UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 97609 / May 26, 2023

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 4411 / May 26, 2023

ADMINISTRATIVE PROCEEDING
File No. 3-21470

In the Matter of **Gartner, Inc.** **Respondent.**	**ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 ("Exchange Act"), against Gartner, Inc. ("Gartner" or "Respondent").

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the "Offer"), which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings, pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds[1] that:

[1] The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

Summary

1. This matter concerns Gartner's violations of the anti-bribery, books and records, and internal accounting control provisions of the Foreign Corrupt Practices Act of 1977 ("FCPA"), as a result of a scheme to obtain and retain business from a South African government entity, the South Africa Revenue Service ("SARS").

2. At the direction of SARS senior officials, a manager of Gartner's consulting segment (the "Gartner Consulting Manager") authorized Gartner to enter into sub-contracts with a South African information technology consulting company (the "Private Company"). At the time of the sub-contracts, the manager knew or consciously disregarded the possibility that all or part of the money paid to the Private Company would be offered, given, or promised, directly or indirectly, to those SARS officials, to induce the officials, in violation of their lawful duty, to award multi-million dollar sole-source contracts to Gartner.

3. The purported justification for hiring the Private Company offered by the Gartner Consulting Manager was that (1) Gartner needed to sub-contract with the Private Company in order to meet the requirements of South Africa's Broad-Based Black Economic Empowerment legislation ("B-BBEE") and (2) neither Gartner nor its local sub-agents qualified under the applicable law. This justification was false because Gartner, through its local sub-agents, did in fact qualify under the B-BBEE.

Respondent

4. **Gartner, Inc.** is a U.S. public company incorporated in Delaware and with headquarters in Connecticut. Gartner has three primary business segments: Gartner Research, Gartner Consulting, and Gartner Conferences. In 2015, Garner Consulting's revenue was approximately 15% of the company's total revenue of $2.2 billion. Prior to 2017, Gartner operated in South Africa through its exclusive sales agent, Future Trends Ltd., and sub-agents, IT Management Advisory Services Pty. Ltd. ("ITMAS") and Zimeleyo Research & Consulting Pty Ltd ("Zimeleyo"). Beginning in 2017, after it incorporated and operated directly in South Africa, Gartner allowed these agency relationships to lapse. Gartner stock is now, and was during the relevant time period, registered under Section 12(b) of the Exchange Act and trades on the New York Stock Exchange under the ticker symbol "IT."

Other Relevant Entities and Individuals

5. **Gartner Consulting Manager** was responsible for Gartner Consulting's public sector business covering Europe, the Middle East, and Africa, including oversight of the SARS engagement.

6. **Private Company** is a private South African information technology consulting company formed in 2009. The Executive Director of the Private Company was a close friend of a SARS senior official.

Facts

7. On December 10, 2014, the Private Company's executive director advised Zimeleyo's General Manager that SARS wanted to conduct an assessment of its information technology systems, and that SARS had offered to meet to discuss the scope of the work. The two executives drafted proposed "terms of reference" for the SARS project, which sought to define the mandate for the work that the project would entail and was based on information that SARS provided to the Private Company's executive director.

8. On December 18, 2014, senior officers at SARS invited other Zimeleyo representatives to discuss the potential engagement. The SARS representatives provided the Zimeleyo representatives with a draft request for proposal that included the substantive terms contained in the "terms of reference" referenced above.

9. On January 1, 2015, Zimeleyo provided SARS with Gartner's response to the proposal, which did not make any mention of the Private Company or its executive director.

10. On January 9, 2015, SARS requested to expand the scope of the proposal and suggested that Gartner use the Private Company in order to qualify for the contract under South Africa's B-BBEE legislation.

11. The Gartner Consulting Manager explained in an email to Gartner management that, in order to win the contract, Gartner had no option but to agree to SARS' request to use the Private Company: "[B]oth the client and the [Private Company] [are] quite sav[v]y . . . The [Private Company] knows that we cannot bid without them."

