

The SIEMENS scandal may finally reach court after 17 years of investigation – The history of the scandal goes back to the 1990s

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A panel of Greek judges have last week reopened the Siemens scandal and indicted 64 people to stand trial over allegations of bribery involving Siemens AG , the German engineering giant.

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The list of suspects includes former Siemens and OTE officials, while two of the main suspects have left Greece, and live in Germany.

The charges refer to “money laundering”, “active and passive bribery” and “accomplishment to such actions.”

Greece has claimed that bribes paid by Siemens executives to various Greek officials from the 1990s to 2007 have cost Greek taxpayers 2 billion euros.

Part of that money is alleged to have ended up in the pockets of senior Greek officials who helped broker the contracts, as well as several former senior officials from the socialist PASOK party. Siemens has said it would cooperate with the Greek government in investigating the bribery charges and has rejected the allegations.

The suspects, including 13 German nationals, are former Siemens and OTE officials, as well as the ex-treasurer of Greece’s former governing party PASOK.

Among the suspects is also the former SIEMENS HELLAS executive Michalis Christoforakos, who escaped to Germany and authorities there refused to extradite him to Greece’s previous requests.

Theodoros Tsoukatos, the former consultant of former Prime Minister Kostas Simitis, is also on the suspects’ list. “Tsoukatos appears to have distributed 1 million Deutsche Mark and has maintained that the funds ended up in PASOK’s accounts.”*

Others suspects include top officers of the Siemens' Greek subsidiary, as well as German nationals who are said to have approved payments and bribes to Greece.

No trial date was set. According to the AP news agency, the charges carry a maximum 20-year prison sentence.

The background to the Siemens scandal

In May 2008, Siemens became the subject of an investigation in Germany where obtaining contracts through bribes has been illegal since 1998 (before then it was ok !). During the investigation SIEMENS executives admitted bribing Greek (amongst other) politicians in exchange for lucrative contracts.

In the same month the German media reported that OTE, Greece's telecom group, partly owned by Deutsche Telekom considered suing Siemens for damages over alleged overcharging over a period of years.

As a result of the action in German courts, the SIEMENS scandal hit Greece in 2008; it involved corruption and bribery allegations over deals between the German conglomerate and Greek government officials. Primarily it had to do with the purchase of the security system known as C4I for the 2004 Summer Olympic Games, which never worked, and purchases by OTE in the 1990s. SIEMENS Hellas, it was said, had generously distributed some €100m via their man in Greece, Michalis Christoforakos, in order to secure these contracts.

Other shady deals also came to light.

These included a €150m contract for 20 DESIRO (for the train spotters) electric locomotives, which was completed between 2004 and 2006. The only problem was, however, that the lines did not get electrified until 2007 when three of the locos went into service in the Athens-Airport line. Between 04 and the time the locomotives were phased into service, they were stored and serviced in expensive warehouses in Thessaloniki. The Greek government, naturally, (over)paid in full. Siemens in that period also secured other major contracts. Amongst them, defence contracts for six navy frigates (€380m), missiles, rolling stock for the Peloponnese line and even traffic lights and parking meters.

In February 2010 the PASOK government, in the spirit of transparency and openness, set up a parliamentary committee of inquiry to investigate the biggest Greek political scandal (so far) in the post war period, involving government ministers from both main parties over a period of two decades. The committee of inquiry was made up of MPs from all parties with numbers proportional to seats held. It was the second inquiry into the scandal, and was supposed to follow up the leads from one set up by the previous government.

In November 2014, the Financial prosecutor had sent his 2,368-page report to a council of judges to make the final decision on whether the suspects should stand trial over the so-called Contract 8002, for Siemens to digitize OTE telecom's network. The suspects are said to include several Siemens and OTE telecom executives. It is alleged that nearly 70 million euros in bribes were paid to secure the deal.

The only Greek politician to have been convicted in connection with the scandal is ex-Transport Minister Tasos Mantelis, who was given a three-year suspended prison sentence in 2011 after being found to have accepted payments of 450,000 Deutsche Marks (230,000 euros) from Siemens between 1998 and 2000.

OTE was one of the first Greek state companies to be partly privatised in the late 1990s, with Deutsche Telekom today holding a 40% share.

Source: Associated Press

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