UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 85261 / March 6, 2019

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 4028 / March 6, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-19022

In the Matter of **Mobile TeleSystems PJSC,** **Respondent.**	**ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER**

I

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 ("Exchange Act"), against Mobile TeleSystems PJSC ("MTS" or "Respondent").

II

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the "Offer") which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings, Pursuant to 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order"), as set forth below.

III

On the basis of this Order and Respondent's Offer, the Commission finds[1] that

Summary

A. These proceedings arise out of violations of the anti-bribery, books and records, and internal accounting controls provisions of the Foreign Corrupt Practices Act ("FCPA") [15 U.S.C. §§ 78dd-1, 78m(b)(2)(A), and 78m(b)(2)(B)] by MTS.

B. From 2004 to at least 2012, MTS offered and paid bribes in violation of Section 30A of the Exchange Act, to a government official in Uzbekistan in connection with its Uzbek operations. The improper payments enabled MTS to enter the Uzbek market, to operate as a telecommunications provider, and to receive commercial benefits to its operations. Those benefits continued until 2012, when the Uzbek government expropriated MTS's Uzbek operations. During the course of the scheme, MTS made at least $420 million in illicit payments for the purpose of obtaining and retaining business, and those payments generated more than $2.4 billion in revenues. These illicit payments were made through a variety of means, including equity transactions with the government official, sham contracts, and in the form of charitable contributions or sponsorships at the direction of the government official. These payments were improperly characterized as legitimate expenses in MTS's books and records. MTS filed its financial statements, incorporating the falsely recorded payments, with the Commission throughout the relevant period.

C. As a result of the scheme, MTS violated Exchange Act Section 30A by agreeing to make corrupt payments to a government official in Uzbekistan for the purpose of obtaining or retaining business. MTS also violated Exchange Act Sections 13(b)(2)(A) and 13(b)(2)(B) by improperly recording the payments as legitimate expenses in its books and records and by failing to devise and maintain a reasonable system of internal accounting controls.

Respondent

D. **Mobile TeleSystems PJSC** is a provider of telecommunications services organized under the laws of Russia and headquartered in Moscow, Russia. It issues and maintains a class of publicly traded securities registered pursuant to Exchange Act Section 12(b) that traded on the New York Stock Exchange throughout the relevant period.

Other Relevant Entities

E. **JV Uzdunrobita** ("Uzdunrobita") was a telecommunications operator in Uzbekistan from the 1990s until 2012. Uzdunrobita became a subsidiary of MTS in 2004 and operated as such until 2012. Uzdunrobita was managed by local managers and had a supervisory board that included MTS senior managers.

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[1] The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

F. **Government Official A** is a family member of the former President of Uzbekistan and was herself an Uzbek government official. She had influence over decisions made by UzACI, the regulatory authority governing telecommunications in Uzbekistan and held an ownership interest in Uzdunrobita through Swisdorn Ltd.

G. **Swisdorn Ltd** is a company beneficially owned and operated by Government Official A. Swisdorn was formed in Gibraltar and was the entity through which MTS made most of its payments for the benefit of Government Official A.

H. **Takilant Ltd** is a company beneficially owned and operated by Government Official A. Takilant was formed in Gibraltar and was the entity through which MTS made some payments for the benefit of Government Official A.

Facts

Entry Into Uzbekistan

I. In July 2004 MTS entered the Uzbek telecommunications market by purchasing a majority interest in Uzdunrobita, a company with existing operations in Uzbekistan. At the time, Government Official A beneficially owned 59% of Uzdunrobita's shares through Swisdorn and chaired Uzdunrobita's supervisory board.

J. In July 2004, MTS purchased 74% of the shares of Uzdunrobita for $121 million. MTS paid $100 million to Swisdorn for 33% of the shares of Uzdunrobita, which represented a significantly higher value per share than the amount paid to the other seller, which sold MTS 41% of the shares of Uzdunrobita. A majority of the payment to Swisdorn represented an illicit payment to Government Official A for the purpose of allowing MTS's entry into the Uzbek telecommunications market.

K. MTS's Board of Directors approved the acquisition of 74% of Swisdorn on July 26, 2004, and the members of Uzdunrobita approved the transaction on August 2, 2004. From that point forward until 2012, Uzdunrobita was managed by a local manager who had a personal relationship with Government Official A.

