recorded in the company's books, records, and accounts. Tyco thereby violated Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. § 78m(b)(2)(B)]. As reflected in this Complaint, numerous Tyco subsidiaries engaged in violative conduct, the conduct was carried out by several different methods, and the conduct occurred over a lengthy period of time and continued even after the 2006 injunction.

7. Through one of the illicit payment schemes, Tyco violated the FCPA anti-bribery provisions. Specifically, through the acts of its then-subsiary and agent, TE M/A-COM, Inc., Tyco violated Section 30A(a) of the Exchange Act [15 U.S.C. § 78dd-l(a)] by corruptly making illicit payments to foreign government officials to obtain or retain business.

JURISDICTION AND VENUE

8. The Commission brings this action pursuant to Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), 78aa]. Tyco, directly or indirectly, made use of means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange in connection with the transactions, acts, practices, and courses of business alleged in this Complaint.

9. Venue is proper in this Court pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa] or 28 U.S.C. § 1391(d).

DEFENDANT

10. Tyco is incorporated in Switzerland and has its principal place of business in Switzerland. It issues and maintains a class of securities registered pursuant to Section 12(b) of the Exchange Act [15 U.S.C. § 78j] that trades on the New York Stock Exchange. It is required

to file periodic reports with the Commission under Section 13 of the Exchange Act [15 U.S.C. § 78m].

RELATED ENTITIES

11. At all times relevant, TE M/A-COM, Inc. (“M/A-COM”) was an indirect, wholly owned subsidiary of Tyco incorporated in Florida with its principal place of business in Lowell, Massachusetts. M/A-COM operated within the Electronics segment of Tyco until the split of Tyco and Tyco Electronics Ltd. (“TE”) in or about June 2007, when it became a unit of TE. TE divested all of the assets of M/A-COM in or about 2008.

12. At all times relevant, Tyco Thermal Controls (Huzhou) Co., Ltd. (“TTC Huzhou”) and Tyco Thermal Controls (Shanghai) Co., Ltd. (“TTC Shanghai”) were indirect, wholly owned subsidiaries of Tyco incorporated in China. TTC Huzhou was formed in or about October 2003, when Tyco acquired a company that manufactured electrical cables. Because TTC Huzhou did not have its own sales or marketing staff, TTC Shanghai was largely responsible for sales of TTC Huzhou’s products. (Collectively, these entities are referred to as “TTC China.”)

13. At all times relevant, Tyco Waterworks Deutschland GmbH (“TWW Germany”) was an indirect, wholly owned subsidiary of Tyco incorporated in Germany. TWW Germany manufactured, marketed, and sold industrial valves for the water, gas, sewage, chemical, and processing industries. These products were sold worldwide through a network of sales representatives. Customers included government entities, such as municipal waterworks, and private contractors. Tyco divested itself of TWW Germany in or about 2010.

14. At all times relevant, Tyco Fire & Integrated Solutions France (“TFIS France”) was an indirect, wholly owned subsidiary of Tyco that was incorporated in France. TFIS France

sold fire extinguishing and detection products to residential customers and commercial businesses.

15. At all times relevant, Tyco Flow Control Hong Kong Limited (“TFC HK”) and Beijing Valve Co. Ltd. (“Keystone”) were indirect, wholly owned subsidiaries of Tyco that were incorporated under the laws of Hong Kong and China, respectively. TFC HK and Keystone sold valves and controls products to commercial and government customers through direct sales and local distributors.

16. At all times relevant, ADT Sensormatic Thailand Ltd. (“ADT Thailand”) was an indirect, wholly owned subsidiary of Tyco that was incorporated in Thailand. ADT Thailand designed, installed, and serviced mechanical, electrical, fire protection, security, and traffic systems in Southeast Asia.

17. At all times relevant, Tyco Fire, Security & Services Malaysia SDN BHD (“TFS Malaysia”) was an indirect, wholly owned subsidiary of Tyco that was incorporated in Malaysia. TFS Malaysia designed, installed, serviced, and commissioned mechanical, electrical, fire protection, security, and traffic systems in Malaysia.

18. At all times relevant, Tyco Fire & Integrated Solutions (UK) Ltd. (“TFIS UK”) was an indirect, wholly owned subsidiary of Tyco that was incorporated in the United Kingdom and headquartered in Manchester, England. TFIS UK provided fire detection and suppression systems for power generation and transmission plants.

