

AstraZeneca to pay \$5 mn over China, Russia bribes

August 31 2016

British drugmaker AstraZeneca has agreed to pay more than \$5 million to settle allegations that it broke US anticorruption laws in China and Russia.

The Securities and Exchange Commission said late Tuesday that in China, employees of an AstraZeneca subsidiary offered cash and gifts to health care officials to encourage them to buy AstraZeneca drugs or reduce pending financial sanctions.

In Russia, AstraZeneca also promoted drug sales through improper payments, it said.

The announcement makes AstraZeneca the fourth pharmaceutical [company](#) in less than a year to settle foreign bribery-related allegations concerning China with US market regulators.

Without admitting or denying wrongdoing, AstraZeneca will pay a \$375,000 fine in addition to \$5.1 million in disgorgement and interest, according to the SEC. Payments of disgorgement are tax-deductible in the United States.

Under the 1977 Foreign Corrupt Practices Act, companies and people under US jurisdiction are prohibited from paying bribes in foreign countries to win business. Similar statutes have since been enacted in most developed countries.

The SEC said AstraZeneca had violated the statute's so-called "books and records" provisions, which require accurate internal accounting of company payments.

"The SEC's investigation found that the improper payment schemes occurred over the course of several years and were orchestrated or condoned by multiple levels of management at AstraZeneca's China and Russia subsidiaries," the SEC said in a statement.

"The illicit payments by the China and Russia subsidiaries were not accurately reflected in AstraZeneca's books and records," the SEC said in a statement, adding that the company lacked a proper internal anticorruption program.

In March, the Swiss pharmaceutical company Novartis settled with the SEC for \$25 million after US officials accused the company of a running a "pay-to-prescribe" scheme in China.

In February, the California drugmaker SciClone Pharmaceuticals also agreed to pay \$12 million over bribery allegations in China.

And in October, the New York drugmaker Bristol-Meyers Squibb settled for \$14 million over similar allegations of bribery in China. Sales representatives were likewise accused of giving cash, jewelry, meals, travel, entertainment and other valuable things to Chinese officials.

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