

Schering-Plough Corporation

Case ID:

ST-311

Case Cluster :

Schering-Plough Corporation

Jurisdiction of Settlement:

United States

Jurisdiction of Settlement / Enforcement Agency:

Securities and Exchange Commission

Jurisdiction of Foreign Public Official(s) :

Poland

Year of Settlement:

2004

Month/Day of Settlement (or Notes):

06/09

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):

Civil Penalty

Total Monetary Sanctions (US\$):

\$500,000.00

Civil Disgorgement of Profits (US\$) :

\$0

Civil Prejudgment Interest (US\$) :

\$0

Civil Fine / Penalty (US\$):

\$500,000

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

\$0

UNCAC Articles(s) Implicated:

Art.16

Art.23

Art.26

OECD Anti-Bribery Convention Articles Implicated:

Art. 1, Art. 2, Art. 7, Art. 8

Offenses - Alleged:

Falsification of books and records, Internal controls violations

Offenses - Settled:

No admission or denial of alleged offenses

Public Procurement Contract / SOE Involved?:

Yes

Summary:

According to the US Securities and Exchange Commission's litigation release, "The Commission's complaint alleges that, between February 1999 and March 2002, one of Schering-Plough's foreign subsidiaries, Schering-Plough Poland, made improper payments to a charitable organization called the Chudow Castle Foundation. The Foundation was headed by an individual who was the Director of the Silesian Health Fund during the relevant time. The health fund was a Polish governmental body that, among other things, provided money for the purchase of pharmaceutical products and influenced the purchase of those products by other entities, such as hospitals, through the allocation of health fund resources. According to the complaint, Schering-Plough Poland paid 315,800 zlotys (approximately \$76,000) to the Chudow Castle Foundation to induce the Director to influence the health fund's purchase of Schering-Plough's pharmaceutical products. The complaint alleges that none of the payments made by Schering-Plough Poland to the Foundation was accurately reflected on the subsidiary's books and records. The complaint also alleges that the company's system of internal accounting controls was inadequate to prevent or detect the improper payments. Without admitting or denying the allegations in the complaint, Schering-Plough consented to pay a \$500,000 civil penalty." In a related enforcement matter, Schering-Plough, without admitting or denying the allegations in the SEC complaint, consented to a cease and desist order enjoining the company from FCPA violations and other conditions. Schering-Plough Poland was a subsidiary of Schering-Plough Central East AG, a wholly owned Swiss subsidiary of Plough-Schering with headquarters in Lucerne, Switzerland. (Source: US Securities and Exchange Commission, Litigation Release No. 18740, June 9, 2004, Securities and Exchange Commission v. Schering-Plough Corporation, United States District Court for the District of Columbia, Civil Action No. 1:04CV00945 (PLF), "SEC FILES SETTLED ENFORCEMENT ACTION AGAINST SCHERING-PLOUGH CORPORATION FOR FOREIGN CORRUPT PRACTICES ACT VIOLATIONS," accessed at <http://www.sec.gov/litigation/litreleases/lr18740.htm>, and June 9, 2004 Complaint accessed at <http://www.sec.gov/litigation/complaints/comp18740.pdf>.)

Sources :

US Report to the Organisation for Economic Co-operation and Development, "Steps taken to implement and enforce the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions," Information as of May 31, 2011, Schering-Plough Corporation Case Summary at 133, accessed at <http://www.oecd.org/dataoecd/18/8/42103833.pdf>. US Securities and Exchange Commission, Litigation Release No. 18740, June 9, 2004, Securities and Exchange Commission v. Schering-Plough Corporation, United States District Court for the District of Columbia, Civil Action No. 1:04CV00945 (PLF), "SEC Files Settled Enforcement Action against Schering-Plough Corporation for Foreign Corrupt Practices Act Violations," accessed at <http://www.sec.gov/litigation/litreleases/lr18740.htm>, and June 9, 2004 Complaint accessed at <http://www.sec.gov/litigation/complaints/comp18740.pdf>.