

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

**FILED**

APR 06 2011

Clerk, U.S. District & Bankruptcy  
Courts for the District of Columbia

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U.S. SECURITIES AND EXCHANGE COMMISSION,  
Plaintiff,

v.

SATYAM COMPUTER SERVICES LIMITED d/b/a  
MAHINDRA SATYAM,  
Defendant.  
\_\_\_\_\_

Civ No.

11 0672

**FINAL JUDGMENT AGAINST**  
**DEFENDANT SATYAM COMPUTER SERVICES LIMITED**

Plaintiff U.S. Securities and Exchange Commission (Commission), having filed its complaint in this matter, and defendant Satyam Computer Services Limited d/b/a Mahindra Satyam (Satyam), in the Consent and Undertaking of Satyam (Consent), having admitted service of the complaint and given its written consent to the filing thereof; having admitted jurisdiction of this Court over it and over the subject matter of this action; having admitted the capacity to be sued; having waived the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure; having waived any right to appeal from this Final Judgment, and, without admitting or denying the allegations of the complaint, except as to jurisdiction and capacity, which it admits, having consented to entry of this Final Judgment, and it appearing that this Court has jurisdiction over Satyam and the subject matter hereof, and this Court being fully advised in the premises:

**I.**

**IT IS HEREBY ORDERED, ADJUDGED, AND DECREED** that Satyam, its agents, accountants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Judgment by personal service or otherwise, and each of them, be and are hereby permanently restrained and enjoined from violating Section 10(b) of the Securities Exchange Act of 1934 [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security by:

(a) employing any device, scheme or artifice to defraud,

(b) making any untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or

(c) engaging in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person.

**II.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Satyam, its agents, accountants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Judgment by personal service or otherwise, and each of them, be and are hereby permanently restrained and enjoined from violating Section 13(a) of the Securities Exchange Act of 1934 [15 U.S.C. § 78m(a)] and Rules 13a-1, 13a-16 and 12b-20 thereunder [17 C.F.R. §§ 240.13a-1, 240.13a-16, 240.12b-20], by:

(a) failing to file with the Commission factually accurate and complete annual and quarterly reports as required pursuant to Section 13(a) of the Securities Exchange Act of 1934, and Rules 13a-1, 13a-16, and 12b-20 promulgated thereunder; or by

(b) omitting to state, or causing another person to omit to state, in addition to the information expressly required to be included in such annual and quarterly reports, any such further material information as may be necessary to make the required statements, in light of the circumstances under which such statements are made, not misleading.

### III.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Satyam, its agents, accountants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Judgment by personal service or otherwise, and each of them, be and are hereby permanently restrained and enjoined from violating Section 13(b)(2)(A) of the Securities Exchange Act of 1934 [15 U.S.C. § 78m(b)(2)(A)] by failing to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Satyam.

### IV.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Satyam, its agents, accountants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Judgment by personal service or otherwise, and each of them, be and are hereby permanently restrained and enjoined from violating Section 13(b)(2)(B) of the Securities Exchange Act of 1934 [15 U.S.C. § 78m(b)(2)(B)] by failing to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances

that:

(a) transactions are executed in accordance with management's general or specific authorization;

(b) transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (2) to maintain accountability for assets;

(c) access to assets is permitted only in accordance with management's general or specific authorization; and

(d) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

V.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Satyam is liable for a civil penalty in the amount of \$10 million pursuant to the provision of Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)]. Satyam shall satisfy this obligation by paying the \$10 million in civil money penalty within 14 days after entry of this Final Judgment to the Clerk of this Court, together with a cover letter identifying Satyam Computer Services Limited as a defendant in this action; setting forth the title and civil action number of this action and the name of this Court; and specifying that payment is made pursuant to this Final Judgment. Satyam shall simultaneously transmit photocopies of such payment and letter to the Commission's counsel in this action. By making this payment, Satyam relinquishes all legal and equitable right, title, and interest in such funds, and no part of the funds shall be returned to Satyam. Satyam shall pay post-judgment interest on any delinquent amounts pursuant to 28 USC § 1961.

