

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 86159 / June 20, 2019**

**ACCOUNTING AND AUDITING ENFORCEMENT**  
**Release No. 4054 / June 20, 2019**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-19207**

**In the Matter of**

**WALMART INC.,**

**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 Walmart Inc. (“Walmart,” “the Company,” or “Respondent”).

**II.**

In anticipation of the institution of these proceedings, Walmart 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, Respondent admits the Commission’s jurisdiction over Respondent and the subject matter of these proceedings, and 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, the Commission finds<sup>1</sup> that:

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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.

## Summary

1. This matter concerns violations of the books and records and internal accounting controls provisions of the Foreign Corrupt Practices Act (“FCPA”) by Walmart, a global retailer. From in or around July 2000 through in or around April 2011, Walmart’s subsidiaries in Brazil, China, India, and Mexico operated without a system of sufficient anti-corruption related internal accounting controls. As a result, during this time period, those Walmart subsidiaries paid certain third-party intermediaries (“TPIs”) without reasonable assurances that certain transactions were consistent with their stated purpose or consistent with the prohibition against making improper payments to government officials. Additionally, during this time period, when Walmart learned of certain anti-corruption risks, the Company did not either sufficiently investigate the allegations or sufficiently mitigate the known risks.

## Respondent

2. **Walmart** is a Delaware corporation with its principal place of business located in Bentonville, Arkansas. Walmart had a class of securities registered under Section 12(b) of the Exchange Act during the relevant time period. The Company’s shares trade on the New York Stock Exchange under the ticker symbol “WMT.”

## Other Relevant Entities and Individuals

3. **Mexico Subsidiary** is a Walmart subsidiary that operates retail stores in Mexico. Walmart has a majority equity stake in Mexico Subsidiary with the remaining shares traded on the Mexican Stock Exchange.

4. **China Subsidiary** is Walmart’s wholly owned subsidiary that operates Walmart’s stores in China.

5. **Brazil Subsidiary** was Walmart’s wholly owned subsidiary that operated Walmart’s stores in Brazil.

6. **India Joint Venture** was a joint venture with India Partner that was majority owned and controlled by Walmart and operated wholesale stores and distribution centers in India.

7. **India Retail Business** was a franchisee of Walmart that operated retail stores in India.

8. **India Subsidiary** was Walmart’s wholly owned subsidiary that was the franchisor of India Retail Business.

9. **India Partner** was India Subsidiary’s Joint Venture partner and the owner of India Retail Business.

10. **Walmart Executive** was a Walmart International senior real estate employee.

11. **Walmart Lawyer** was a Walmart International senior attorney.

12. **Walmart Compliance Employee** was a Walmart International compliance employee.
13. **Walmart Investigator** was a Walmart special investigator.
14. **Mexico Subsidiary Executive A** was a Mexico Subsidiary senior officer.
15. **Mexico Subsidiary Executive B** was a Mexico Subsidiary senior real estate executive.
16. **Mexico Subsidiary Lawyer A** was a Mexico Subsidiary real estate attorney.
17. **Mexico Subsidiary Lawyer B** was a Mexico Subsidiary senior attorney.
18. **Mexico Subsidiary Internal Auditor** was a Mexico Subsidiary senior audit employee.
19. **Outside Lawyer** was an attorney retained by Walmart to investigate certain anti-corruption allegations in Mexico.
20. **Brazil Construction Firm** was a construction firm retained by Brazil Subsidiary to build and renovate certain stores in Brazil.

## **FACTS**

### **Background**

21. At the end of Walmart's fiscal year 1990, the Company had 1,528 stores which had generated annual sales of \$26 billion—all within the United States. Walmart, recognizing that international expansion could help it become the world's largest retailer, entered its first foreign market, Mexico, in 1991. In 1993, Walmart established Walmart International as an operating segment, headquartered in Bentonville, Arkansas, responsible for overseeing the Company's operations outside the United States. Between 1994 and 1996, the Company established additional outposts in other countries, including Brazil and China. During fiscal year 2010, the year in which Walmart opened its first Indian wholesale outlet, the Company operated stores in 14 foreign countries, with international sales of approximately \$100 billion.

