UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 86812 / August 29, 2019

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 4069 / August 29, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-19397

In the Matter of **JUNIPER NETWORKS, 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 Juniper Networks, Inc. ("Juniper" 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 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[1] that:

Summary

1. These proceedings arise out of Juniper's violations of the internal accounting controls and recordkeeping provisions of the Foreign Corrupt Practices Act of 1977 (the "FCPA") [15 U.S.C. § 78m], through its subsidiaries operating in Russia and China.

2. From 2008 through 2013, certain sales employees of the Russian representative office of Juniper's subsidiary, JNN Development Corp. ("JNN") secretly agreed with third party channel partners to increase the incremental discount on sales made to customers through those channel partners without passing those increased discounts on to customers. Instead, the channel partners diverted the additional discounts into a fund held by the channel partners for travel and marketing expenses. These off-book funds were referred to as "common funds" and were directed in part by JNN sales representatives. These "common funds" were used in part to pay for customer trips, including trips for government officials, some of which were predominately leisure in nature and had little to no educational or business purpose. Included in the customer travel paid for through the "common fund" were instances of customer travel for foreign officials to various locations where there were no Juniper facilities or industry conferences related to Juniper's business. In late 2009, Juniper learned of these off-book "common fund" accounts and improper use of additional discounts, both of which were prohibited under Juniper policies. Despite this, JNN's off-book accounts, funded through diverted additional discounts, and improper travel practices continued through 2013.

3. Additionally, from 2009 through 2013, certain sales employees of Juniper's Chinese subsidiaries falsified trip and meeting agendas for customer events that understated the true amount of entertainment involved on the trips. The sales employees submitted these falsified and misleading trip agendas to Juniper's Legal Department to obtain event approval. In contravention of Juniper's travel policies, Juniper's Legal Department approved numerous trips without adequate review and after the event had taken place.

4. Juniper failed to accurately record the incremental discounts and travel and marketing expenses in its books and records, and failed to devise and maintain a system of internal accounting controls sufficient to prevent and detect off-book accounts, unauthorized customer trips, falsified travel agendas and after-the-fact travel approvals.

[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.

Respondent

5. Juniper is a Delaware corporation headquartered in Sunnyvale, California. Juniper designs, manufactures, and sells networking equipment products and services. Juniper's common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act and is listed on the New York Stock Exchange under the symbol "JNPR." Juniper provides routers, switches, and security firewalls to telecommunication network service providers. As part of the procurement process, Juniper products are tested pursuant to an objective international standard, RFC 2544, and if met, are certified as eligible to enter into a competitive bidding process through which Juniper's end-user customers make purchases. Juniper's sales to end-user customers are made through third party intermediaries, known as "channel partners." These channel partners provide end-user customers with technical expertise, system integration services, and product maintenance and servicing.

Other Related Entities

6. During the relevant time period, JNN was a wholly-owned subsidiary of Juniper, headquartered in Delaware and operated a representative office in Moscow, Russia.

7. During the relevant time period, Juniper Networks R&D Ltd. was a wholly-owned foreign subsidiary of Juniper based in Hong Kong ("Juniper Hong Kong").

8. During the relevant time period, Juniper Networks Shanghai Ltd., was a wholly-owned foreign subsidiary of Juniper based in China ("Juniper Shanghai," or, together with Juniper Hong Kong, "Juniper China").

Facts

A. Improper Travel Practices in Russia

9. From 2008 to 2013, certain JNN sales employees in Russia misrepresented to senior management the need for increased discounts to meet competition. In fact, these JNN sales employees secretly agreed with channel partners that these increased discounts would not be passed on to end-user customers but instead retained by the channel partners.[2] These incremental discounts created additional pools of money which were held by channel partners in off-book accounts, known as "common funds."

10. The involved JNN employees structured these transactions in this manner to keep the common funds off of Juniper's books so that the local JNN employees and channel partners could thereafter direct the funds without obtaining proper internal Juniper approvals. The

[2] Juniper's sales to these channel partners are made at a discount from the end-user customer price. The channel partners retain a certain percentage of this discount as their own profit margin and then resell Juniper's products and services to end-user customers.

practice of these JNN employees to inflate and divert discounts into off-book accounts also created a risk that these funds could be embezzled or applied to other improper uses.

11. The proceeds from the common funds were in part used by local JNN employees and channel partners to fund trips for end-user customer employees, including some trips that were excessive, inconsistent with Juniper policy, predominantly leisure in nature, and had little to no legitimate business purpose. These specific trips included customers, including foreign officials, traveling to international tourist destinations, such as Italy, Portugal, and various U.S. cities, where there were no Juniper facilities, industry specific conferences, or other legitimate business justifications. In some of these instances, the trips included sightseeing tours, amusement parks, national park excursions and meals and entertainment for customers and, in some instances, customer family members. Former JNN employees discussed their desire to have a business impact based on this leisure travel and entertainment. In one instance, in an internal communication seeking approval for a five day international sightseeing trip, a JNN employee explained that the "purpose of the trip" was to meet with a "top [state-owned customer] manager to speed up Q2 bookings," and as such this employee directly linked the trip and future bookings. In another instance, a JNN employee asked to take a state-owned customer on a seven day leisure trip to the U.S., explaining his belief that if the trip was not approved, Juniper would lose customer sales.