The Clerk shall deposit the funds into an interest bearing account with the Court Registry Investment System ("CRIS") or any other type of interest bearing account that is utilized by the Court. These funds, together with any interest and income earned thereon (collectively, the "Fund"), shall be held in the interest bearing account until further order of the Court. In accordance with 28 U.S.C. § 1914 and the guidelines set by the Director of the Administrative Office of the United States Courts, the Clerk is directed, without further order of this Court, to deduct from the income earned on the money in the Fund a fee equal to ten percent of the income earned on the Fund. Such fee shall not exceed that authorized by the Judicial Conference of the United States.

The Commission may by motion propose a plan to distribute the Fund subject to the Court's approval. Such a plan may provide that the Fund shall be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil penalties pursuant to this Judgment 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, Satyam shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action based on Satyam's payment of disgorgement in this action, argue that it is entitled to, nor shall it further benefit by, offset or reduction of such compensatory damages award by the amount of any part of Satyam's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Defendant 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 United States Treasury or to a Fair Fund, as the

Commission directs. 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 Judgment. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Satyam by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

**VI.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Satyam shall retain, pay for, and enter into an agreement with a qualified independent consultant (“consultant”) located in India to perform a review of the effectiveness of Satyam’s material internal accounting control structure and policies, including those related to the creation, maintenance of, and accounting associated with invoices, as well as the effectiveness and propriety of Satyam’s processes, practices and policies for ensuring the Satyam’s financial data is accurately reported in its public financial statements filed with the Commission. Within 30 days after the retention of a consultant not unacceptable to the Commission staff, the consultant shall submit to the Commission staff a proposal which describes the scope of the work to be performed by the consultant, and includes a detailed description of the various tasks to be undertaken in the course of the consultant’s review, sets forth the identities and credentials of the individuals who will perform those tasks, and provides an estimate of the number of hours expected to be devoted to the various tasks involved in the consultant’s review. The consultant shall submit its report to Satyam’s Board of Directors, the company’s audit committee, and to the Commission staff within 120 days after approval of the proposal, provided however, that the consultant may seek to extend the period of review one additional three-month term by

requesting such an extension from the Commission staff. The Commission staff, after consultation with Satyam, shall have discretion to grant such extension for the period requested if deemed reasonable and warranted.

## VII.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Satyam, through its Board of Directors, shall report to the Commission staff with respect to the decisions and actions taken as a result of each of the recommendations made by the consultant within 90 days of the consultant's submission of his or her report. Satyam shall adopt all recommendations contained in the consultant's report, provided, however, that within 45 days of its receipt of the report, Satyam shall in writing advise the consultant and the Commission staff of any recommendation that it considers to be unnecessary or inappropriate. With respect to any recommendation that Satyam considers unnecessary or inappropriate, Satyam need not adopt that recommendation at that time but may propose in writing an alternative policy, procedure, or system designed to achieve the same objective or purpose as the consultant's recommendation. As to any recommendations of the consultant with respect to which Satyam and the consultant do not agree, such parties shall attempt in good faith to reach an agreement within ninety days of the issuance of the consultant's report. In the event Satyam and the consultant are unable to agree, the company may appoint an independent third party (the "arbitrator"), not unacceptable to the consultant and the Commission staff, and with relevant expertise in corporate governance in India, to resolve the disagreement. The arbitrator shall be provided with two proposals, one by Satyam, in consultation with the Board, and one by the consultant. The arbitrator shall determine whether Satyam's proposal is a reasonable means of promoting the relevant compliance with

law, and if the arbitrator determines that it is, that proposal shall be adopted by Satyam. If the arbitrator determines that it is not, the arbitrator may require Satyam to adopt either the consultant's proposal or a compromise between the two proposals drafted by the arbitrator. Satyam shall bear all costs associated with the arbitration.

#### VIII.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Satyam shall select the consultant according to the procedure in this paragraph. Within 30 days after the entry of the Final Judgment, Satyam shall submit to the Commission staff a proposal setting forth the identity, qualifications, and proposed terms of retention of the consultant. The Commission staff, within thirty days of such notice, will either (a) deem Satyam's choice of consultant and proposed terms of retention not unacceptable or (b) require Satyam to propose an alternative candidate and/or revised terms of retention within 21 days. This process will continue, as necessary, until the proposed consultant and retention terms are not unacceptable to the Commission staff. Satyam agrees that, for the period of engagement and for a period of two years from completion of the engagement, the consultant shall not enter into any employment, consultant, attorney-client, auditing, or other professional relationship with Satyam, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such, and shall require that any firm with which the consultant is affiliated or of which the consultant is a member, or any person engaged to assist the consultant in performance of the consultant's duties under the Final Judgment not, without prior written consent of the Commission staff, enter into any employment, consultant, attorney-client, auditing, or other professional relationship with Satyam, or any of its present or former affiliates, directors,



officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two years after the engagement.

