

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 100984 / September 10, 2024**

**ACCOUNTING AND AUDITING ENFORCEMENT**  
**Release No. 4518 / September 10, 2024**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-22102**

**In the Matter of**

**DEERE & COMPANY,**

**Respondent.**

**ORDER INSTITUTING CEASE-AND-  
DESIST PROCEEDINGS PURSUANT TO  
SECTION 21C OF THE SECURITIES  
EXCHANGE ACT OF 1934, MAKING  
FINDINGS, AND IMPOSING A CEASE-  
AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Deere & Company (“Deere” or “Respondent”).

**II.**

In anticipation of the institution of these proceedings, Deere 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 Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-And-Desist Order (“Order”), as set forth below.

### III.

On the basis of this Order and Respondent's Offer of Settlement, the Commission finds<sup>1</sup> that:

#### **SUMMARY**

1. This matter concerns violations of the books and records and internal accounting controls provisions of the Foreign Corrupt Practices Act of 1977 (the "FCPA") by Deere, a global agricultural machinery manufacturer, through its wholly owned subsidiary, Wirtgen Thailand. From at least late 2017 through 2020, Wirtgen Thailand made improper payments to foreign officials at multiple government entities, including the Royal Thai Air Force and the Department of Highways, to win business, and during the same period also engaged in commercial bribery.

2. The improper payments took various forms, including cash, sham consulting fees, extravagant "factory visit" trips to foreign countries, meals, entertainment at massage parlors, and others. The misconduct involved now former high level regional managers and employees and occurred during a period in which Deere failed to complete the full integration of this acquired subsidiary into its compliance program and overall control environment. As a result of this misconduct, Deere obtained an improper benefit of approximately \$4.3 million and violated the books and records and internal accounting controls provisions of the FCPA.

#### **RESPONDENT**

3. **Deere & Company** ("Deere") is a Delaware corporation with its principal place of business in Moline, Illinois. Deere is a global manufacturer of agricultural machinery and heavy equipment. Deere's common stock is, and throughout the relevant period was, registered with the Commission under Section 12(b) of the Exchange Act and trades on the New York Stock Exchange under ticker symbol DE.

#### **OTHER RELEVANT ENTITIES**

4. Wirtgen Group ("Wirtgen") was a privately held company headquartered in Windhagen, Germany, and engaged in the business of manufacturing road equipment. In December 2017, Wirtgen was acquired by and became a wholly owned subsidiary of Deere, and its books and records are consolidated into the books and records of Deere. Deere conducts business in Thailand through Wirtgen's subsidiary, Wirtgen Thailand.

5. Customer A is a private company that handles construction, project management, and design of large-scale infrastructure projects in Thailand.

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<sup>1</sup> 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.

6. Department of Rural Roads (“DRR”) is a department of the Thai government under the Ministry of Transport. It oversees the maintenance of rural roads in Thailand.

7. Department of Highways (“DOH”) is a department of the Thai government under the Ministry of Transport. It is responsible for the maintenance of national highways in Thailand.

8. Royal Thai Air Force (“RTAF”) was established in 1913 and is the air force of the Kingdom of Thailand.

## **FACTS**

### **Wirtgen Thailand was Awarded Multiple Government Tenders as a Result of Numerous Bribery Schemes**

9. To win tenders with government agencies RTAF, DOH, and DRR, Wirtgen Thailand engaged in bribery through several different mechanisms, including entertaining government officials at massage parlors, hosting officials on elaborate sightseeing expeditions disguised as “factory visit” trips, and making cash payments to officials both directly and through the use of a third-party agent. These payments were in violation of company policies and were falsely recorded on the company’s books and records as legitimate expenses.