L. From 2004 to 2012, Uzdunrobita entered into a number of transactions that benefitted Government Official A.

Expansion of Uzbek Operations

M. In 2005, MTS began investing in an expansion of its telecommunications network in Uzbekistan. As part of its expansion strategy, MTS sought to acquire a block of new telecommunications frequencies in the 900 MHz range, which would complement the emerging 3G technology. Under Uzbek law, however, private parties were prohibited from purchasing and selling regulatory assets such as frequencies.

N. In order to circumvent this prohibition, MTS entered into an agreement with a small telecommunications operator named Buztel that was partially owned by Government Official A. Buztel held a block of frequencies in the 900 MHz range. Under the agreement, Uzdunrobita agreed to pay Buztel $12 million, of which $4 million would go to Government Official A. In return, Buztel agreed to repudiate its rights to the frequencies and allow them to be reallocated to Uzdunrobita. Government Official A, who also exercised control over the Uzbek telecommunications regulatory authority, ensured that the regulator approved the intended reallocation.

Option Amendment

O. At the time MTS purchased 33% of the shares of Uzdunrobita from Swisdorn, it entered into a three-year put and call option agreement with Swisdorn pertaining to Swisdorn's remaining 26% interest in Uzdunrobita. Pursuant to the agreement, Swisdorn received a 3-year put option to sell its remaining 26% interest in the company to MTS. MTS received a corresponding 3-year call option to purchase the 26% block from Swisdorn. The exercise price of the put and call options was set at 26% of $145,000,000, or $37.7 million, plus five percent interest per annum for each year after the signing of the agreement until the put or call option was exercised.

P. On August 17, 2006, as requested by Government Official A, MTS and Swisdorn entered into an amendment to the 2004 put and call option agreement that (1) eliminated MTS's call option; (2) extended the expiration date of Swisdorn's put option to July 14, 2008; and (3) amended the purchase price to a valuation to be determined by a mutually-agreeable investment bank. Each of these changes provided a unilateral benefit to Swisdorn and, through it, to Government Official A.

Q. According to an estimate prepared for MTS's investment committee, the value of Swisdorn's put option increased from $44,000,000 to a fair market valuation of at least $150,000,000, while MTS lost its opportunity to exercise the call option at a fixed price. The benefit transferred to Government Official A was one of the series of payments that MTS, through Uzdunrobita, made to the official to ensure Uzdunrobita's continued operation in Uzbekistan.

Option Exercise Package

R. On April 2, 2007, Uzdunrobita received 3G and WiMax frequencies from the Uzbek telecommunications regulator that had the effect of increasing Uzdunrobita's fair market value by approximately $126 million to $140 million, and proportionally increased the value of Swisdorn's 26% share of Uzdunrobita.

S. Following the acquisition of the 3G and WiMax licenses, Swisdorn on April 12, 2007, gave MTS notice of its intent to exercise the put option. On April 27, 2007, consistent with the option amendment, Swisdorn and MTS engaged an international investment bank to prepare a valuation of Uzdunrobita. In its report the investment bank valued the 26% minority interest in Uzdunrobita, including the 3G and WiMax frequencies, at between $235 and $256. In June 2007, MTS paid Swisdorn $250 million for its remaining 26% interest in Uzdunrobita.

4G/LTE Transaction

T. In August 2008, an MTS subsidiary incorporated in Bermuda entered into a transaction in which Uzdunrobita would receive the rights to certain frequencies in the 800 MHz range in return for a $30 million payment to Takilant Ltd, which was beneficially owned by Government Official A.

U. On August 21, 2008, Takilant and an MTS subsidiary executed an agreement under which Takilant's subsidiary would waive its rights to the 800 MHz frequencies and return them to the Uzbek telecommunications regulator. On August 25, Government Official A exercised her control over the Uzbek telecommunications regulator to ensure that the 800 MHz frequency rights were assigned to Uzdunrobita.

V. MTS made its $30 million payment to Takilant in six installments of $5 million each, beginning in October 2008 and ending in July 2009.

W. In connection with the transaction, MTS retained an investigative firm to conduct due diligence on Takilant. When the investigator reported back that Takilant's nominal owner had no telecommunications background and was a known proxy for Government Official A, MTS ignored the information.