12. SARS signed a Master Consulting Services Agreement with Gartner on February 5, 2015. The contract, which had a value of approximately $1 million, contained no reference to the Private Company or any provisions regarding B-BBEE qualifications or requirements, and Gartner did not enter into a sub-contract with the Private Company. Rather, Gartner's agent Zimeleyo directly engaged as consultants four individuals affiliated with the Private Company to conduct work on Gartner's behalf with the full knowledge of key personnel within SARS's procurement division, notwithstanding the fact that the contract contained no reference to the Private Company.

13. In April 2015, the Gartner Consulting Manager and Zimeleyo's General Manager met with the SARS Commissioner and several top officers to discuss Gartner's report on its completion of the service agreement ("Phase I"). The SARS Commissioner suggested a follow-up project to implement Gartner's recommendations and asked the Gartner Consulting Manager for a rough estimate of the cost. The Gartner Consulting Manager advised that the work would cost approximately $10 million.

14. On June 1, 2015, the Gartner Consulting Manager and the Zimeleyo General Manager exchanged emails regarding Gartner's draft proposal to SARS for the follow-up project ("Phase II"). Zimeleyo's General Manager advised that the Private Company's executive director was working with SARS officials "to set the expectations with them" regarding the pricing for Phase II of the SARS project in advance of Gartner submitting its formal proposal to SARS.

15. The Gartner Consulting Manager did not question whether there was possible collusion between the Private Company and SARS officials. When the Gartner Consulting Manager provided senior Gartner management with an update on the Phase II contract, he referred to the Private Company's executive director as "extremely well connected within Government and SARS." Weeks before Gartner submitted its formal proposal, the Gartner Consulting Manager conveyed to other senior Gartner management his expectation that the Phase II contract would be made on a sole-source basis.

16. SARS signed the Phase II Master Consulting Services Agreement on July 31, 2015, on a sole-source basis. The value of the contract was approximately $10 million to be paid over 18 months. In a communication to a colleague, the Gartner Consulting Manager described the Private Company as a "client mandated partner to meet Black Empowerment Legislation." He further advised that the Private Company was to receive 40% of the contract: "Client directed 50% workshare with [Private Company] – we have negotiated this down to 40% on the basis that we own the risk and key skills."

17. The Phase II contract required Gartner to meet B-BBEE qualifications and to provide a "Verification Certificate" to SARS on an annual basis. Gartner satisfied this requirement through its South African sub-agent, ITMAS, which at that time held a B-BBEE certification. A provision of the SARS Phase II contract specifically defined "Gartner" to include ITMAS.

18. Prior to signing the Phase II contract, a SARS procurement officer requested to see Gartner's B-BBEE certificate. In response, Zimeleyo's General Manager sent SARS the B-BBEE verification certificate that ITMAS had been issued on April 17, 2015, and emailed a blind carbon copy of the communication to the Private Company.

19. Gartner did not enter into a sub-contract with the Private Company for Phase II of the SARS project. Rather, Gartner's agent Zimeleyo directly engaged as consultants several individuals affiliated with the Private Company to conduct Phase II work on Gartner's behalf with the full knowledge of key personnel within SARS's procurement division, notwithstanding the fact that the contract contained no reference to the Private Company or to the approximately 40% of the contract that the Private Company was to be paid, pursuant to the instructions that SARS officials had made to Gartner.

20. Gartner's invoices, like the other official transaction documents, omitted any reference to the participation of the Private Company. As a condition of Gartner's right to bid on the contract, SARS officials had instructed Gartner to manage its subcontractor, the Private Company. Gartner's invoices to SARS contained only a single line item for "Professional Fees." Zimeleyo invoiced Gartner monthly through a single invoice containing two line entries with different hourly rates. The Zimeleyo invoice did not identify the hourly rates as pertaining to Zimeleyo and the Private Company. Gartner made its payments to Zimeleyo, which in turn paid the Private Company. The Gartner Consulting Manager approved all invoices submitted by Zimeleyo. Gartner's payments to South Africa were initiated from its operations facility in Fort Myers, Florida.

21. During the relevant time period, Gartner's internal FCPA risk assessments identified the company's "[s]ales agent, consultant or third party relationships with public sector

clients" as a potential "bribery red flag[]." Gartner's policy regarding the hiring of third party consultants did not adequately address anti-corruption risks. At the time of the SARS engagement, the company lacked risk-based screening procedures for hiring third party contractors, had no anti-corruption related vendor onboarding procedures, and lacked adequate monitoring procedures.