22. Walmart's formula for success centered on Everyday Low Prices and Everyday Low Cost. Walmart's rapid international growth, combined with its low-cost philosophy, contributed to the Company's insufficient anti-corruption related internal accounting controls in Walmart's subsidiaries in Mexico, India, China, and Brazil from in or around July 2000 until in or around April 2011.

### **Early Corruption Warnings**

23. In or around 2002 and 2003, Walmart received a request for FCPA training from China Subsidiary and also a request for a detailed FCPA policy covering TPIs and joint venture partners for China Subsidiary. Walmart did not immediately provide widespread anti-corruption

training to China Subsidiary or implement TPI and joint venture anti-corruption policies at China Subsidiary.

24. In or around June 2003, China Subsidiary identified a potentially troubling historical payment made by a certain China Subsidiary joint venture. In 1999 or 2000, the joint venture had entered into an agreement to pay RMB 500,000 (approximately \$60,000) to the landlord of a China Subsidiary store for government relationship consulting services and various permits. The permit costs should have likely been nominal but China Subsidiary did not further inquire into the matter at the time.

25. In or around October 2003, China Subsidiary's internal audit team analyzed gifts with an average dollar value of less than \$20 given to Chinese government officials by China Subsidiary corporate affairs employees and small amounts of cash provided to other Chinese officials for travel and meal expenses related to business meetings by the Chinese partner of a China Subsidiary joint venture. China Subsidiary's internal audit team observed that these transactions appeared to be inconsistent with corporate policy. China Subsidiary's internal audit team also observed that certain China Subsidiary anti-corruption related internal accounting controls had weaknesses. In response, Walmart did not promptly implement all of China Subsidiary internal audit's suggested remedial actions.

### **Walmart's First Anti-Corruption Compliance Program**

26. In or around 2001, Walmart's anti-corruption policy consisted of a paragraph in the Company's Statement of Ethics. The paragraph summarized the FCPA's prohibitions and described the statute's facilitating payment exception and the procedure for making such payments. In or around July 2002, Walmart planned to implement a worldwide comprehensive anti-corruption compliance and training program within a few months. In or around 2003, Walmart prepared draft anti-corruption compliance materials. However, nearly a year passed before the Company took additional steps to revise the proposed anti-corruption compliance program.

27. Walmart published its International Anti-Corruption Policy and Procedures on or around March 21, 2005, and distributed them to the Company's foreign markets. In or around November 2005, the implementation of Walmart's anti-corruption compliance program was formally put on hold until further notice.

### **Mexico**

28. On or around September 21, 2005, Mexico Subsidiary Lawyer A, who had been separated from Mexico Subsidiary over a year earlier, wrote an email to Walmart Lawyer. In the email, Mexico Subsidiary Lawyer A stated that he was responsible for many real estate projects in Mexico from 1975 through 2004 and wrote, "[I]f you're interested to know confidential details about the way we achieved 300 projects...contact me and in that case, I would ask you do it before you contact [Mexico Subsidiary] because the kind of issues (for instance, we used to undercover expenses identified with a code known and authorized by the highest levels)."

29. Walmart retained Outside Lawyer to advise the Company in response to Mexico Subsidiary Lawyer A's allegations. During the first half of October 2005, Outside Lawyer interviewed Mexico Subsidiary Lawyer A twice. Mexico Subsidiary Lawyer A alleged that during

his last six to seven years at Mexico Subsidiary, Mexico Subsidiary had very aggressive growth goals that required new stores to open in record time. He further alleged that Mexico Subsidiary frequently employed TPIs, known as *gestores*, who in some cases made improper payments to Mexican government officials to obtain licenses, permits, and other approvals for certain store projects in Mexico. He also detailed several projects where he claimed Mexico Subsidiary made improper payments to obtain licenses, permits, and other approvals.