### **Bribery of RTAF, DOH, and DRR Through Improper Entertainment Expenses**

10. From at least late 2017 through 2020, Wirtgen Thailand regularly entertained foreign officials from RTAF, DOH, and DRR at several massage parlors in Thailand, in violation of Wirtgen Group’s Code of Business Conduct prohibiting giving “absolutely anything” to improperly influence a government official. Many of these massage parlor entertainment expenses, which were submitted for approval by Wirtgen Thailand’s Managing Director and his sales team, contained round number denominations and lacked specificity. In several instances, names of additional Wirtgen Thailand employees were added to expense receipts to make the expenses appear more reasonable, when in fact those employees were not present at the massage parlors. These expense reports were then routinely approved by Wirtgen’s Managing Director for Southeast Asia or its Managing Director in Thailand, without regard for compliance with Deere’s policies and procedures relating to entertainment of government officials and the true purpose for the payments.

11. Expense reports from at least November 2019 through March 2020 describe expenses incurred at several massage parlors in Thailand in order to improperly influence officials of the Royal Thai Air Force while bidding on tenders. Listed as an attendee at massage parlor visits in December 2019, and again in March 2020, was a high level RTAF officer in charge of drafting and awarding tenders. Other expense reports, submitted and approved in November 2019 and February 2020, reflect massage parlor services provided to another high-ranking officer of the RTAF. The company entertained RTAF officials at massage parlors in exchange for obtaining information about the tender process and specific bidding requirements for tenders they were

actively bidding on. As a result, Wirtgen Thailand was awarded two RTAF tenders in March and April 2020 for approximately \$665,000.

12. Similarly, Wirtgen Thailand incurred massage parlor expenses from at least 2017 through 2019, to host representatives from DOH tender committees, including a March 9, 2017, expense for “Department of Highway – Group of 15 persons from DOH Committee...” Another expense report submitted for approval in July 2018, noted only “entertainment” of DOH.

13. As with the RTAF tenders, this entertainment was provided by Wirtgen Thailand’s Managing Director in order to improperly influence the outcome of an upcoming DOH tender. The Managing Director noted in August 2018, “Finally, we have 1<sup>st</sup> succeed to step in this tender since 3 years tried to add qualification to the DOH tender.” The “DOH Team” was again taken to a massage parlor by the Wirtgen Thailand Managing Director in September 2018 and December 2018, and the subsequent expense reports noted only “entertainment” in round numbers.

14. Wirtgen Thailand won multiple tenders from DOH during this time period, including a December 2018 tender for \$2,303,294, an October 2019 tender for \$498,567, and a November 2019, tender for \$1,451,432.

15. Wirtgen Thailand also provided improper benefits at massage parlors to officials of the Department of Rural Roads in December 2019 in order to influence the award of tenders. Wirtgen Thailand was subsequently awarded a tender by the DRR in April 2020, for \$1,283,905. Two of the four DRR signatories on that tender were recipients of entertainment by Wirtgen Thailand at this December 2019 massage parlor visit. In an email to his supervisor, Wirtgen Thailand’s Managing Director noted “after a few months fighting to get this deal done, I did whatever channel and opportunities to turn back the tender result, we finally got the judgment to agree with DRR decision.”

16. The expenses incurred to provide massage parlor services to officials at RTAF, DOH, and DRR between 2017 and 2020, were done to improperly influence tender awards, but nonetheless were approved by Wirtgen Thailand’s Managing Director and Wirtgen’s Managing Director for Southeast Asia. None of these over \$58,000 in expenses complied with the company’s policies and procedures relating to entertainment of government officials, none followed proper approval processes for such interactions, and all were improperly booked as legitimate business expenses.

### **Bribery of DOH Through Sightseeing Trip Disguised as “Factory Visit”**

17. In October 2019, Wirtgen Thailand paid for four foreign officials from the Department of Highways, including a member of the DOH procurement committee, and two of their spouses, to travel to its facilities in Germany. This “factory visit” was allegedly for the purpose of learning more about the company’s equipment. The invoice accompanying the expenses for this trip described the purpose of the trip as being “to visit factory.” However, the itinerary for this trip indicated that no factory visit took place. Instead, the trip solely consisted of sightseeing in Switzerland, including travel to Interlaken, Zermatt, and Lake Lucerne, as well as

shopping and touring in the Alps, with stays in luxury hotels at each stop. Deere spent approximately \$47,500 entertaining DOH officials on this sightseeing spree to win lucrative tenders.