Legal Standards and Violations

22. Under Exchange Act Section 21C(a), the Commission may impose a cease-and-desist order upon any person who is violating, has violated, or is about to violate any provision of the Exchange Act or any regulation thereunder, and upon any other person that is, was, or would be a cause of the violation, due to an act or omission the person knew or should have known would contribute to such violation.

23. As described above, the Gartner Consulting Manager authorized multiple payments to the Private Company in connection with the Phase I and Phase II contracts with SARS. The Gartner Consulting Manager had been advised of (i) the Private Company's executive director's close relationship to a senior SARS official; (ii) his role in introducing Gartner to SARS and in setting expectations with SARS officials; and (iii) SARS' directives to Gartner to hire the Private Company and pay it fixed percentages of the SARS contracts in order to win the contracts on a sole-source basis. The Gartner Consulting Manager also knew or consciously avoided knowing that the purported justification for hiring the Private Company – Gartner was told by SARS to hire the Private Company in order to qualify for the contracts under South Africa's B-BBEE legislation – was false. Gartner's Consulting Manager knew or consciously disregarded the high probability that the Private Company's executive director would offer, provide or promise the payments his company received, or a portion thereof, to SARS officials for the purpose of influencing such officials to obtain or retain business for Gartner. As a result, Gartner was awarded the Phase I and Phase II SARS contracts and received ill-gotten net profits associated with the contracts of $675,974.

24. As a result of the conduct described above, Gartner violated Section 30A of the Exchange Act, which prohibits, in relevant part, any issuer with a class of securities registered pursuant to Section 12 of the Exchange Act, or any officer, director, employee, or agent acting on behalf of such issuer, or any stockholder acting on behalf of an issuer, in order to obtain or retain business, from corruptly giving or authorizing the giving of anything of value to any person, while knowing that all or a portion of such thing of value will be offered, given, or promised, directly or indirectly, to any foreign official for the purposes of influencing the official or inducing the official to act in violation of his or her lawful duties, or to secure any improper advantage, or to induce a foreign official to use his influence with a foreign governmental instrumentality to influence any act or decision of such government or instrumentality.

25. As a result of the conduct described above, Gartner violated Section 13(b)(2)(A) of the Exchange Act, which requires reporting companies to make and keep books, records, and accounts which, in reasonable detail, accurately and fairly reflect their transactions and dispositions of their assets.

26. Gartner failed to devise and maintain sufficient internal accounting controls around identified FCPA risks relating to sales agents, consultants and third party relationships with public sector clients. As a result of the conduct described above, Gartner violated

Section 13(b)(2)(B) of the Exchange Act, which requires all reporting companies to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles.

Gartner's Remedial Efforts and Cooperation

27. In determining to accept the Offer, the Commission considered Gartner's self-disclosure following press reports in South Africa, cooperation, and remedial efforts. Its cooperation included providing regular updates and sharing facts identified in the course of its own internal investigation, making foreign-based employees available for interviews in the United States, and encouraging cooperation by former employees. Gartner's remediation included revising and enhancing relevant policies and procedures and training programs, increasing both financial and human resources for compliance, and enhancing its due diligence procedures.

Disgorgement

28. The disgorgement and prejudgment interest ordered in paragraph IV is consistent with equitable principles, does not exceed Respondent's net profits from its violations, and returning the money to Respondent would be inconsistent with equitable principles. Therefore, in these circumstances, distributing disgorged funds to the U.S. Treasury is the most equitable alternative. The disgorgement and prejudgment interest ordered in paragraph IV shall be transferred to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Exchange Act.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Gartner's Offer.

Accordingly, it is hereby ORDERED that**:**

A. Pursuant to Section 21C of the Exchange Act, Respondent Gartner cease and desist from committing or causing any violations and any future violations of Sections 30A, 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act.

B. Respondent shall, within 10 days of the entry of this Order, pay disgorgement of $675,974 and prejudgment interest of $180,790 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. Respondent shall, within 10 days of the entry of this Order, pay a civil money penalty in the amount of $1,600,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Gartner as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Charles E. Cain, Chief, FCPA Unit, Division of Enforcement, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-5631.

C. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Vanessa A. Countryman
Secretary