30. Mexico Subsidiary Lawyer A alleged the scheme worked in the following manner:

- a. Mexico Subsidiary would determine which government officials needed to receive an improper payment to obtain a permit or license. Mexico Subsidiary Lawyer A would then tell one of the *gestores* which official to make an improper payment to and then obtained checks from Mexico Subsidiary payable to the *gestores*.
- b. The *gestores* cashed the checks and delivered the agreed-upon improper payments.
- c. Occasionally, the officials preferred to deal only with Mexico Subsidiary Lawyer A. In those instances, according to Mexico Subsidiary Lawyer A, the *gestores* provided cash to Mexico Subsidiary Lawyer A who made the improper payments himself.
- d. Mexico Subsidiary Lawyer A and Mexico Subsidiary Executive B developed a system of three-digit codes, or *claves*, which were typed or handwritten on the *gestores*' invoices and tracked the improper benefits obtained by Mexico Subsidiary.
- e. The *clave* descriptions included: "avoidance or omission of requirement;" "influence, control, or knowledge of privileged information in the head of the governmental office;" and "payments to eliminate fines."
- f. Mexico Subsidiary Lawyer A claimed that Mexico Subsidiary Executive A, Mexico Subsidiary Internal Auditor, and Mexico Subsidiary Lawyer B—who had been named Mexico Subsidiary's compliance officer after Mexico Subsidiary Lawyer A left Mexico Subsidiary—also participated in the scheme.

31. Mexico Subsidiary's use of real estate *gestores* stopped after Mexico Subsidiary Lawyer A was separated from the Company in or around August 2004 and before Walmart's 2005 investigation into the *gestores* allegations.

32. Walmart retained a law firm to initially advise the Company regarding Mexico Subsidiary Lawyer A's allegations and decided to use internal audit and corporate investigations employees to conduct an investigation in Mexico. In mid-November 2005, these "preliminary inquiry" teams spent two weeks in Mexico investigating the allegations. While there, they identified a draft March 2004 Mexico Subsidiary internal audit review of *gestoria* payments that

had not previously been shared with Walmart internal audit executives and employees in the United States. The final report that was sent to Walmart in December 2004 omitted references, contained in earlier versions, to MXN \$45.6 million (approximately USD \$4 million) paid to one of the *gestores* that Mexico Subsidiary Lawyer A alleged was corrupt. While the draft report stated that the transactions reviewed were reasonably appropriate, complied with documentation and classification standards, and were compliant with local policies, legislation and generally accepted accounting principles, it also described “unusual” and “facilitating” payments made in connection with Mexico Subsidiary’s use of *gestores*. The final report provided to Walmart in December 2004 had also omitted these references to suspicious transactions.

33. In or around November 2005, a Mexico Subsidiary employee explained to investigators that when problems arose when obtaining licenses, Mexico Subsidiary typically negotiated a payment with the relevant official to resolve the problem. The same employee, although unsure whether improper payments were made to government officials, said that Mexico Subsidiary utilized *gestores* to “smooth out the road” so that “there would not be any bumps during the request for a license.” The employee also conceded that it was unusual that Mexico Subsidiary paid the *gestores* when most of the payments were supported by only one invoice and that no records showed what work they did, with whom they met, or how many hours they worked.

34. In or around December 2005, Walmart Investigator circulated a report concerning the Mexico Subsidiary allegations that stated that laws had been potentially violated, and recommended several additional investigative steps.

35. Walmart internal audit produced its own report one week later, which indicated that the work performed constituted only a preliminary review of the *gestoria* payments and that the auditors were unable to determine how the *gestores* used the funds received from Mexico Subsidiary. The report also made several recommendations for investigative next steps.

36. Walmart did not follow the investigators’ proposed action plans. On or around February 7, 2006, Walmart tasked Mexico Subsidiary Lawyer B with leading the remainder of the investigation.

37. In March 2006, Mexico Subsidiary Lawyer B prepared his investigative report, which concluded that the corruption allegations were unsubstantiated. However, it did acknowledge that certain of Mexico Subsidiary’s anti-corruption related internal accounting controls were deficient and, although some improvements had been made, certain additional anti-corruption related internal accounting controls were recommended. Walmart did not address those recommendations by implementing sufficient anti-corruption related internal accounting controls until in or around April 2011.

