



**U.S. Department of Justice**

Criminal Division

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*Fraud Section*

*Washington, D.C. 20530*

April 12, 2024

Lanny A. Breuer  
Steven E. Fagell  
Eric Sandberg-Zakian  
Covington & Burling LLP  
One CityCenter  
850 Tenth Street, NW  
Washington, DC 20001-4956

**Re: Proterial Cable America, Inc. (f/k/a Hitachi Cable America Inc.)**

Dear Counsel:

Consistent with the Criminal Division Corporate Enforcement and Voluntary Self-Disclosure Policy (“CEP”), the United States Department of Justice, Criminal Division, Fraud Section (the “Fraud Section”) has declined prosecution of your client, Proterial Cable America, Inc. (“Proterial Cable”), formerly Hitachi Cable America Inc. (“Hitachi Cable”), for violating 18 U.S.C. §§ 1343, 1349. We have reached this conclusion despite the fraud committed by employees of Hitachi Cable.

The Fraud Section’s investigation found evidence that, from at least in and around December 2006 through April 2022, Hitachi Cable misrepresented to customers that motorcycle brake hose assemblies it sold met federal safety performance standards, when in fact they did not comply with certain performance requirements. Specifically, the Fraud Section’s investigation found evidence that employees of Hitachi Cable’s Automotive Division regularly tested brake hose assemblies manufactured for motorcycles for compliance with Federal Motor Vehicle Safety Standards, 49 C.F.R. § 571.106, Standard No. 106 (“FMVSS 106”), a regulatory standard administered by the National Highway Traffic Safety Administration. This testing identified failing test results with respect to certain performance standards required by FMVSS 106. Despite these failing test results, certain Hitachi Cable employees made false, fraudulent, and misleading material representations to customers—Motorcycle Company #1, Brake System Assembler #1, and Brake System Assembler #2—namely, that the brake hose assemblies complied with FMVSS 106. As a result of the scheme, Hitachi Cable obtained approximately \$15.1 million in illicit profits through its sales of the noncompliant brake hose assemblies.

The Fraud Section has decided to decline prosecution of this matter based on an assessment of the factors set forth in the CEP, the Justice Manual (“J.M.”), and the Principles of Federal Prosecution of Business Organizations, J.M. § 9-28.300, including but not limited to: (1) the voluntary and timely self-disclosure of the misconduct by Hitachi Cable (now Proterial Cable) and its corporate parent (now Proterial, Ltd.) (collectively, the “Company”)—specifically, the Company disclosed the issue to the Fraud Section within weeks of an employee raising the issue during an internal audit; (2) the Company’s full and proactive cooperation in this matter (including its provision of all known relevant facts about the misconduct, including information about all of the individuals involved in the misconduct) and agreement to continue to cooperate with any ongoing Fraud Section investigations and any prosecution that has resulted or might result in the future; (3) the nature and seriousness of the offense; (4) the Company’s timely and appropriate remediation, including terminating employees involved in the misconduct and substantially improving the Company’s compliance program and internal controls through, among other things, significant investment in designing, implementing, and testing a risk-based and sustainable compliance program; and (5) the Company’s agreement to remit payment, as described further below.

Pursuant to this letter agreement, the Company agrees to continue to cooperate fully with the Fraud Section’s ongoing investigation and/or prosecution, including but not limited to the continued provision of any information and making available for interviews and/or testimony those officers, employees, or agents who possess relevant information, as determined in the sole discretion of the Fraud Section.

Pursuant to this letter agreement, the Company agrees to pay a total amount of \$15,126,204 (the “Disgorgement Amount”). The Disgorgement Amount reflects the total profit the Company obtained through the scheme. The Company has provided proof to the Department that it has already paid \$6,017,008 to Brake System Assembler #1 and Brake System Assembler #2. The Company shall pay the remainder of the Disgorgement Amount in full (\$9,109,196) to Motorcycle Company #1, and provide proof of the same to the Department, no later than 90 days after the execution of this letter agreement (or any period thereafter that is mutually agreeable to both the Company and the Fraud Section). The Company acknowledges that no tax deduction may be sought in connection with any part of its payment of the Disgorgement Amount. The Company further agrees that it will not seek or accept direct or indirect reimbursement or indemnification from any source with regard to the Disgorgement Amount.

This letter agreement does not provide any protection against prosecution of any individuals, regardless of their affiliation with the Company. This letter agreement also pertains only to the matter described herein and not to any other matters involving the Company. Based on the investigation to date, to the Fraud Section’s knowledge the subject brake hose assemblies have not been the subject of a safety recall or been linked to any injury. If the Fraud Section learns information that changes its assessment of any of the factors outlined above, it may reopen its inquiry.

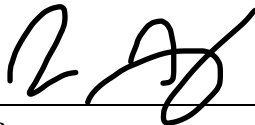
Sincerely,

GLENN S. LEON  
Chief, Fraud Section  
Criminal Division  
U.S. Department of Justice

BY: *Siji Moore*  
Siji Moore  
Trial Attorney, Fraud Section

I have read this letter agreement and carefully reviewed every part of it with outside counsel for Proterial Cable. The Board of Directors of Proterial Cable has been advised of the terms of this letter agreement. I understand the terms of this letter agreement and, on behalf of Proterial Cable, voluntarily agree and consent to the facts and conditions set forth herein, including that Proterial Cable will remit the Disgorgement Amount.

Date: 4/12/2024

BY:   
Randy Ahuja  
President and Chief Operating Officer  
Proterial Cable America, Inc.