X. MTS provided its due diligence investigator with Takilant's certificates of incorporation and corporate registration, both of which identified a proxy of Government Official A as Takilant's director and shareholder. MTS did not provide the investigator with any information referring to Government Official A, including whether Government Official A held a beneficial interest in Takilant.

Y. On August 29, 2008, the investigative firm reported to MTS that "Uzbek sources regard Takilant Ltd as being beneficially owned by the family of the Uzbek president. . . . Confidential sources close to, and knowledgeable about, Uzbek business and political circles, regard [the director of Takilant] as being a trustee of [Government Official A], a [relative] of the Uzbek president. Sources believe that [the director of Takilant] works for [Government Official A], being in charge of the latter's fashion business and PR matters."

Z. After receiving the firm's findings, MTS conducted no further investigation and proceeded with the transaction.

AA. In the months leading up to the 800 MHz transaction, senior managers at MTS discussed additional demands for payment from Government Official A. One senior MTS manager stated that the consequences for refusing payment included the possible suspension of Uzdunrobita's operations and Uzdunrobita's forced sale.

BB. The same senior MTS manager sent a document to an MTS senior executive listing the status of MTS's payment commitments to Government Official A, as well as the status of the benefits the company had requested from the official.

Status of our commitments

1. Payment of the total amount of $50 million, with the following breakdown:

   - $30 million through the purchase of CDMA frequencies, prior to 01/11/08.

   MTS is ready to make the payment immediately.

   - $20 million in an agreed form, prior to 01/01/09, tied to the growth of the subscriber base.

   The basis for payment and the draft agreement are being worked out, but no scheme exists other than making the payment as a fee for services. Proposing to increase the amount of the contract pertaining to CDMA, with delayed payments.

2. Beginning in 2009, for the assistance in creating favorable conditions for the growth of the Company and its subscriber base, guarantee the payment of an average of $20 million/year.

   The basis for payment and the draft agreement are being worked out.

KolorIt Design Transaction

CC. In September 2009, MTS agreed to have Uzdunrobita enter into an acquisition that would satisfy a portion of MTS's obligation to confer a $20 million benefit on Government Official A. Uzdunrobita and MTS acquired 100% of an Uzbek advertising company named KolorIt Design ("KolorIt") that Government Official A indirectly controlled. The acquisition was a non-core transaction for MTS because KolorIt had no telecommunications operations and MTS was not in the advertising business.

DD. MTS engaged the same investigative firm to conduct due diligence on KolorIt that it had with Takilant. The firm reported that one of KolorIt's two listed shareholders was the same proxy of Government Official A who had appeared in the records of Takilant.

EE. When MTS received the investigator's findings in August 2009 it conducted no further investigation and proceeded with the transaction. MTS paid the equivalent of approximately $40 million for KolorIt, substantially more than the $23 million valuation of the company that JPMorgan had prepared at MTS's request.

FF. Following the KolorIt transaction, the senior MTS manager who had earlier prepared the document listing the status of MTS's payment commitments to Government Official A updated the document. The updated document, which now referred to Government Official A

as "the local partner," stated that an obligation to pay $20 million by January 1, 2009 was satisfied in part by the KolorIt acquisition.

July 2008' Agreements with the local partner
status on their fulfilment (on 02.11.2009 r.)

Our obligations

1. To pay $50 [million] by

   - CDMA frequencies acquisition for $30 [million] by 01.11.08

   Paid in full in July 2009

   - a way to agree additionally $20 [million] by 01.01.09 (linked to the customers number growth)

   Paid in full in September 2009 through ColorIT acquisition ($10 [million]) and out of the vendor's additional discount ($10 [million])

2. Starting year 2009 to pay up to $20 [million] annually for the assistance in creating favorable conditions for the operations linked to the customers number growth

Contributions to Charities Supported by Government Official A

GG. Acting through Uzdunrobita, MTS also made payments to charities supported by, and a sponsorship payment to a company connected to, Government Official A. The payments were made in the expectation that they were necessary to ensure Government Official A's continued support for Uzdunrobita's business. The payments were falsely recorded in Uzdunrobita's books and records as advertising and non-operating expenses, rather than as charitable expenses. The payments also failed to comply with appropriate internal controls. The payments were not approved until after payment was made and were not memorialized in agreements with anti-corruption representations. Below is a table of the payments made by Uzdunrobita in 2012:

Date	**Payment Amount**	**Charity Name**
3/27/2012	$135,612	Center for Youth Initiatives "Kelajak ovozi"
3/27/2012	$135,612	Fund for Support of Social Initiatives
3/27/2012	$135,612	Republic Social Association "Zhenskoye Sobraniye"
3/27/2012	$135,611	Public Fund "Mehr Nuri"

3/27/2012	$189,856	Fund Forum
3/27/2012	$162,734	Fund Forum
3/27/2012	$189,856	Fund Forum
4/24/2012	$54,244	Terra Group
Total	$1,139,137	

Currency Conversion Transactions

HH. Between 2005 and 2012, Uzdunrobita entered into equipment purchase contracts denominated in U.S. dollars. Due to restrictions on the conversion of Uzbek soums into U.S. dollars, Uzdunrobita was unable to convert enough currency to pay its equipment vendors. In order to make its payments under the contracts, Uzdunrobita entered into debt reassignment and equipment purchase agreements with third party companies who agreed to pay the required amounts of U.S. dollars to pay Uzdunrobita's vendors.

II. During the 2009-11 period, Uzdunrobita paid approximately $461.5 million to third party companies to effectuate purchases of network equipment in Uzbekistan. Of this total, approximately $142.7 million represented the difference between the Uzbek Central Bank exchange rate and the exchange rate agreed to by the parties and other markups. Approximately $92.6 million represented taxes and customs costs.

JJ. Uzdunrobita's books and records, which were consolidated into MTS's books and records, did not reflect, in an appropriate level of detail and support, the $142.7 million in currency rate differentials and markups. These transactions had a material effect on the financial statements of Uzdunrobita. In addition, Uzdunrobita failed to conduct appropriate due diligence on the third party intermediaries to determine whether they were under the ownership or control of Government Official A or other Uzbek government officials.

KK. As a result of the conduct described above, MTS violated Exchange Act Sections 30A, 13(b)(2)(A), and 13(b)(2)(B).

Undertakings

Cooperation

LL. Respondent undertakes to cooperate fully with the Commission in any and all investigations, litigation, or other proceedings relating to or arising from the matters described in this Order. In connection with such cooperation, Respondent shall:

(1) produce, without service of a notice or subpoena, any and all non-privileged documents and other information requested by the Commission staff subject to any restrictions under the laws and regulations of any foreign jurisdiction;

(2) use its best efforts to cause its current or former officers, employees, agents, and directors to be interviewed by Commission staff at such times and places as the staff reasonably may direct; and

(3) use its best efforts to cause its current or former officers, employees, agents, and directors to appear and testify without service of a notice or subpoena in such investigations, depositions, hearings, or trials as may be requested by the Commission staff.

MM. Should Respondent during the period which the Monitor is retained discover credible evidence, not previously reported to the Commission staff, that questionable or corrupt payments or questionable or corrupt transfers of property or interests may have been offered, promised, paid, or authorized by Respondent or by any entity or person while working directly for Respondent; that related false books and records have been maintained; or that Respondent has failed to implement adequate internal accounting controls, Respondent shall undertake to promptly report such conduct to the Commission staff.

NN. During the period which the Monitor is retained, Respondent shall provide its external auditors with its annual internal audit plan and reports of the results of internal audit procedures and its assessment of its FCPA compliance policies and procedures.

OO. During the period which the Monitor is retained, Respondent shall provide the Commission staff with any written reports or recommendations provided by Respondent's external auditors in response to Respondent's annual internal audit plan, reports of the results of internal audit procedures, and its assessment of its FCPA compliance policies and procedures.

Retention of Monitor and Term of Engagement

PP. Respondent shall engage an independent compliance monitor (the "Monitor") not unacceptable to the staff of the Commission within sixty (60) calendar days of the entry of the Order. The Monitor shall have, at a minimum, the following qualifications: (i) demonstrated expertise with respect to the FCPA and other applicable anti-corruption laws, including experience counseling on FCPA issues; (ii) experience designing or reviewing corporate compliance policies, procedures, and internal accounting controls, including FCPA and anti-corruption policies and procedures; (iii) the ability to access and deploy resources as necessary to discharge the Monitor's duties as described in the Offer; and (iv) sufficient independence from Respondent to ensure effective and impartial performance of the Monitor's duties as described in the Offer. The Commission staff may extend Respondent's time period to retain the Monitor, in its sole discretion. If the Monitor resigns or is otherwise unable to fulfill the obligations described in the Offer, Respondent shall within forty-five (45) days retain a successor Monitor that has the same minimum qualifications as the original Monitor and that is not unacceptable to the Commission staff.

