

## SEC v. Teva Pharmaceutical Industries Ltd. (S.D. Fla. 2016)

### Nature of the Business.

Teva Pharmaceutical Industries Ltd. is an Israeli pharmaceutical and drug manufacturing company with operations around the world. It maintains American Depositary Receipts on the New York Stock Exchange, and, from 1987 to 2012, it listed its ADRs on the Nasdaq National Market.

### Influence to be Obtained.

According to the SEC, between approximately 2002 and 2012, Teva, through its subsidiaries in Russian, Ukraine, and Mexico, made illegal payments to government officials to assist the company in obtaining or retaining business.

In Russia, between 2010 and 2012, the SEC explains that Teva's wholly-owned subsidiary, Teva LLC ("Teva Russia"), utilized a local distributor ("Russian Distributor") to package and distribute its products. The Russian Distributor's owner was allegedly the wife of a high-level government official ("Russian Official") who had owned or controlled the entity prior to obtaining his position in the government. With Teva's knowledge, the Russian Official improperly used his position to benefit Teva by, for example, ensuring that Teva maintained its market share and securing the company lucrative supply agreements for its drugs in Russia. In exchange, Teva Russia partnered with the Russian Distributor to ensure that the Russian Official profited from Teva's Russian operations.

In Ukraine, from 2002 to 2011, Teva also allegedly bribed a government official in Ukraine ("Ukrainian Official") to obtain improper business advantages for its products. The SEC claims that the Ukrainian Official used his government position to improperly assist in the clinical approval and registration of Teva's drugs in Ukraine. In exchange for these advantages, Teva allegedly provided the Ukrainian Official with \$200,000 and five paid vacations, all of which it recorded as legitimate business expenses.

In Mexico, between 2007 and 2012, Teva's Mexican subsidiary ("Teva Mexico") allegedly made improper payments to doctors employed at government-operated health facilities to influence those doctors' drug approvals, purchasing decisions, and prescription selections. The alleged scheme was uncovered after Teva received an anonymous letter in 2007 accusing Teva Mexico of paying bribes to government officials; however, according to the SEC, Teva failed to implement sufficient compliance measures to end the practices, which continued until at least 2012.

### Enforcement.

On December 22, 2016, the SEC announced that it had resolved its FCPA enforcement action against Teva. As part of its settlement agreement with the SEC, Teva is required to pay over \$214 million in disgorgement and interest. In a separate deferred prosecution agreement with the DOJ, Teva agreed to pay a criminal penalty of \$283 million.

### Key Facts

**Citation.** *SEC v. Teva Pharm. Indus. Ltd.*, No. 1:16-cv-25298 (S.D. Fla. 2016).

**Date Filed.** December 29, 2016.

**Country.** Russia, Ukraine, Mexico.

**Date of Conduct.** 2002 – 2012.

**Amount of the Value.** Not Stated.

**Amount of Business Related to the Payment.** Approximately \$214 million.

**Intermediary.** Third-party Distributors.

**Foreign Official.** An unnamed Russian government official; an unnamed Ukrainian government official; doctors employed by Mexican state-owned health facilities.

**FCPA Statutory Provision.** Anti-Bribery; Books-and-Records; Internal Controls.

**Other Statutory Provision.** None.

**Disposition.** Consent Order.

**Defendant Jurisdictional Basis.** Issuer.

**Defendant's Citizenship.** Israel.

**Total Sanction.** \$236,101,824.

**Compliance Monitor/Reporting Requirements.** Compliance Monitor.

**Related Enforcement Actions.** *United States v. Teva Pharm. Indus. Ltd.*; *United States v. Teva LLC*.

**Total Combined Sanction.** \$519,279,172.