18. During the trip, which lasted for eight days, Wirtgen Thailand submitted a bid on a DOH tender. On October 16, 2019, just after the sightseeing trip ended, Wirtgen was awarded that tender, valued at approximately \$498,567. Wirtgen was then awarded a second tender worth \$1,451,432 one month later, on November 20, 2019.

19. During this period, Deere had policies governing visits by non-U.S. government officials to its factories and facilities which required the provision of a variety of information in connection with seeking approval. This included details regarding the purpose of each visit, an agenda, names of government officials in attendance, whether any gifts or entertainment would be provided, and information about overall accommodations and cost. Wirtgen Thailand did not provide the required information and did not obtain prior authorization for the DOH trip. Instead, the expenses associated with this trip were knowingly approved and justified by Wirtgen's Managing Director for Southeast Asia because the company needed to "gain information and build rapport" with government customers.

#### **Bribery of Government Officials in Thailand Through Cash Payments and a Third-Party Agent**

20. From 2018 to 2020, Wirtgen Thailand also made direct cash payments and payments made through a third-party agent to bribe government officials at DOH, DRR, and RTAF on numerous occasions to obtain business.

21. For instance, in April 2019, Wirtgen Thailand's Managing Director texted the company's Finance Manager "re DOH ... will have candy money for you too, next week. ... Re DRR I will have to discuss it again." With respect to these cash bribes, the Managing Director instructed the Finance Manager to "Liaise with DOH.... Prepare 5 envelopes. And withdraw cash. You may take THB 100,000 first. For use on the delivery date." The Finance Manager subsequently asked, "For the five envelopes should I go ahead and put [THB] 20,000 in each?" to which the Managing Director replied that he would do it himself.

22. In addition to directly paying cash bribes, Wirtgen Thailand used a third-party consultant to assist in paying bribes to government officials at DOH and DRR in order to secure four lucrative tenders for machine sales worth approximately \$4.67 million. For each tender, Wirtgen Thailand entered into a sham commission agreement with the third-party consultant, which provided no legitimate services and was simply a conduit for paying bribes to the Thai government officials.

23. The sham commission agreements authorized payments of approximately \$285,129 and were signed by the Managing Director of Wirtgen Thailand. Wirtgen Thailand's Finance Manager also signed the sham commission agreement related to the DRR tender. Prior to the

signing of the commission agreements, Wirtgen Thailand's Managing Director submitted Applications for Approval of Commissions to another Manager in Thailand.

24. Communications between Wirtgen Thailand's Managing Director and its Finance Manager refer to a series of bribe payments made by the third-party consultant on Wirtgen's behalf to numerous government officials, including cash bribes to the new director of DOH, the former director of DOH, and a set of golf clubs given to the deputy director of DRR. All of these improper payments were made in connection with a 2020 DRR tender.

25. Wirtgen Thailand's commission agreement with the third-party consultant in connection with the DRR tender contained bank account information on where to direct the commission payment. The account holder was a senior official of DOH who, along with his wife, had also gone on the nine-day sightseeing and "factory visit" trip to Germany, Prague and Austria in October 2019, and this same official was entertained in December 2018 at a massage parlor as described above.

26. In 2018, this same third-party consultant was used to facilitate the sale of machinery outside of the tender process to SKT, an organization that operated as a dealer in the sale to DOH. Wirtgen Thailand paid the third-party approximately \$46,205 and obtained the sale of 10 units of pneumatic tire rollers for approximately \$924,104.

27. Between 2018 through 2020, as a result of bribes made through the third-party consultant, Wirtgen Thailand obtained illicit profits of approximately \$2.7 million on sales of machinery to SKT, DOH and DRR.