38. Another corruption risk identified was Mexico Subsidiary’s practice of donations in the form of checks, cash, and merchandise to Mexican municipalities and local government entities. In some instances, the donations were made around the time Mexico Subsidiary obtained permits and licenses or other government approvals. Some of the goods donated, such as cars and computers, were capable of being converted to personal use. Mexico Subsidiary did not implement sufficient internal accounting controls regarding the use of donations until in or around April 2011.

## China

39. Between in or around 2006 to in or around early 2011, China Subsidiary's internal audit team identified certain weaknesses in anti-corruption related internal accounting controls. In January 2006, it observed: China Subsidiary's draft anti-corruption policy and procedures were inconsistent with the policy adopted by Walmart in or around March 2005; China Subsidiary's policy excluded employees of state-owned and state-controlled enterprises from the definition of "government official;" and formal anti-corruption training at China Subsidiary had not yet been provided and most Chinese managers were unfamiliar with the FCPA and misunderstood the concept of facilitating payments. Other anti-corruption related internal accounting controls weaknesses at China Subsidiary observed by China Subsidiary internal audit included lack of TPI retention procedures and lack of a charitable donation policy. Although internal audit raised recurring issues during this time period, China Subsidiary's anti-corruption related internal accounting controls were not improved until in or around April 2011.

## India

40. In or around late 2006, Walmart conducted a review of India Partner. The initial due diligence, while generally positive, raised certain anti-corruption red flags about doing business in India. One report stated that Walmart would "be targeted by corrupt individuals and organizations seeking bribes or kickbacks in exchange for favorable business relationships or the easing of bureaucratic restrictions." The report also said that corruption would likely cause Walmart "delays in the processing of permits, licenses and other paperwork." The report suggested that Walmart could mitigate its corruption risk with "[s]trict adherence" to the FCPA and by establishing "strong internal controls and management oversight."

41. In or around November 2006, prior to the formation of India Joint Venture, a Walmart real estate employee wrote to Walmart Executive that he had received a "wink and nod" when he "brought up transparency and clean transactions relative to the FCPA" with an employee of India Partner. The India Partner employee also admitted that "speed payments" were used in the past by India Partner. Walmart did not sufficiently address the Walmart real estate employee's warning prior to forming India Joint Venture.

42. Because of certain anti-corruption related red flags, Walmart obtained additional due diligence reports and reviewed their results.

43. Walmart entered the Indian market in partnership with India Partner. Due to foreign direct investment restrictions, Walmart proposed that retail operations initially be franchised to India Partner with a wholesale business structured as a joint venture majority owned by Walmart. In or around August 2007, Walmart and India Partner executed franchise and joint venture agreements. Walmart tasked its partner with obtaining all licenses, permits, certifications, and zoning for retail stores in India.

44. Between in or around March 2009 and in or around January 2011, Walmart's internal audit team in India conducted at least three reviews of India Subsidiary and India Joint Venture. All of those reviews identified certain weaknesses in anti-corruption related internal accounting controls that required remediation, which were not immediately addressed. During this

time period, Walmart continued to rely on India Partner for permitting, licensing, and real estate matters for retail stores in India.

45. In or around July 23, 2011, an anonymous source sent an email to certain Walmart executives alleging several issues. According to the anonymous email, an employee of India Joint Venture and an employee of India Retail Business were involved in a scheme to make improper payments to government officials to obtain store operating permits and licenses, and that a senior legal employee of India Joint Venture knew about the scheme. Although one executive requested that Walmart investigators examine the allegations, Walmart did not conduct an inquiry at that time.

46. Despite the audit reports discussing control deficiencies and the anonymous email alleging improper payments to government officials, Walmart did not begin to implement and maintain a system of sufficient internal accounting controls related to anti-corruption to address corruption concerns in India until in or around April 2011.

47. Because of Walmart's failure to implement sufficient internal accounting controls related to anti-corruption, from in or about 2009 through in or about at least 2011, India Joint Venture and India Retail Business were able to retain TPIs that made improper payments to government officials in order to obtain store operating permits and licenses during that period. These improper payments were then recorded in India Joint Venture's books and records with vague descriptions like "misc fees," "miscellaneous," "professional fees," "incidental," and "government fee."

