

United States v. AGA Medical Corp. (D. Minn. 2008)

Nature of the Business.

Sale of medical devices.

Influence to be Obtained.

AGA Medical Corporation (“AGA”), a U.S.-based corporation, manufactured and sold medical devices for the minimally invasive treatment of congenital heart defects. AGA marketed and sold its products in over 90 countries through a network of local distributors and direct sales. Between 1997 and 2005, AGA, a high-ranking officer of AGA, and other AGA employees agreed to make corrupt kickback payments to physicians employed at state-owned hospitals. The payments were made through AGA’s Chinese distributor. In exchange for these payments, the physicians directed the hospitals to purchase AGA’s products. In addition, between 2000 to 2002, AGA and a high-ranking officer of AGA agreed to make payments through the same distributor to officials of the State Intellectual Property Office to have patents for AGA products approved.

Enforcement.

On June 2, 2008, AGA entered into a three-year deferred prosecution agreement, admitting to the alleged conduct and agreeing to pay a \$2 million penalty and to retain an independent compliance monitor for a period of three years.

Key Facts

Citation. *United States v. AGA Medical Corp.*, No. 0:08-cr-00172 (D. Minn. 2008).

Date Filed. June 3, 2008.

Country. China.

Date of Conduct. 1997 – 2005.

Amount of the Value. At least \$480,000.

Amount of Business Related to the Payment. \$13.5 million.

Intermediary. Chinese Distributor.

Foreign Official. Physicians employed at state-owned hospitals; officials of China’s State Intellectual Property Office.

FCPA Statutory Provision. Conspiracy (Anti-Bribery); Anti-Bribery.

Other Statutory Provision. None.

Disposition. Deferred Prosecution Agreement.

Defendant Jurisdictional Basis. Domestic.

Defendant’s Citizenship. United States.

Total Sanction. \$2,000,000.

Compliance Monitor/Reporting Requirements. Compliance Monitor.

Related Enforcement Actions. None.