### **Commercial Bribery of Customer A**

28. During this same time period, Wirtgen Thailand engaged in commercial bribery of Customer A by employing a similar scheme to secure sales of large industrial machines, which required the subsequent purchase of spare parts to keep them operational. The bribes occurred in at least 2018 and 2019, and included improper gift and entertainment expenses, extravagant sightseeing vacations under the guise of "factory visit" trips and making cash payments disguised as "brokerage fees" to Customer A employees involved in procurement. Wirtgen Thailand benefited from Customer A's purchases of spare parts required to service machines purchased as a result of the bribe scheme through 2023.

29. For instance, Wirtgen Thailand made cash payments to Customer A employees in 2018 and 2019 totaling approximately \$35,000, which it recorded on its books and records as 3% "brokerage payments" and "sales commissions." This included cash for one Customer A employee who, along with three of his family members, was treated to several days of sightseeing in France and Germany as part of a "factory visit" trip to the Bauma construction machinery trade fair in April 2019. Another cash payment was made to Customer A's head of procurement. The payments, which were arranged by Wirtgen Thailand's Managing Director and approved by its Managing Director for Southeast Asia, were paid to Customer A's employees as a thank you for their "support" on purchases of machines from Wirtgen Thailand.

30. Throughout 2018 and 2019, Wirtgen Thailand continued its bribery of Customer A employees by spending hundreds of thousands of dollars on “factory visit” trips where Wirtgen Thailand hosted representatives from Customer A and sometimes representatives of other companies and government agencies, ostensibly for the purpose of visiting its factory in Germany. Wirtgen Thailand had an unwritten practice of improperly rewarding foreign officials and employees of commercial customers that purchased spare parts at certain benchmarks with “factory visits” that included substantial sightseeing elements.

31. For instance, in April 2018, two Customer A employees, one of whom received a cash bribe in connection with the 2018 machine sales, were treated to an eight-day sightseeing trip in Germany and Switzerland. Wirtgen Thailand also paid for an executive of Customer A, a parts manager, to travel to Germany, Switzerland, and Italy over eight days in October 2018. The company’s documentation for this trip referenced Customer A’s recent purchases of machines from Wirtgen and noted, “we still have potential for next project will [be] coming soon.”

32. In April 2019, the same Customer A employee who received a cash bribe related to Customer A machine sales and attended the April 2018 sightseeing trip, was again treated to several days of sightseeing, this time in Germany and France. Three of his family members were included on the trip.

33. Finally, two Customer A representatives participated in a 9-day tour of Germany, the Czech Republic, and Austria ostensibly as part of a “factory visit” trip in October 2019.

34. In April 2019, Wirtgen Thailand also paid an employee of Customer A THB 70,000 (approximately \$2,000) for a “touring cost” related to an upcoming trip and promised to arrange “as much as” it could in future payments related to tours. Wirtgen Thailand’s Managing Director sent the company’s Finance Manager a screenshot of a text message confirming the THB 70,000 cash payment and indicating it was more than the THB 30,000 cash bribe he had paid to the Customer A employee the last time. At the instruction of the Managing Director for Wirtgen Thailand, the Finance Manager deposited the cash bribe into the bank account of the Customer A employee.

35. Wirtgen Thailand also entertained Customer A employees, including the same Customer A parts manager treated to a sightseeing trip in October 2018, at massage parlors throughout 2018 to 2020, spending approximately \$2,661.

36. As a result of these bribes paid through cash, gifts, entertainment, and travel, Wirtgen Thailand made profits of approximately \$1.5 million on \$5.3 million in gross sales of machines and spare parts to Customer A from 2018 to 2023.

### **LEGAL STANDARDS AND VIOLATIONS**

37. Under Section 21C(a) of the Exchange Act, the Commission may impose a cease-and-desist order upon any person who is violating, has violated, or is about to violate any provision

of the Exchange Act or any rule or regulation thereunder, and upon any other person that is, was, or would be a cause of the violation, due to an act or omission the person knew or should have known would contribute to such violation.