### **Brazil**

48. Despite certain observations from Brazil Subsidiary internal audit regarding the Brazil Subsidiary anti-corruption related internal accounting controls weaknesses, Brazil Subsidiary continued to retain certain high-risk TPIs. Starting in or around 2008 to in or around April 2012, Brazil Subsidiary employed Brazil Construction Firm to build or renovate eight stores and obtain all required construction permits. Although certain Brazil Subsidiary employees were aware of the Brazil Construction Firm's reputation for corruption, no due diligence was conducted until in or around 2009, a year after Brazil Construction Firm was engaged. That due diligence review cited allegations that Brazil Construction Firm had made improper payments to Brazilian officials for non-Walmart projects and engaged in other illegal acts for non-Walmart projects. Citing these allegations, the report recommended that Brazil Subsidiary not renew Brazil Construction Firm's contract. Notwithstanding the due diligence results, Walmart continued to use Brazil Construction Firm until in or around April 2012.

49. One of the Brazil Subsidiary projects that Brazil Construction Firm worked on was the construction of a new Walmart store that was originally scheduled to open on or around November 19, 2009. Brazil Subsidiary tasked Brazil Construction Firm with obtaining the construction permit and with handling all aspects of the store's construction in May 2009. Later, because Brazil Construction Firm was unable to timely obtain all permits, the grand opening was delayed until mid-December. On or around December 7, 2009, Brazil Subsidiary's real estate committee met and discussed the store project, which was on the committee's agenda due to its missing operating license. At the meeting, a Brazil Subsidiary executive stated that the store



needed an “extraordinary process” to obtain the license. That same day, certain members of Brazil Subsidiary management approved hiring another TPI—indirectly through Brazil Construction Firm—to secure the license. Nine days later, the TPI obtained all governmental approvals for the store. The TPI received approximately \$127,000, an amount greater than Brazil Subsidiary’s other permitting consultants, for the TPI’s efforts with these permits and certain operating permits obtained after the store opened.

50. Certain Brazil Subsidiary employees expressed their concerns regarding the TPI to Brazil Subsidiary management prior to the TPI’s engagement. Their concerns included the possibility that the TPI was a government official and that the TPI did not have a formal corporation to accept payment. A former employee of Brazil Construction Firm later stated that the TPI told him at that time that when the TPI was working on obtaining the construction permit under the direction of Brazil Construction Firm, 1) the TPI needed cash which the TPI had requested from Brazil Construction Firm and had received from the former employee; and 2) the TPI stated the money was for “people I have to pay,” which the former employee stated he understood to mean would be used to provide improper payments to Brazilian government officials. That former Brazil Construction Firm employee later stated that he made improper payments himself, without the knowledge of Brazil Subsidiary, in connection with two other Brazil Subsidiary stores.

51. In or around 2010, Brazil Subsidiary planned to open two other stores in the same area. As with the earlier project, Brazil Subsidiary engaged the same TPI at year-end to assist with stores that had been delayed due to licensing problems. The TPI again commanded an unusually high fee for the TPI’s services—approximately \$400,000—and was paid indirectly through Brazil Subsidiary’s contractor. Despite earlier corruption concerns, no due diligence was conducted on the TPI prior to the TPI’s work. The TPI’s ability to obtain licenses and permits quickly earned the TPI the nickname “sorceress” or “genie” within Brazil Subsidiary.

### **Walmart’s Subsequent Anti-Corruption Compliance Programs**

52. Although certain Walmart executives discussed revising the anti-corruption policy and procedures shortly after their publication in March 2005, the Company did not announce the launch of a “new and enhanced” anti-corruption program until on or around February 8, 2007. The program would feature a revised policy, new procedures, and improved auditing and investigative protocols—with an emphasis on training and TPI due diligence. Its rollout was scheduled to begin two months later and conclude in or around 2008.

53. Walmart published the revised anti-corruption program as Company policy on or around December 12, 2008. However, this policy was not sufficiently implemented at that time. Shortly thereafter, Walmart appointed Walmart Compliance Employee as the Company’s first vice president of international compliance and tasked him with updating the anti-corruption compliance program.

