



U.S. Securities and
Exchange Commission

PRESS RELEASE

SEC Charges Bristol-Myers Squibb With FCPA Violations

FOR IMMEDIATE RELEASE

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Washington D.C., Oct. 5, 2015 —

The Securities and Exchange Commission today announced that New York-based pharmaceutical company Bristol-Myers Squibb has agreed to settle charges that its joint venture in China made cash payments and provided other benefits to health care providers at state-owned and state-controlled hospitals in exchange for prescription sales.

Bristol-Myers Squibb will pay more than \$14 million to settle the SEC's finding that it violated the Foreign Corrupt Practices Act (FCPA) and reaped more than \$11 million in profits from its misconduct.

According to the SEC's order instituting settled administrative proceedings, Bristol-Myers Squibb lacked effective internal controls over interactions with health care providers at BMS China, its majority-owned joint venture. Between 2009 and 2014, BMS China sales representatives sought to secure and increase business by providing health care providers in China with cash, jewelry and other gifts, meals, travel, entertainment, and sponsorships for conferences and meetings. BMS China inaccurately recorded the spending as legitimate business expenses in its books and records, which were then consolidated into the books and records of Bristol-Myers Squibb.

Among the findings in the SEC's order:

- Bristol-Myers Squibb failed to respond effectively to red flags indicating that sales personnel provided bribes and other benefits to generate sales from health care providers in China.
- Bristol-Myers Squibb did not investigate claims by certain terminated employees of BMS China that faked invoices, receipts, and purchase orders were widely used to fund improper payments to health care providers.
- Bristol-Myers Squibb was slow to remediate gaps in internal controls over interactions with health care providers and monitor potential inappropriate payments to them that were identified repeatedly in annual internal audits of BMS China between 2009 and 2013.

"Bristol-Myers Squibb's failure to institute an effective internal controls system and to respond promptly to indications of significant compliance gaps at its Chinese joint venture enabled a widespread practice of providing corrupt inducements in exchange for prescription sales to continue for years," said Kara Brockmeyer, Chief of the Enforcement Division's FCPA Unit.

The SEC's order finds that Bristol-Myers Squibb violated the FCPA's internal controls and recordkeeping provisions. Without admitting or denying the findings, Bristol-Myers Squibb consented to the order and agreed to return \$11.4 million of profits plus prejudgment interest of \$500,000 and pay a civil penalty of \$2.75 million. Bristol-Myers Squibb also agreed to report to the SEC for a two-year period on the status of its remediation and implementation of FCPA and anti-corruption compliance measures.

The SEC appreciates the assistance of the Fraud Section of the U.S. Department of Justice and the Federal Bureau of Investigation.

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