19. At all times relevant, Tyco Healthcare International Trading (Shanghai) Co., Ltd. (“THC China”) was an indirect, wholly owned subsidiary of Tyco that was incorporated in China. THC China operated within the Healthcare segment of Tyco until the split of Tyco and

Covidien Public Limited Company (“Covidien”) in or about June 2007, when it became a unit of Covidien.

20. At all times relevant, Tyco Healthcare Saudi Arabia (“THC Saudi Arabia”) was an operational entity within Tyco Healthcare AG, an indirect, wholly owned subsidiary of Tyco that was incorporated in Switzerland. THC Saudi Arabia operated within the Healthcare segment of Tyco until the split of Tyco and Covidien in or about June 2007, when it became a unit of Covidien.

21. At all times relevant, Tyco Healthcare Polska Sp.z.o.o. (“THC Polska”) was an indirect, wholly owned subsidiary of Tyco that was incorporated in Poland. THC Polska operated within the Healthcare segment of Tyco until the split of Tyco and Covidien in or about June 2007, when it became a unit of Covidien.

STATEMENT OF FACTS

22. Tyco is a diversified global manufacturing company with operations around the world. Starting in or about 1998 and continuing through at least 2009, the business of Tyco and its subsidiaries took place in, among others, the People’s Republic of China, India, Thailand, Croatia, Serbia, Saudi Arabia, Libya, Syria, the United Arab Emirates, Mauritania, the Congo, Niger, Madagascar, Turkey, Poland, Malaysia, and Egypt.

M/A-COM – Turkey

23. M/A-COM, through its SIGINT Products business unit, retained a New York City-based sales agent who made illicit payments in connection with a September 2006 sale of microwave equipment to an instrumentality of the Turkish government. The agent, who was contractually designated as M/A-COM’s sales agent for Turkey, sold the equipment to the entity controlled by Turkey at a mark-up over the M/A-COM invoice price. The microwave receivers

were shipped from Hunt Valley, Maryland to the agent in New York, who then shipped them to Turkey via New York, New York.

24. Employees of M/A-COM were aware that the agent was paying foreign government customers to obtain orders. One internal e-mail stated, “Hell, everyone knows you have to bribe somebody to do business in Turkey. Nevertheless, I’ll play it dumb if [M/A-COM’s agent] should call.”

25. Tyco exerted control over M/A-COM in part by utilizing dual roles for its officers. At the time of the September 2006 transaction, four high-level Tyco officers were also officers of M/A-COM, including one who was M/A-COM’s president. Additionally, one of those Tyco officers served as one of five members of M/A-COM’s board of directors. While there is no indication that any of these individuals knew of the illegal conduct described herein, through the corporate structure used to hold M/A-COM and through the dual roles of these officers, Tyco controlled M/A-COM. As a result, M/A-COM was Tyco’s agent for purposes of the September 2006 transaction, and the transaction was squarely within the scope of M/A-COM’s agency.

26. The benefit obtained by Tyco as a result of the September 2006 deal was \$44,513.

TTC China – Ministry of Public Security

27. In or about June 2005, TTC China signed a contract with the Chinese Ministry of Public Security for \$770,000, but reportedly paid approximately \$3,700 to the “site project team” of a state-owned corporation to obtain the contract. This amount was improperly recorded in TTC China’s books and records as a commission, when in fact part of that amount was passed along to the end-user. TTC China’s financial results were incorporated in Tyco’s publicly filed financial statements. Tyco’s benefit as a result of these illicit payments was \$192,500.

TWW Germany

28. TWW Germany and/or its agents failed to enact and/or follow policies governing the retention and payment of third-party agents/distributors.

29. TWW Germany and/or its agents paid or promised to pay third parties to secure contracts or avoid penalties or fines in several countries: the People's Republic of China, Croatia, India, Libya, Saudi Arabia, Serbia, Syria, and the United Arab Emirates. The payments were ostensibly booked as commissions and in a manner that did not reflect the ultimate recipients of the funds. The payments related to projects ongoing from October 2004 to 2009. In fact the payments were not commissions, but were used to pay employees of government customers and for other purposes. These entries were consolidated within Tyco and, as a result, caused Tyco's books and records to be misstated. Tyco's benefit as a result of these illicit payments was \$4,684,966.