54. In or around April 2009, Walmart informed its foreign subsidiaries that it would soon promulgate anti-corruption standards that would be more flexible and easier and quicker to implement. Instead of taking a centralized approach, each country would be required to devise its own program based on the standards. On or around June 11, 2009, Walmart circulated to the

subsidiaries a one-page document entitled Global Anti-Corruption Standards that: 1) summarized the FCPA; 2) acknowledged that in certain instances Walmart may provide gifts, meals, travel, and entertainment to government officials; 3) noted that the standards applied to TPIs; and 4) provided contact information for the Company's global ethics office. The markets were instructed to design and implement risk-based internal accounting controls, procedures, and training to ensure the standards were met.

55. Walmart's fiscal year 2010 FCPA reviews in Brazil, India, and Mexico identified certain of its anti-corruption related internal accounting controls had weaknesses in each subsidiary.

56. By around April 2011, Walmart recognized that its existing anti-corruption compliance program was not sufficient and hired an international law firm and an international consulting firm to conduct a worldwide anti-corruption compliance review for the purpose of reviewing and testing Walmart's anti-corruption compliance program in various foreign subsidiaries around the world, including in Mexico, India, Brazil, and China.

### **Legal Standards and Violations**

57. 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 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.

### **FCPA Violations**

#### **Books and Records Violations**

58. As a result of the conduct described above, Walmart violated Section 13(b)(2)(A) of the Exchange Act, which 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 make and keep books, records, and accounts which, in reasonable detail, accurately and fairly reflect their transactions and dispositions of their assets.

#### **Internal Accounting Controls Violations**

59. As a result of the conduct described above, Walmart violated Section 13(b)(2)(B) of the Exchange Act, which 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.

## **Walmart's Disclosures, Cooperation, and Remediation**

60. In determining to accept the Offer, the Commission considered Walmart's disclosures, cooperation, and remedial efforts.

61. Walmart made an initial self-disclosure of the potential FCPA violations in Mexico to the Commission's staff in November 2011, after it retained outside counsel to conduct an internal investigation under the direction of the Audit Committee of Walmart's Board of Directors. Subsequently, Walmart voluntarily expanded its investigation and disclosed its findings concerning Brazil, China, and India to the Commission staff, although such disclosure was after the Commission staff had already begun investigating the Company related to conduct in Mexico.

62. Walmart further cooperated by identifying issues and facts that would likely be of interest to the Commission and the staff and providing regular updates to the staff; making regular factual presentations to the staff and sharing information that would not have been otherwise readily available to the staff; making foreign-based employees available for interviews in the United States; producing translations of relevant documents; and obtaining cooperation of former employees and third parties, including their consent to interviews.

63. Walmart's remedial measures include: (1) hiring a Global Chief Ethics & Compliance Officer, an International Chief Ethics & Compliance Officer, and a dedicated Global Anti-Corruption Officer, with separate reporting lines to the Audit Committee of Walmart's Board of Directors; (2) adding dedicated regional and market Chief Ethics & Compliance Officers, foreign market anti-corruption directors, and anti-corruption compliance personnel at Walmart's home office and in Walmart's foreign markets; (3) conducting, across each of Walmart's markets, enhanced monthly and quarterly anti-corruption monitoring; (4) enhancing on-site global anti-corruption audits to test adherence to enhanced anti-corruption related internal accounting controls and procedures; (5) enhancing anti-corruption related internal accounting controls on the selection and use of third parties; (6) enhancing global anti-corruption training and awareness programs; (7) implementing an automated global license management system for obtaining and renewing licenses and permits and a global donation management system, which enhances controls relating to charitable donations; and (8) terminating business relationships with third parties involved in the conduct at issue.

### **Non-Prosecution Agreement**

64. Walmart has entered into a non-prosecution agreement with the United States Department of Justice that acknowledges responsibility for criminal conduct relating to certain findings in the Order.

### **Non-Imposition of a Civil Penalty**

65. Respondent acknowledges that the Commission is not imposing a civil penalty based upon Walmart's payment of a \$137,955,249 monetary fine as part of Walmart's resolution with the United States Department of Justice.