QQ. Respondent shall retain the Monitor for a period of not less than thirty-six (36) months, unless the Commission staff finds, in its sole discretion, that there exists a change in circumstances sufficient to eliminate the need for the Monitor, in which case the Monitorship

may be terminated early. The term of the Monitorship can be extended as set forth in Paragraph FF, below. Respondent shall provide the Commission staff with a copy of the agreement detailing the scope of the Monitor's responsibilities within thirty (30) days after the Monitor is engaged.

RR. During the Term of the Monitorship and for a period of one year from the conclusion of the Monitorship, neither the Respondent nor any of its then-current or former affiliates, subsidiaries, directors, officers, employees, or agents acting in their capacity as such shall enter into, or discuss the possibility of, any employment, consultant, attorney-client, auditing, or other professional relationship with the Monitor.

Respondent's Obligations

SS. Respondent shall cooperate fully with the Monitor and provide the Monitor with access to all non-privileged information, documents, books, records, facilities, and personnel as reasonably requested by the Monitor; such access shall be provided consistent with Respondent's and the Monitor's obligations under applicable local laws and regulations, including applicable data privacy and national security laws and regulations. Respondent shall use its best efforts, to the extent reasonably requested, to provide the Monitor with access to Respondent's former employees, third party vendors, agents, and consultants. Respondent does not intend to waive the protection of the attorney work product doctrine, attorney-client privilege, or any other privilege applicable as to third parties.

TT. The parties agree that no attorney-client relationship shall be formed between the Respondent and the Monitor. In the event that Respondent seeks to withhold from the Monitor access to information, documents, books, records, facilities, current or former personnel of the Respondent, its third-party vendors, agents, or consultants that may be subject to a claim of attorney-client privilege or to the attorney work-product doctrine, or where Respondent reasonably believes production would otherwise be inconsistent with the applicable laws and regulations, Respondent shall work cooperatively with the Monitor to resolve the matter to the satisfaction of the Monitor. If, during the Term of the Monitorship, the Monitor believes that Respondent is unreasonably withholding access on the basis of a claim of attorney-client privilege, attorney work-product doctrine, or other asserted applicable law, the Monitor shall notify the Commission staff.

UU. Any disclosure by Respondent to the Monitor concerning potential corrupt payments, false books and records, or internal accounting control issues shall not relieve Respondent of any otherwise applicable obligation to truthfully disclose such matters to the Commission staff.

Monitor's Mandate

VV. The Monitor shall review and evaluate the effectiveness of the Respondent's policies, procedures, practices, internal accounting controls, recordkeeping, and financial reporting as they relate to Respondent's current and ongoing compliance with the anti-bribery, books and records, and internal accounting controls provisions of the FCPA and other applicable

anti-corruption laws, and make recommendations reasonably designed to improve the effectiveness of Respondent's internal accounting controls and FCPA corporate compliance program (the "Mandate"). This Mandate shall include an assessment of the board of directors' and senior management's commitment to, and effective implementation of, the FCPA corporate compliance program. In carrying out the Mandate, to the extent appropriate under the circumstances, the Monitor may coordinate with Respondent personnel, including in-house counsel, compliance personnel, and internal auditors. To the extent the Monitor deems appropriate, it may rely on Respondent's processes, and on sampling and testing methodologies. The Monitor is not expected to conduct a comprehensive review of all business lines, all business activities, and all markets. Any disputes between Respondent and the Monitor with respect to the work plan shall be decided by the Commission staff in its sole discretion.

WW. During the term of the Monitorship, the Monitor shall conduct three reviews, issue a report following each review, and issue a final certification report, as described below. The Monitor's work plan for the first review shall include such steps as are reasonably necessary to conduct an effective first review. It is not intended that the Monitor will conduct its own inquiry into historical events. In developing each work plan and in carrying out the reviews pursuant to such plans, the Monitor is encouraged to coordinate with Respondent's personnel, including auditors and compliance personnel.

