

## **ATTACHMENT A**

### **STATEMENT OF FACTS**

The following Statement of Facts is incorporated by reference as part of the Non-Prosecution Agreement between the United States Attorney's Office for the District of Vermont (the "USAO"), and Schneider Electric Buildings Americas, Inc. ("SEBA"). SEBA hereby agrees and stipulates that the following information is true and accurate. SEBA admits, accepts, and acknowledges that it is responsible for the acts of its officers, directors, employees, and agents as set forth below. Had this matter proceeded to trial, SEBA acknowledges that the United States would have proven beyond a reasonable doubt, by admissible evidence, the facts alleged below:

#### **Relevant Entities and Employees**

1. Schneider Electric SE is a multi-national company based in France that provides energy and automation digital solutions for efficiency and sustainability and is the parent company of SEBA.
2. SEBA is a Delaware corporation with its principle place of business in Carrollton, Texas, and is a wholly owned subsidiary of Schneider Electric Buildings, LLC.
3. Schneider Electric Buildings LLC is a wholly owned subsidiary of Schneider Electric Holdings, Inc. Both Schneider Electric Buildings, LLC and Schneider Electric Holdings, Inc. are Delaware corporations.
4. Schneider Electric Holdings, Inc., is a wholly owned subsidiary of Schneider Electric Industries S.A.S. and Schneider Electric Holding Amerique Du Nord. Both Schneider Electric Industries S.A.S. and Schneider Electric Holding Amerique Du Nord are based in France.

5. Schneider Electric Industries S.A.S. is a wholly owned subsidiary of Schneider Electric SE (“Schneider”).
6. SEBA provides energy management services and offers a wide range of electricity solutions for buildings and data centers, including energy performance contracting.
7. Energy performance contracting is a funding method in which an energy service company (“ESCO”) partners with the clients in long-term projects that address maintenance backlogs and facility improvements with energy efficient solutions, using the energy savings generated to pay for the larger project scope. As an ESCO, SEBA performs an energy audit of the client’s facility and makes recommendations on where and how to improve operational and energy efficiency. SEBA guarantees the projected energy savings to the client for the length of the project.
8. SEBA provides energy performance contracting services to a wide variety of clients, including the federal government, municipalities, universities, schools, and hospitals.
9. SEBA provides energy performance contracting services to the federal government through stand-alone contracts with federal agencies and through Indefinite Delivery Indefinite Quantity (“IDIQ”) contracts awarded by the U.S. Department of Energy (“U.S. DOE”) through which federal agencies can engage SEBA, including an IDIQ contract awarded to SEBA on December 17, 2008 (“2008 U.S. DOE IDIQ”).
10. SEBA has been awarded thirteen Federal Energy Savings and Performance Contracts (“ESPCs”) by federal agencies under 2008 U.S. DOE IDIQ.

11. Bhaskar Patel (“Patel”) was employed as a Senior Project Manager at SEBA. Patel negotiated subcontract agreements between SEBA and various subcontractors for the ESPCs that federal agencies awarded to SEBA under the 2008 U.S. DOE IDIQ. SEBA authorized Patel to obtain bids from subcontractors, review and analyze subcontractor bids, negotiate bids with subcontractors, distribute subcontractor bids to other SEBA employees for review, recommend for selection the subcontractors that would be awarded a contract under an ESPC, negotiate change orders, price changes, evaluate subcontractor performance, and oversee and manage subcontractors.

#### **Kickback Scheme Executed by SEBA Employee**

12. During the period between June 2011 and August 2016, Patel directed subcontractors to transfer money to him directly and through his children as kickbacks and bribes in connection with SEBA’s ESPCs with various federal agencies. In total, Patel collected approximately \$2,536,119.19 in illegal kickbacks and bribes from subcontractors who hoped to and did contract with SEBA in connection with federal ESPCs.

13. SEBA terminated Patel’s employment on April 11, 2016 shortly after learning that the USAO was investigating Patel’s potential falsification of a subcontractor bid.

#### **SEBA Employees’ Improper Efforts to Recover SEBA’s Incurred IGA Fees**

14. SEBA conducted investment grade audits (“IGAs”) as part of each of the federal ESPCs it was awarded. Through the IGA, SEBA creates a detailed account of energy and water use at the customer’s facility and provides: a cost/savings analysis of potential energy and water savings opportunities; a proposal of bundled measures to provide

energy savings; a financing plan, an implementation plan, and a savings verification plan.

15. SEBA incurs the costs of the IGA and seeks to recoup them in its final price proposal to the agencies.

16. In three federal ESPCs awarded to SEBA, SEBA recovered IGA costs from federal agencies by allocating those costs to multiple non-related pricing components and in its final price proposal to the agencies. Schneider employees described this process as “burying” or “hiding” the costs. Schneider misrepresented its costs to the Government in order to obtain payment from Government agencies to which Schneider was not entitled.

17. On a U.S. Navy ESPC for data center upgrades at the Coronado base in California, SEBA incurred in excess of \$2.5 million in IGA costs.

18. SEBA submitted its IGA costs to the Navy and sought reimbursement.

19. Through the course of negotiations, the Navy agreed to pay \$1.55 million of the IGA costs incurred by SEBA.

20. SEBA employees recovered the remaining \$859,293.00 by spreading those costs across multiple non-related pricing components and in its final proposal to the Navy. By doing so, the Navy agreed to pay these costs without knowing they were IGA fees.

21. On a General Services Administration (“GSA”) ESPC for a project in St. Croix, SEBA incurred in excess of \$300,000.00 in IGA costs.

22. Schneider recovered \$95,000.00 in IGA fees on the GSA St. Croix project.

23. SEBA employees recovered an additional \$146,830.00 in IGA costs by spreading those costs across multiple non-related pricing components and in its final proposal to the GSA. By doing so, the GSA agreed to pay these costs without knowing they were IGA

fees.

24. On a United States Department of Agriculture (“USDA”) ESPC in Albany California, SEBA incurred \$527,686.00 in IGA costs.

25. Schneider recovered \$175,000.00 in IGA fees on the USDA project.

26. SEBA employees recovered an additional \$352,686.00 in IGA costs by allocating those costs to a project management line item in its final proposal to the USDA. By doing so, the USDA agreed to pay these costs without knowing they were IGA fees.