38. The books and records provision of the FCPA, Section 13(b)(2)(A) of the Exchange Act, requires every issuer with a class of securities registered pursuant to Section 12 of the Exchange Act or which is required to file reports under Section 15(d) of the Exchange Act, to make and keep books, records, and accounts which, in reasonable detail, accurately and fairly reflect their transactions and disposition of their assets. 15 U.S.C. § 78m(b)(2)(A).

39. As described above, the improper payments were inaccurately recorded in Deere's books and records as legitimate commissions and other business expenses, and its records further lacked sufficient detail and support to record payments to agents in Thailand as legitimate commissions and business expenses. As a result, Deere violated Exchange Act Section 13(b)(2)(A).

40. Section 13(b)(2)(B) of the Exchange Act requires issuers that have a class of securities registered pursuant to Section 12 of the Exchange Act and issuers with reporting obligations pursuant to Section 15(d) of the Exchange Act to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary (I) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (II) to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. 15 U.S.C. § 78m(b)(2)(B).

41. Deere's failure to fully integrate Wirtgen Thailand into its existing internal control system contributed to its failure to devise and maintain a sufficient system of internal accounting controls with respect to employee expense reimbursements, third party payments, and gifts, travel, and entertainment. As illustrated by the conduct described above, those controls were insufficient to detect or prevent these improper payments that occurred for a period of several years. By this conduct, Deere violated Exchange Act Section 13(b)(2)(B).

### **DISGORGEMENT AND CIVIL PENALTIES**

42. The disgorgement and prejudgment interest ordered in Section IV below is consistent with equitable principles, does not exceed Respondent's net profits from its violations, and returning the money to Respondent would be inconsistent with equitable principles. Therefore, in these circumstances, distributing disgorged funds to the U. S. Treasury is the most equitable alternative. The disgorgement and prejudgment interest ordered in Section IV below shall be transferred to the general fund of the U. S. Treasury, subject to Section 21F(g)(3) of the Exchange Act.



## **COOPERATION AND REMEDIATION**

43. In determining to accept the Offer, the Commission considered remedial acts promptly undertaken by Respondent and cooperation afforded the Commission staff. Respondent's cooperation included providing translations of certain relevant documents, making current and former employees available to the Commission staff, including witnesses located overseas, and timely providing the details of facts developed during its internal investigation, including the sharing of forensic accounting analysis, relevant emails and company documents, and information pertaining to current and former employees.

44. Respondent's remediation included termination of employees responsible for the misconduct and initiating significant improvements to its internal audit and compliance programs. Respondent revised its Code of Business Conduct, including its anti-bribery and corruption and travel policies, and introduced new compliance initiatives, including the circulation of a companywide bi-monthly compliance newsletter and a new podcast dedicated to discussion of compliance issues. Respondent also increased training on anti-bribery issues. Respondent has also undertaken an analysis of its compliance program and continues to make improvements utilizing anticorruption risk assessments, internal audits and enhanced internal accounting controls related to third party management.

### **IV.**

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent's Offer.

Accordingly, it is hereby ORDERED that:

- A. Pursuant to Section 21C of the Exchange Act, Respondent cease and desist from committing or causing any violations and any future violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act.
- B. Respondent shall, within fourteen days of the entry of this Order, pay disgorgement of \$4,343,401 and prejudgment interest of \$1,086,954, and a civil monetary penalty in the amount of \$4,500,000 for a total of \$9,930,355 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 on the disgorgement and prejudgment interest pursuant to SEC Rule of Practice 600, and on the civil monetary penalty 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

Payments by check or money order must be accompanied by a cover letter identifying Deere & Company 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 Tracy L. Price, Deputy Chief, FCPA Unit, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549-5631.

D. 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.

By the Commission.

Vanessa A. Countryman  
Secretary