

Diagnostic Products Corporation

Case ID:

ST-143

Case Cluster :

Diagnostic Products Corporation

Jurisdiction of Settlement:

United States

Jurisdiction of Settlement / Enforcement Agency:

Securities and Exchange Commission

Jurisdiction of Foreign Public Official(s) :

China

Year of Settlement:

2005

Month/Day of Settlement (or Notes):

05/20

Other Jurisdictions of Settlement:

Unknown

Settlement with Individual or Legal Person?:

Legal Person

Type of Settlement:

Civil

Legal Form of Settlement:

Consent to Cease-and-Desist Order

Monetary Sanctions (Types):

Disgorgement of Profits, Prejudgment Interest

Total Monetary Sanctions (US\$):

\$2,788,622.00

Civil Disgorgement of Profits (US\$) :

\$2,038,727

Civil Prejudgment Interest (US\$) :

\$749,895

Civil Fine / Penalty (US\$):

\$0

Monetary Sanctions Returned / Ordered Returned (US\$):

\$0

UNCAC Articles(s) Implicated:

Art.16

Art.26

OECD Anti-Bribery Convention Articles Implicated:

Art. 1, Art. 2, Art. 8

Offenses - Alleged:

Bribery of foreign officials, Falsification of books and records, Internal controls violations

Offenses - Settled:

No admission or denial of allegations

Public Procurement Contract / SOE Involved?:

Yes

Summary:

According to the US Department of Justice Report to Congress, Appendix C "Summaries of Foreign Corrupt Practices Act Enforcement Actions by the United States, January 1, 1998 - September 30, 2010," Diagnostic Products Corporation, at 109-110: From late 1991 through December 2002, DPC (Tianjin) Co., Ltd., a subsidiary of Diagnostics Product Corporation paid approximately \$1.6 million in bribes in the form of illegal "commissions" to physicians and lab personnel employed at government-owned hospitals in China in exchange for agreements that the hospitals would obtain DPC Tianjin's products and services. In most cases, bribes were paid in cash. The "commissions," typically between 3 percent and 10 percent of sales, allowed DPC Tianjin to earn approximately \$2 million in profits from the sales. DPC Tianjin pleaded guilty to violating the FCPA and paid criminal fine of \$2 million; to resolve SEC charges, DPC agreed to the issuance of an order to cease-and-desist from future violations and to disgorge \$2,038,727 and \$749,895 in prejudgment interest to the SEC. Resulting Criminal Enforcement Actions: US v. DPC (Tianjin) Co., Ltd. (C.D. Cal., May 20, 2005); Resulting Civil/Administrative Enforcement Action: In the Matter of Diagnostic Products Corporation (May 20, 2005).

Sources :

US Department of Justice Report to Congress, Appendix C "Summaries of Foreign Corrupt Practices Act Enforcement Actions by the United States, January 1, 1998 - September 30, 2010," Diagnostic Products Corporation, at 109-110, accessed at www.justice.gov/criminal/fraud/fcpa/docs/response3-appx-c.pdf; In the Matter of Diagnostic Products Corporation, US Securities and Exchange Commission, Administrative Proceeding File No. 3-11933, Order Instituting Cease and Desist Proceedings, May 20, 2005, accessed at <http://www.sec.gov/litigation/admin/34-51724.pdf>