First Review and Report

XX. The Monitor shall commence the first review no later than one hundred twenty (120) calendar days from the date of the engagement of the Monitor (unless otherwise agreed by Respondent, the Monitor, and the Commission staff). Promptly upon being retained, the Monitor shall prepare a written work plan, which shall be submitted to Respondent and the Commission staff for comment no later than sixty (60) days after being retained.

YY. In order to conduct an effective first review and to understand fully any existing deficiencies in Respondent's internal accounting controls and FCPA corporate compliance program, the Monitor's work plan shall include such steps as are reasonably necessary to understand Respondent's business and its global anti-corruption risks. The steps shall include:

(1) inspection of relevant documents, including the internal accounting controls, recordkeeping, and financial reporting policies and procedures as they relate to Respondent's compliance with the books and records, internal accounting controls, and anti-bribery provisions of the FCPA and other applicable anti-corruption laws;

(2) onsite observation of selected systems and procedures comprising Respondent's FCPA corporate compliance program, including anticorruption compliance procedures, internal accounting controls, recordkeeping, due diligence, and internal audit procedures, including at sample sites;

(3) meetings with, and interviews of, as relevant, Respondent’s employees, officers, directors, and, where appropriate and feasible, its third-party

vendors, agents, or consultants and other persons at mutually convenient times and places; and

(4) risk-based analyses, studies, and testing of Respondent's FCPA corporate compliance program.

ZZ. The Monitor may take steps as reasonably necessary to develop an understanding of the facts and circumstances surrounding prior FCPA violations that gave rise to this action or violations of other applicable anti-corruption laws, but shall not conduct his or her own inquiry into those historical events.

AAA. After receiving the first review work plan, Respondent and Commission staff shall provide any comments concerning the first review work plan within thirty (30) days to the Monitor. Any disputes between Respondent and the Monitor with respect to the first review work plan shall be decided by the Commission staff in its sole discretion. Following comments by Respondent and Commission staff, the Monitor will have fifteen (15) days to submit a final first review work plan.

BBB. The first review shall commence no later than one hundred twenty (120) days from the date of the engagement of the Monitor (unless otherwise agreed by Respondent, the Monitor, and the Commission staff). The Monitor shall issue a written report within one hundred eighty (180) days of commencing the first review, setting forth the Monitor's assessment and, if necessary, making recommendations reasonably designed to improve the effectiveness of Respondent's internal accounting controls and FCPA corporate compliance program as they relate to Respondent's compliance with the FCPA and other applicable anti-corruption laws. The Monitor should consult with Respondent concerning his or her findings and recommendations on an ongoing basis and should consider Respondent's comments and input to the extent the Monitor deems appropriate. The Monitor may also choose to share a draft of his or her report with Respondent and Commission staff prior to finalizing it. The Monitor shall provide the report to the Board of Directors of Respondent and contemporaneously transmit a copy to Commission staff.

CCC. Within one hundred eighty (180) days after receiving the Monitor's first review report, Respondent shall adopt and implement all recommendations in the Review, provided, however, that as to any recommendation that Respondent considers unduly burdensome, impractical, costly, or inconsistent with applicable law or regulation, Respondent need not adopt that recommendation at that time, but may submit in writing to the Monitor and the Commission staff within thirty (30) days of receiving the report an alternative policy, procedure, or system designed to achieve the same objective.

DDD. In the event Respondent and the Monitor are unable to agree on an acceptable alternative proposal, Respondent shall promptly consult with the Commission staff. Any disputes between Respondent and the Monitor with respect to the recommendations shall be decided by the Commission staff in its sole discretion. The Commission staff shall consider the Monitor's recommendation and Respondent's reasons for not adopting the recommendation in

determining whether Respondent has fully complied with its obligations. Pending such determination, Respondent shall not be required to implement any contested recommendation(s).

EEE. With respect to any recommendation that the Monitor determines cannot reasonably be implemented within one hundred and eighty (180) days after receiving the report, the Monitor may extend the time period for implementation with prior written approval of the Commission staff.