## IV.

### Undertakings

66. 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:

A. 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 law of any foreign jurisdiction;

B. Use its best efforts to cause its current or former officers, employees, and directors to be interviewed by Commission staff at such times and places as the Commission staff reasonably may direct; and

C. Use its best efforts to cause its current or former officers, employees, 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.

67. Respondent undertakes to report to the Commission staff periodically, at no less than one-year intervals, during a two-year period from the date of this Order on the status of Respondent's remediation and implementation of anti-corruption related compliance measures. During this two-year period, Respondent shall (1) submit an initial report, and (2) conduct and prepare one follow-up review and report, as described below:

A. Respondent shall submit to the Commission staff a written report within twelve (12) months from the date of entry of this Order setting forth a complete description of its FCPA and anti-corruption related remediation efforts to date, its proposals reasonably designed to improve its policies and procedures for ensuring compliance with the FCPA and other applicable anti-corruption laws, and the parameters of the subsequent review ("Initial Report"). The Initial Report shall be transmitted to Charles Cain, Chief, FCPA Unit, Division of Enforcement, Securities and Exchange Commission, 100 F Street, N.E., Washington, DC 20549. Respondent may extend the time period for issuance of the Initial Report with prior written approval of the Commission staff.

B. Respondent shall undertake one follow-up review, incorporating any comments provided by the Commission staff on the Initial Report, to further monitor and assess whether the policies and procedures of Respondent are reasonably designed to detect and prevent violations of the FCPA and other applicable anti-corruption laws (the "Follow-Up Report").

C. The Follow-Up Report shall be completed no later than twelve (12) months after the Initial Report. Respondent may extend the time period for issuance of the Follow-Up Report with prior written approval of the Commission staff.

68. The Initial Report, Follow-up Report, supporting documentation, and any related communications, presentations, and certifications submitted by Respondent may include proprietary, financial, confidential, and competitive business information. Public disclosure of the reports could discourage cooperation, impede pending or potential government investigations or undermine the objectives of the reporting requirement. For these reasons, among others, the reports and contents thereof are intended to remain and shall remain nonpublic, except (1) pursuant to court order, (2) as agreed by the parties in writing, (3) 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 (4) is otherwise required by law.

69. Should Respondent, during the two-year period from the date of this Order, discover credible evidence, not already reported to the Commission staff, that corrupt payments or corrupt transfers of property or interests may have been offered, promised, paid, or authorized by a Respondent entity or person, or any entity or person while working directly for Respondent, or that related false books and records have been maintained, Respondent shall promptly report such conduct to the Commission staff.

70. During this two-year period from the date of this Order, Respondent shall provide its external auditors with its annual internal audit plan and reports of the results of internal audit procedures and, subject to Respondent's attorney-client privilege and attorney work product protections, its assessment of its anti-corruption compliance policies and procedures.

71. During this two-year period from the date of this Order, 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 anti-corruption compliance policies and procedures.

72. Respondent shall certify, in writing, compliance with the undertakings set forth above. The certification shall identify the undertaking(s), 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. The certification and supporting materials shall be submitted to Charles Cain, Chief, FCPA Unit, Division of Enforcement, with a copy to the Office of the Chief Counsel of the Division of Enforcement, Securities and Exchange Commission, 100 F Street, N.E., Washington, DC 20549, no later than 60 days from the date of the completion of the undertakings.

73. In determining whether to accept the Offer, the Commission has considered these undertakings.

## V.

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 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act, 15 U.S.C. §§ 78m(b)(2)(A) and 78m(b)(2)(B).

B. Respondent shall, within 10 days of the entry of this Order, pay disgorgement of \$119,647,735 and prejudgment interest of \$25,043,437 for a total payment of \$144,691,172, 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 SEC Rule of Practice 600. 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 Walmart as the 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, Chief, FCPA Unit, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

C. Respondent shall comply with the undertakings enumerated in Section IV, paragraphs 67 through 72 above.

By the Commission.

Vanessa A. Countryman  
Acting Secretary