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## Siemens fraud probe widens: WSJ

By MarketWatch

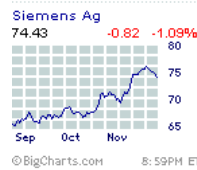
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**LONDON (MarketWatch) -- A criminal probe into alleged fraud at Siemens AG is widening, according to a media report Wednesday.**

German prosecutors said they have uncovered 200 million euros (\$257 million) in suspicious transactions, 10 times the amount they said they had uncovered last week, The Wall Street Journal reported in its online edition. [See Wall Street Journal story \(subscription required\).](#)

German authorities also said they jailed two more employees of Siemens's (SI) telecommunications unit, bringing to six the number of people under arrest, according to The Journal, and said, a "band" of individuals had engaged in repeated fraud through secret bank accounts set up in other countries.

Siemens (DE:723610: [news](#), [chart](#), [profile](#)) shares fell 0.9% in Frankfurt afternoon action as broader markets traded weakly. [Also see Europe Markets.](#)



German prosecutors said last week that they were focusing on 12 suspects, 10 of whom were current or former Siemens employees. The prosecutors said the alleged fraud dated to 2002 and had continued until recently, according to the report.

### Office, residence raids

Police in Germany raided about 30 offices and residences of employees on Nov. 15 as part of a probe into alleged embezzlement and possible bribery at Siemens, which is Europe's largest engineering company by sales. At the time, they said they had uncovered about 20 million euros in questionable transactions, according to the Journal.

Authorities are trying to determine where the money went, according to Christian Schmidt-Sommerfeld, head of the prosecutors' office in Munich, The Journal reported.

German authorities are working in conjunction with investigators in Italy and Switzerland, and trying to determine how far up the corporate ladder the alleged fraud traveled. German prosecutors said last week that they suspected the funds in question were used to pay bribes to secure business contracts, according to the report.

A Siemens spokesman said the company is cooperating with German authorities and is eager to get to the bottom of the matter, The Journal reported, adding that Siemens has attributed the alleged fraud to "individual acts" in its fixed-line telecommunications business.

German authorities searched the offices of Klaus Kleinfeld, the chief executive, and other members of Siemens's management board last week as part of the probe, The Journal reported, adding that Kleinfeld is being treated as a witness, not a suspect.

### Siemens vows to tighten conduct guidelines

In a statement issued Thursday, Siemens said it is tightening guidelines governing employee conduct.

"We have to relentlessly clarify and punish irregularities. Employees who violate our compliance regulations hurt Siemens in every respect. We cannot tolerate this," said Kleinfeld in the statement.

The company also said it has hired Hans-Otto Jordan, a lawyer with Beckstein & Partners, to act as an ombudsman and provide a "protected" communication channel for employees.

"Employees can contact this neutral individual on a confidential and anonymous basis if they have observed incorrect business practices in Germany," Siemens said. [See more global markets coverage.](#)



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