TFIS France

30. TFIS France and/or its agents made payments to individuals from 2005 to 2009 for "business introduction services." One of the individuals receiving payments was a security officer at a government-owned mining company in Mauritania, and a substantial amount of the payments made before 2007 ultimately were deposited in that government official's personal bank account in France. These payments were not supported by written contracts or invoices and were not accurately recorded in TFIS France's books and records. In addition, TFIS France and/or its agents paid sham "commissions" to approximately twelve other intermediaries in four countries (Mauritania, the Congo, Niger, and Madagascar). The inaccurate entries were incorporated into Tyco's books and records. Tyco's benefit as a result of these illicit payments was \$1,256,389.

TFC HK and Keystone – China

31. TFC HK and Keystone failed to follow Tyco's internal control policies and procedures governing the retention and payment of third-party agents/distributors. TFC HK and Keystone also failed to maintain an appropriate system to ensure accuracy in its books and records regarding payments to sales agents and distributors.

32. Between 2005 and August 2006, TFC HK and Keystone paid approximately \$246,000 to an agent in connection with sales to a large, government-owned Chinese petrochemical company, although Tyco is unable to ascertain what, if any, legitimate services were performed by the agent. As a result, Tyco's books and records were misstated. Tyco's benefit as a result of these illicit payments was \$181,504.

33. TFC HK and Keystone also had other improper arrangements with agents. Approximately \$137,000 was paid to agencies owned by approximately eight Keystone sales employees in 2005 and 2006, and those employees in turn transferred some portion of that amount in cash or gifts to government officials, including design institutes, in the People's Republic of China. The amounts in question were incorrectly recorded as proper commissions to hide the fact that the payments were made to companies owned by Keystone employees. As a result, Tyco's books and records were misstated. Tyco's benefit as a result of these illicit payments was \$196,584.

ADT Thailand – CCTV

34. From in or about 2000 to in or about 2006, ADT Thailand maintained inaccurate books and records in connection with multiple transactions and failed to implement policies to ensure accurate record-keeping.

35. In connection with a contract to install a CCTV system in the Thai Parliament House in 2006, ADT Thailand paid over \$50,000 to a Thai entity that acted as a consultant. The invoice related to this payment refers to “renovation work,” but Tyco is unable to ascertain what, if any, work was done. As a result, Tyco’s books and records were misstated. Tyco’s benefit as a result of these illicit payments was \$104,117.

TFS Malaysia

36. From 2000 to 2007, TFS Malaysia used intermediaries to pay the employees of its customers when bidding on contracts. Payments were made to approximately twenty-six employees of customers, and one of those payees was an employee of a government-controlled entity. TFS Malaysia inaccurately described these expenses as “commissions” and failed to maintain policies sufficient to prohibit such payments. As a result, Tyco’s books and records were misstated. Tyco’s benefit as a result of these illicit payments was \$45,972.

TFIS UK – Egypt

37. From in or about 2004 to in or about 2008, an Egyptian agent of TFIS UK wired approximately \$282,022 to a former employee’s personal bank account with the understanding that the money would be used in connection with entertainment expenses for representatives of a company majority-owned by the Egyptian government. A portion of the funds was used to pay for lodging, meals, transportation, spending money, and entertainment expenses for that company’s officials on two trips to the United Kingdom in 2005 and 2006 and two trips to the United States in 2007 and 2008.

38. TFIS UK made payments pursuant to inflated invoices submitted by the company’s Egyptian agent, who wired funds to the former employees to be used to entertain foreign officials.

39. TFIS UK's books and records did not accurately reflect TFIS UK's understanding that the funds would be used for entertainment of government officials, and TFIS UK did not maintain sufficient internal controls over its payments to agents. As a result, Tyco's books and records were misstated.

40. Tyco's benefit as a result of these illicit payments was \$1,589,374.

THC Saudi Arabia

41. Beginning in or about December 2000 and continuing into at least June 2006, THC Saudi Arabia's distributor in Saudi Arabia used a "control account" to make payments at THC Saudi Arabia's direction to doctors and hospital officials in Saudi Arabia, including those employed by agencies or instrumentalities of the Saudi government. The control account was not a bank account, but rather a general ledger account.

42. While some disbursements from the control account were used for legitimate expenses, several items were booked improperly as "promotional expenses" and "sales development" expenses. As a result, Tyco's books and records were misstated. In connection with the transactions related to these inaccurate books and records, Tyco's benefit was approximately \$1,900,600.

THC China

43. From in or about September 2004 to in or about January 2007, employees of THC China submitted approximately 33 expense claims related to entertainment of public healthcare officials of the People's Republic of China. THC China then reimbursed those expenses. Some of the expenses were supported by fictitious receipts, including references to a non-existent company. In connection with the expenses, at least one THC China employee forged receipts

and applied a “seal” for a bogus company. Employees forged receipts because the actual expenditures were prohibited under Tyco’s internal guidelines.