Second Review

FFF. Within one hundred twenty (120) days after the issuance of the first review report, the Monitor shall submit a written work plan for the second review to Respondent and Commission staff. Respondent and Commission staff shall provide any comments concerning the work plan within thirty (30) days in writing to the Monitor. Any disputes between Respondent and the Monitor with respect to the written work plan shall be decided by the Commission staff in its sole discretion. Following comments by Respondent and Commission staff, the Monitor will have fifteen (15) days to submit a final second review work plan.

GGG. The second review shall commence no later than one hundred eighty (180) days after the issuance of the first review report (unless otherwise agreed by Respondent, the Monitor, and the Commission staff). The Monitor shall issue a written second review report within one hundred twenty (120) days of commencing the second review. The second review report shall set forth the Monitor's assessment of, and any additional recommendations regarding, Respondent's internal accounting controls and FCPA corporate compliance program as they relate to Respondent's compliance with the FCPA and other applicable anti-corruption laws; the Monitor's assessment of the implementation by Respondent of any recommendations made in the first review report; and the Monitor's assessment of the commitment of Respondent's board of directors and senior management to compliance with anti-corruption laws.

HHH. Within one hundred twenty (120) days after receiving the Monitor's second review report, Respondent shall adopt and implement all recommendations in the report, provided, however, that as to any recommendation that Respondent considers unduly burdensome, impractical, costly, or inconsistent with applicable law or regulation, Respondent need not adopt that recommendation at that time, but may submit in writing to the Monitor and the Commission staff within thirty (30) days of receiving the report an alternative policy, procedure, or system designed to achieve the same objective.

III. In the event Respondent and the Monitor are unable to agree on an acceptable alternative proposal within thirty (30) days, Respondent shall promptly consult with the Commission staff. Any disputes between Respondent and the Monitor with respect to the recommendations shall be decided by the Commission staff in its sole discretion. The Commission staff shall consider the Monitor's recommendation and Respondent's reasons for not adopting the recommendation in determining whether Respondent has fully complied with its obligations. Pending such determination, Respondent shall not be required to implement any contested recommendation(s).

Third Review

JJJ. The Monitor shall commence a third review no later than one hundred twenty (120) days after the issuance of the second review report (unless otherwise agreed by Respondent, the Monitor, and the Commission staff). The monitor shall issue a written third review report within ninety (90) days of commencing the third review, setting forth the Monitor's assessment and, if necessary, making recommendations in the same fashion as with the prior reviews.

KKK. Within ninety (90) days after receiving the Monitor's third review report, Respondent shall adopt and implement all recommendations in the report, provided, however, that as to any recommendation that Respondent considers unduly burdensome, impractical, costly, or inconsistent with applicable law or regulation, Respondent need not adopt that recommendation at that time, but may submit in writing to the Monitor and the Commission staff within thirty (30) days of receiving the report an alternative policy, procedure, or system designed to achieve the same objective.

LLL. In the event Respondent and the Monitor are unable to agree on an acceptable alternative proposal within thirty (30) days, Respondent shall promptly consult with the Commission staff. Any disputes between Respondent and the Monitor with respect to the recommendations shall be decided by the Commission staff in its sole discretion. The Commission staff shall consider the Monitor's recommendation and Respondent's reasons for not adopting the recommendation in determining whether Respondent has fully complied with its obligations. Pending such determination, Respondent shall not be required to implement any contested recommendation(s).

Certification

MMM. No later than seventy-five (75) days before the end of the term of the Monitorship, the Monitor shall certify whether the Respondent's compliance program, including its policies and procedures, is reasonably designed and implemented to prevent and detect violations of the FCPA and is functioning effectively. Such certification shall be supported by a written final certification report that certifies Respondent's compliance with its obligations under the Order, and which shall set forth an assessment of the sustainability of the Respondent's remediation efforts and may also recommend areas for further follow-up by Respondent.

NNN. The monitor shall orally notify the Commission staff at least fourteen (14) days prior to the issuance of the final certification report whether he or she expects to be able to certify as provided herein. In the event the Monitor is unable to certify within the three year term of the monitor period, the following extension provisions shall be in effect.

Extension of Monitor Period

OOO. If, as informed by the Monitor's inability to certify that the Respondent's compliance program, including its policies and procedures, is reasonably designed and implemented to prevent and detect violations of the FCPA and is functioning effectively, the Commission staff concludes that Respondent has not successfully satisfied its obligations under the

Monitorship, the Monitor period shall be extended for a reasonable time not to exceed one year absent extenuating circumstances.

