



U.S. Department of Justice

Criminal Division

*Fraud Section
1400 New York Avenue, NW
Washington, D.C. 20005*

September 19, 2019

David W. Simon
Jaime B. Guerrero
Rohan A. Virginkar
Foley & Lardner LLP
777 East Wisconsin Avenue
Milwaukee, WI 54202-5306

Re: Quad/Graphics Inc.

Dear Counsel,

Consistent with the FCPA Corporate Enforcement Policy, the Department of Justice, Criminal Division, Fraud Section, and the United States Attorney's Office for the Eastern District of Wisconsin (collectively, the "Department") has declined prosecution of your client, Quad/Graphics Inc. ("Quad" or the "Company"), for violations of the Foreign Corrupt Practices Act (the "FCPA"), 15 U.S.C. §§ 78dd-1, *et seq.* We have reached this conclusion despite the bribery committed by employees of the Company's subsidiaries in Peru and China.

The Department's investigation found evidence that beginning in 2011 and continuing through January 2016, Quad's Peruvian subsidiary, through its employees, paid or promised over \$1 million to third-party intermediaries that were used, in part, to pay bribes to Peruvian government officials in order to secure printing contracts with government agencies, as well as to minimize penalty payments related to the delayed execution of contracts with government agencies, and tax payments owed in Peru. The Department also found evidence that between approximately 2010 and 2015 employees of Quad/Tech China, a subsidiary of Quad, paid bribes to employees of Chinese state-owned entities in order to obtain printing business in China.

The Department has decided to decline prosecution of this matter based on an assessment of the factors set forth in the Corporate Enforcement Policy, Justice Manual ("JM") 9-47.120, and the Principles of Federal Prosecution of Business Organizations, JM 9-28.300, including but not limited to: (1) Quad's prompt, voluntary self-disclosure of the misconduct; (2) Quad's thorough and comprehensive investigation; (3) Quad's full and proactive cooperation in this matter (including its provision of all known relevant facts about the misconduct) and its


agreement to continue to cooperate in the Department's ongoing investigation and any related prosecutions; (4) the nature and seriousness of the offense; (5) the Company's lack of prior criminal history; (6) Quad's full remediation, including the steps that Quad took to enhance its compliance program, terminating the employment of individuals involved in the misconduct, terminating the Company's relationship with third parties in Latin America involved in the misconduct, and discontinuing relationships with employees and third-parties in China involved in the misconduct; and (7) the fact that the Company agrees to and will disgorge to the U.S. Securities and Exchange Commission the full amount of its ill-gotten gains.


This letter agreement does not provide any protection against prosecution of any individuals, regardless of their affiliation with Quad. If the Department learns information that changes its assessment of any of the factors outlined above, it may reopen its inquiry.

Sincerely,

MATTHEW KRUGER
United States Attorney
Eastern District of Wisconsin


ROBERT ZINK
Chief, Fraud Section
Criminal Division
United States Department of Justice

BY: 
MEGAN PAULSON
Assistant United States Attorney
Eastern District of Wisconsin

BY: 
BENJAMIN A. SALTZMAN
GERALD M. MOODY, JR.
Trial Attorneys, Fraud Section
United States Department of Justice

Quad/Graphics Inc. agrees and consents to the facts and conditions set forth herein:

Date: 9/23/19

BY: 
JOEL QUADRACCI
Chairman, President and Chief Executive Officer
Quad/Graphics Inc.