**IX.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Satyam shall provide reasonable training and education to certain of its officers and employees to minimize the possibility of future violations of the federal securities laws. Completion of such training shall be mandatory for: (i) all Satyam officers and employees working in Internal Audit; (ii) all other Satyam officers and employees responsible for the company's corporate level accounting, cash and cash-equivalent accounting, and other financial reporting functions including, but not limited to, those employees working in the Finance Department; (iii) officers and employees responsible for financial reporting at Satyam's major divisions and subsidiaries (including, specifically, those officers and employees responsible for closing the books within their area of responsibility at the end of a quarterly or annual reporting period); and (iv) senior operational officers at Satyam's corporate, divisional and subsidiary levels. Such training and education shall include, at a minimum, components covering the following subjects: the obligations imposed by the federal securities laws; proper internal accounting controls and procedures; recognizing indications of non-GAAP accounting practices or fraud most relevant to Satyam's business endeavors; and the obligations incumbent upon, and the responses expected of, Satyam officers and employees upon learning of illegal or potentially illegal acts concerning the company's accounting and financial reporting. Satyam shall consult with the consultant in designing its training and education program, and to submit to the consultant a detailed proposal within 60 days after retention of the consultant that describes the content and implementation of

the training and education program, in a form that is acceptable to the consultant. Satyam shall commence providing initial training and education sessions within 60 days after the consultant deems the program acceptable, and to continue to provide such training and education on an annual basis, for a minimum period of three years after entry of the Final Judgment.

**X.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Satyam shall adopt and implement a Code of Ethical Business Conduct which will establish standards of behavior for Satyam officers and employees and further to: (a) adopt procedures designed to ensure that it is disseminated to officers and employees of Satyam; (b) conduct appropriate training programs regarding the dictates of the Code of Ethical Business Conduct; (c) review the Code of Ethical Business Conduct and update it on a regular basis as needed; (d) develop appropriate support to clarify, interpret and implement the Code of Ethical Business Conduct; (e) adopt an appropriate system of penalties to discourage and punish any violations of the Code of Ethical Business Conduct; (f) adopt appropriate procedures designed for preventing, reporting, investigating and handling any violations of the Code of Ethical Business Conduct; and (g) adopt procedures designed to verify, on a regular basis, compliance with the Code of Ethical Business Conduct.

**XI.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Satyam shall establish and maintain a company telephone hotline and website to: (a) provide a means for employees anonymously to report any potential violations of law, improper accounting or other misconduct, including violations of the Code of Ethical Business Conduct; (b) publicize within

Satyam the existence and purpose of the hotline; and (c) reassure employees that no negative employment action will be taken against any employee who makes a report through the hotline.

**XII.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Satyam shall adopt and implement an updated charter for the Audit Committee designed to improve the independence and operating effectiveness of the internal audit function, including a provision designed to give the Audit Committee direct oversight and review of Satyam's internal audit program.

**XIII.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Satyam shall certify in writing compliance with the undertakings set forth above (Certificate of Compliance). The Certificate of Compliance shall identify each of the above undertakings with which Satyam believes it has complied and shall provide written evidence in the form of a narrative which is supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Satyam agrees to provide such evidence. The Certificate of Compliance and supporting material shall be submitted to the appropriate Division of Enforcement designee, with a copy to the Office of Chief Counsel of the Enforcement Division, no later than sixty (60) days from the date of the completion of the undertakings. This Certificate of Compliance also shall be submitted no later than one year from the date of the Final Judgment.

**XIV.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that the Consent of

Satyam filed herein shall be, and the same hereby is, incorporated in this Final Judgment by reference with the same force and effect as if fully set forth herein and that Satyam, its agents, accountants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Judgment by personal service or otherwise, and each of them, shall comply in all respects with the terms of the Consent.

**XV.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that this Court shall retain jurisdiction of this action for all purposes, including, without limitation, the implementation and enforcement of the terms of this Final Judgment.

**XVI.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that there being no just reason for delay, the Clerk of the Court is ordered to enter this Final Judgment.



UNITED STATES DISTRICT JUDGE

DATED:

2/6/11  
Washington, D.C.

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