12. In late 2009, a then member of senior management initially learned that JNN employees in Russia had created off-book accounts that were funded in part by improperly obtaining incremental discounts, both violations of Juniper policies. Although Juniper instructed JNN employees to discontinue these practices, Juniper's overall remedial efforts were ineffective, and JNN employees continued these practices through 2013. At times, these JNN employees used personal communication devices instead of corporate email, in one instance cautioning each other to "not write about additional discounts in exchange for something else via e-mail."

13. As a consequence, Juniper failed to properly account for these off-book funds, and failed to implement or maintain a system of effective internal accounting controls to prevent off-book accounts, improper expenses, and the misuse of product discounts.

B. Improper Travel Practices in China

14. From 2009 to 2013, local employees of Juniper China paid for the domestic travel and entertainment of customers, including foreign officials, that was excessive and inconsistent with Juniper policy. Certain local Juniper China marketing employees falsified agendas for trips provided to end-user customer employees. These falsified trip agendas understated the true amount of entertainment involved on the trips.

15. Juniper China marketing employees submitted these falsified and misleading trip agendas to Juniper's Legal Department to obtain event approval. In some cases, these Juniper China marketing employees also provided these falsified agendas to their customer invitees to assist the invitees in obtaining their own internal approvals to attend the events. In several instances, Juniper China's marketing staff did not follow Juniper's policy which required prior

approval of the proposed events from Juniper's Legal Department. In violation of Juniper's policies and undermining its internal accounting controls over travel and entertainment, the Juniper Legal Department staff responsible for reviewing third-party hospitality within the Asia-Pacific region regularly approved events that had already been conducted despite the requirement that such events receive prior review and approval.

Legal Standards and Violations

16. 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.

17. Under Section 13(b)(2)(A) of the Exchange Act, issuers are required to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets of the issuer.

18. Under Section 13(b)(2)(B) of the Exchange Act, issuers are required 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.

19. As a result of the conduct described above, Juniper violated Section 13(b)(2)(A) because its books and records, did not, in reasonable detail, accurately and fairly reflect certain expenses. Juniper violated Section 13(b)(2)(B) because it did not devise and maintain internal accounting controls over the approval processes for incremental discounting and travel that were sufficient to provide reasonable assurances that access to assets and transactions were executed in accordance with management's authorization.

Juniper's Cooperation and Remedial Efforts

20. Juniper's cooperation included timely disclosure of facts developed during an internal investigation initiated after learning of the investigation being conducted by Commission staff. The company voluntarily produced and translated documents and provided the staff presentations regarding its investigation.

21. Juniper's remedial actions included revising its compliance policies and making enhancements to its compliance group. The Company has realigned its compliance function into

an integrated unit, all reporting into a newly created and empowered Chief Compliance Officer. The Company has created an independent and expert investigations function. It also has implemented a mandatory escalation policy to ensure that the Company's Board of Directors is informed of serious issues. The Company has instituted mandatory due diligence and prior approval processes by the Compliance Department of channel partners and other vendors. The Company has instituted a compliance preview and required pre-approval of non-standard discounts and required pre-approval for third-party gifts, travel, and entertainment, channel partner marketing expenses, and even certain operating expenses in high risk markets. Juniper has conducted additional employee training on anti-corruption issues and improved its processes for conducting internal investigations of potential violations of anti-corruption laws.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Juniper'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 10 days of the entry of this Order, pay $4,000,000 in disgorgement, $1,245,018 prejudgment interest, and a civil penalty of $6,500,000, for a total payment of $11,745,018 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 and 31 U.S.C. § 3717."

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 Juniper Networks, Inc. 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 Daniel J. Wadley, Salt Lake Regional Director, Division of Enforcement, U.S. Securities and Exchange Commission, 351 South West Temple, Suite 6.100, Salt Lake City, Utah 84101.

C. 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.

D. Respondent acknowledges that the Commission is not imposing a civil penalty in excess of $6,500,000 based upon its cooperation in a Commission investigation or related enforcement action. If at any time following the entry of the Order, the Division of Enforcement ("Division") obtains information indicating that Respondent knowingly provided materially false or misleading information or materials to the Commission, or in a related proceeding, the Division may, at its sole discretion and with prior notice to the Respondent, petition the Commission to reopen this matter and seek an order directing that the Respondent pay an additional civil penalty. Respondent may contest by way of defense in any resulting administrative proceeding whether it knowingly provided materially false or misleading information, but may not: (1) contest the findings in the Order; or (2) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

By the Commission.

Vanessa A. Countryman
Secretary