PPP. Under such circumstances, the Monitor shall commence a fourth review no later than sixty (60) days after the Commission staff concludes that Respondent has not successfully satisfied its compliance obligations under the Order (unless otherwise agreed by Respondent, the Monitor, and the Commission staff). The Monitor shall issue a written fourth review report within ninety (90) days of commencing the fourth review in the same fashion as set forth in Paragraph BBB with respect to the first review and in accordance with the procedures for follow-up reports set forth in Paragraphs FFF to LLL. A determination to terminate the Monitorship shall then be made in accordance with Paragraph MMM.

QQQ. If, after completing the fourth review the Monitor is unable to certify, the Monitorship shall be extended, and the Monitor shall commence a fifth review (unless otherwise agreed by Respondent, the Monitor, and the Commission staff). The Monitor shall issue a written fifth review report within ninety (90) days of commencing the fifth review in the same fashion as set forth in Paragraph BBB with respect to the first review and in accordance with the procedures for follow-up reports set forth in Paragraphs FFF to LLL. These reviews shall continue until the Monitor is able to certify, or unless as otherwise agreed by Respondent and Commission staff.

Monitor's Discovery of Potential or Actual Misconduct

RRR. Throughout the term of the Monitorship, the Monitor shall disclose to the Commission staff any credible evidence that corrupt or otherwise suspicious transactions occurred, or payments or things of value were offered, promised, made, or authorized by any entity or person within Respondent, or any entity or person working directly or indirectly for or on behalf of Respondent, or that related false books and records may have been maintained by or on behalf of Respondent or that relevant internal accounting controls were circumvented or were not reasonably designed or implemented. The Monitor shall contemporaneously notify Respondent's general counsel, chief compliance officer, or audit committee for further action unless at the Monitor's discretion he or she believes disclosure to Respondent would be inappropriate under the circumstances. The Monitor shall address in his or her reports the appropriateness of Respondent's response to all improper activities, whether previously disclosed to the Commission staff or not.

Certification of Completion

SSS. No later than sixty (60) days from date of the completion of the undertakings with respect to the Monitorship, Respondent shall certify, in writing, compliance with the undertakings set forth above. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Respondent agrees to provide such evidence.

Extensions of Time

TTT. Upon request by the Monitor or Respondent, the Commission staff may extend any procedural time period set forth above for good cause shown.

Confidentiality of Reports

UUU. The reports submitted by the Monitor and the periodic reviews and reports submitted by Respondent will likely include confidential financial, proprietary, competitive business, or commercial information. Public disclosure of the reports could discourage cooperation, impede pending or potential government investigations, or undermine the objective of the reporting requirement. For these reasons the reports and the contents thereof are intended to remain and shall remain non-public, except (i) pursuant to court order, (ii) as agreed to by the parties in writing, (iii) to the extent that the Commission determines in its sole discretion that disclosure would be in furtherance of the Commission's discharge of its duties and responsibilities, or (iv) as is otherwise required by law.

Address for All Written Communications and Reports

VVV. All reports or other written communications by the Monitor or Respondent directed to the Commission staff shall be transmitted to Charles E. Cain, Chief, FCPA Unit, Division of Enforcement, U.S. Securities and Exchange Commission, 100 F Street, N.E., Mailstop 5631, Washington, D.C. 20549. A copy of the certification of completion and supporting materials shall also be transmitted to the Office of Chief Counsel of the Enforcement Division at the same address.

IV

Accordingly, pursuant to Section 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent cease and desist from committing or causing any violations and any future violations of Sections 30A, 13(b)(2)(A), and 13(b)(2)(B) of the Securities Exchange Act of 1934 [15 U.S.C. §§ 78dd-1, 78m(b)(2)(A), and 78m(b)(2)(B)].

B. Respondent shall, within 14 days of the entry of this Order, pay a civil money penalty in the amount of $100,000,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

C. Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

D. Payments by check or money order must be accompanied by a cover letter identifying MTS as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Charles Cain, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Mailstop 5631, Washington, DC 20549.

E. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

F. Respondent shall comply with the undertakings enumerated above at Section III, paragraphs MM through VVV.

By the Commission.

Brent J. Fields
Secretary