

Mead Johnson Nutrition

Case ID:

ST-471

Case Cluster :

Mead Johnson Nutrition

Jurisdiction of Settlement:

United States

Jurisdiction of Settlement / Enforcement Agency:

Securities and Exchange Commission

Jurisdiction of Foreign Public Official(s) :

China

Year of Settlement:

2015

Month/Day of Settlement (or Notes):

7/28

Other Jurisdictions of Settlement:

Unknown

Settlement with Individual or Legal Person?:

Legal Person

Type of Settlement:

Civil

Legal Form of Settlement:

Cease and Desist Order

Monetary Sanctions (Types):

Disgorgement of Profits; Prejudgment Interest; Civil Penalty

Total Monetary Sanctions (US\$):

\$12,030,000

Civil Disgorgement of Profits (US\$) :

\$7,770,000

Civil Prejudgment Interest (US\$) :

\$1,260,000

Civil Fine / Penalty (US\$):

\$3,000,000

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

\$0

Monetary Sanctions Returned / Ordered Returned (Explanation):

NA

UNCAC Articles(s) Implicated:

Art.16

OECD Anti-Bribery Convention Articles Implicated:

Art. 1, Art. 2, 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, the "Mead Johnson Nutrition Company has agreed to settle charges that its Chinese subsidiary made improper payments to health care professionals at government-owned hospitals to recommend the company's infant formula to patients who were new or expectant mothers. [] An SEC investigation found that employees funded the improper payments through 'distributor allowance' funds paid to third-party distributors who market, sell, and distribute the company's products in China. Although the funds contractually belonged to the distributors, employees exercised some control over how the money was spent and provided specific guidance to distributors on how to use the funds. Cash and other incentives were subsequently paid to health care professionals in China hospitals to recommend Mead Johnson Nutrition products and provide the company with contact information for patients who were new or expectant mothers so it could market its infant formula to them directly. The company did not accurately reflect in its books and records the more than \$2 million in improper payments made during a five-year period." (Source: US SEC Press Release, "SEC Charges Mead Johnson Nutrition With FCPA Violations," July 28, 2015.)

Sources :

US Securities and Exchange Commission Administrative Proceeding File No. 3-16704, In the Matter of Mead Johnson Nutrition, at <https://www.sec.gov/litigation/admin/2015/34-75532.pdf>; SEC Press Release, "SEC Charges Mead Johnson Nutrition With FCPA Violations," July 28, 2015, at <https://www.sec.gov/news/pressrelease/2015-154.html>