

Cisco Suspected of Paying Kickbacks to Russian Company Managers

By [The Moscow Times](#)

April 01, 2014

The  **Moscow Times**

U.S. technology firm Cisco Systems is suspected of paying kickbacks to top managers of Russian companies for years, BuzzFeed news website reported, quoting two former Cisco employees.

The firm is currently facing a federal investigation in the U.S. for possible bribery violations on a massive scale in Russia. At the heart of the probe are allegations that for a number of years through 2011 Cisco, after selling billions of dollars worth of routers, communications equipment, and networks to Russian companies and government entities, sent what may have amounted to tens of millions of dollars to offshore accounts.

One former Cisco employee said that in the company's Russian operations, funds for kickbacks were built into large discounts Cisco gave to certain well-connected middleman distributors. The size of the discounts was usually 35 to 40 percent, but sometimes as high as 68 percent off the list price.

Parts of the discounts were structured as rebates. Cisco sent money back to the middlemen close to Russian companies or government agencies after a sale, which would then be stowed in bank accounts in offshore havens.

The former Cisco employees said the rebates were actually kickbacks meant to "materially stimulate" officials working for the government entities.

In June 2010, Dmitry Medvedev, then Russia's president, paid a visit to Cisco's headquarters in San Jose, California, in the course of which Cisco chairman and CEO John Chambers pledged to invest \$1 billion over several years in the development of entrepreneurship and sustainable innovation in Russia, including \$100 million in the building of the Skolkovo innovation center, a technology innovation hub that was a pet project of Medvedev.

Original url:

<https://www.themoscowtimes.com/2014/04/01/cisco-suspected-of-paying-kickbacks-to-russian-company-managers-a33518>