44. From 2001 to 2008, THC China employees submitted false itineraries and other documentation that did not properly identify travel expenses incurred in connection with medical conferences. The inaccurate recordkeeping related to payment by THC China for trips or portions of trips for publicly employed doctors in the People’s Republic. As a result, Tyco’s books and records were misstated.

45. In connection with the transactions related to these inaccurate books and records, Tyco’s benefit was approximately \$353,800.

THC Polska

46. From in or about January 2005 to in or about December 2007, THC Polska used “service contracts” to hire public healthcare professionals in Poland for various purposes, including conducting training sessions, performing clinical studies, and distributing marketing materials. Approximately five such service contracts involved falsified records and approximately twenty-six other service contracts involved incomplete and inaccurate records, including some related expenses paid by THC Polska to family members of healthcare professionals. As a result, Tyco’s books and records were misstated. In connection with the transactions related to these inaccurate books and records, Tyco’s benefit was approximately \$14,673.

FIRST CLAIM FOR RELIEF

Foreign Bribery

[Violations of Section 30A(a) of the Exchange Act, 15 U.S.C. § 78dd-1(a)]

47. Paragraphs 1 through 46 are re-alleged and incorporated by reference.

48. As described above, Tyco, through its officers, employees, and agents, corruptly offered, promised to pay, or authorized payments to one or more persons, while knowing that all or a portion of those payments would be offered, given, or promised, directly or indirectly, to foreign officials for the purpose of influencing their acts or decisions in their official capacity, inducing them to do or omit to do actions in violation of their official duties, securing an improper advantage, or inducing such foreign officials to use their influence with foreign governments or instrumentalities thereof to assist Tyco in obtaining or retaining business.

49. By reason of the foregoing, Tyco violated, and unless enjoined will continue to violate, Section 30A(a) of the Exchange Act.

SECOND CLAIM FOR RELIEF

Books and Records

[Violations of Section 13(b)(2)(A) of the Exchange Act,
15 U.S.C. § 78m(b)(2)(A)]

50. Paragraphs 1 through 46 are re-alleged and incorporated by reference.

51. The Exchange Act requires each issuer of registered securities to make and keep books, records, and accounts which, in reasonable detail, accurately and fairly reflect the business of the issuer.

52. As described above, Tyco, through its officers, employees, and agents, failed to keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflected its transactions and dispositions of its assets.

53. By reason of the foregoing, Tyco violated Section 13(b)(2)(A) of the Exchange Act.

THIRD CLAIM FOR RELIEF

Internal Controls

[Violations of Section 13(b)(2)(B) of the Exchange Act,
15 U.S.C. § 78m(b)(2)(B)]

54. Paragraphs 1 through 46 are re-alleged and incorporated by reference.

55. The Exchange Act requires each issuer of registered securities to devise and maintain a system of internal controls sufficient to provide reasonable assurances that, among other things, transactions are recorded as necessary to permit preparation of financial statements and to maintain accountability for assets.

56. Tyco failed to devise and maintain such a system of internal controls and was therefore unable to detect the violations set forth above. As described above, numerous Tyco subsidiaries engaged in violative conduct, the conduct was carried out by several different methods, the conduct occurred over a lengthy period of time, and it continued even after the 2006 injunction.

57. By reason of the foregoing, Tyco violated Section 13(b)(2)(B) of the Exchange Act.

PRAYER FOR RELIEF

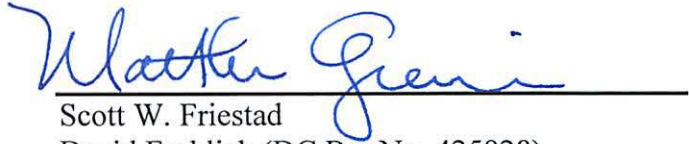
WHEREFORE, the Commission respectfully requests that this Court enter judgment:

- a) permanently enjoining Defendant Tyco from violating Sections 30A(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78dd-1(a), 78m(b)(2)(A), and 78m(b)(2)(B)];
- b) ordering Defendant Tyco to disgorge ill-gotten gains wrongfully obtained as a result of its illegal conduct in the amount of \$10,564,992 and prejudgment interest thereon in the amount of \$2,566,517; and

c) granting such other relief as this Court may deem just and appropriate.

Dated: September 24, 2012

Respectfully Submitted,



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