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Department of Justice

Office of Public Affairs

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Novartis Hellas S.A.C.I. and Alcon Pte Ltd Agree to Pay over \$233 Million Combined to Resolve Criminal FCPA Cases

Novartis AG, Novartis Hellas S.A.C.I., and Alcon Pte Ltd Agree to Pay over \$345 million Combined to Resolve FCPA Matters with the Government

Novartis Hellas S.A.C.I. (Novartis Greece), a subsidiary of Novartis AG, a Switzerland-based global pharmaceutical company, and Alcon Pte Ltd, a former subsidiary of Novartis AG and current subsidiary of Alcon Inc., a multinational eye care company, have agreed to pay a combined total of more than \$233 million in criminal monetary penalties to resolve the department's investigation into violations of the Foreign Corrupt Practices Act (FCPA).

The resolutions arise out of a Novartis Greece scheme to bribe employees of state-owned and state-controlled hospitals and clinics in Greece and to falsely record improper payments relating to the corrupt scheme and similar conduct, and an Alcon Pte Ltd scheme to make and falsely record improper payments in Vietnam. Novartis AG has also agreed to pay over \$112 million to the U.S. Securities and Exchange Commission (SEC) in a related matter.

Novartis Greece entered into a deferred prosecution agreement with the Criminal Division's Fraud Section and the U.S. Attorney's Office for the District of New Jersey in connection with a criminal information filed today in the District of New Jersey charging Novartis Greece with one count of conspiracy to violate the anti-bribery provisions of the FCPA and one count of conspiracy to violate the books and records provision of the FCPA. Pursuant to the deferred prosecution agreement, Novartis Greece has committed to pay a total criminal monetary penalty of \$225 million.

Alcon Pte Ltd, a subsidiary of Novartis AG at the time of the misconduct, separately entered into a deferred prosecution agreement in connection with a criminal information filed today in the District of New Jersey charging Alcon Pte Ltd with conspiracy to violate the books and records provision of the FCPA. Pursuant to the deferred prosecution agreement, Alcon Pte Ltd has committed to pay a total criminal monetary penalty of approximately \$8.9 million.

"Novartis AG's subsidiaries profited from bribes that induced medical professionals, hospitals, and clinics to prescribe Novartis-branded pharmaceuticals and use Alcon surgical products, and they falsified their books and records to conceal those bribes," said Assistant Attorney General Brian A. Benczkowski of the Justice Department's Criminal Division. "The resolutions announced today reflect the paramount importance of effective compliance programs and the department's commitment to holding companies accountable when they fall short."

"The agreement we're announcing today shows that there will be a heavy price paid by companies that violate our laws, whether at home or overseas," said U.S. Attorney Craig Carpenito for the District of New Jersey. "Just as importantly, it includes a framework for compliance reforms that should ensure that these companies conduct their business legally moving forward."

"The FBI is committed to fighting any corrupt acts that adversely impact our economy, our citizenry, or our way of life," said Acting Special Agent in Charge Douglas Korneski of the FBI's Newark Field Office. "I say this to every company doing business on the stock exchange – if you think you can ignore the rules or make up your own, if your business model includes bribery or a quid pro quo, you can count the days until we show up on your

company's doorstep. We will protect our citizens, our economy, our way of life, and bring to justice anyone who breaks the law.”

According to its admissions, between 2012 and 2015, Novartis Greece conspired with others to violate the FCPA by engaging in a scheme to bribe employees of state-owned and state-controlled hospitals and clinics in Greece in order to increase the sale of Novartis-branded pharmaceutical products. Specifically, Novartis Greece paid for employees of state-owned and state-controlled hospitals and clinics to travel to international medical congresses, including events held in the United States, as a means to bribe these officials in exchange for increasing the number of prescriptions they wrote for Lucentis, a prescription drug that Novartis Greece sold. In furtherance of the scheme, Novartis Greece employees traveled to the United States, and, while located in the United States, facilitated the provision of the improper benefits to publicly-employed Greek health care providers.

In connection with the resolution, Novartis Greece also admitted that between 2009 and 2010, Novartis Greece made improper payments to health care providers in connection with an epidemiological study that was intended to increase sales of certain Novartis-branded prescription drugs. The epidemiological study was used as a vehicle to make improper payments to the health care providers in order to increase sales of certain Novartis-branded prescription drugs, and Novartis Greece employees recognized that many participating health care providers believed that they were being paid in exchange for writing prescriptions of Novartis products and not for providing data as part of a clinical study.

In furtherance of both schemes, Novartis Greece, through its employees and agents, knowingly and willfully conspired with others to cause Novartis AG to mischaracterize and falsely record improper payments related to the international medical congresses and the epidemiological study in Novartis AG's books, records, and accounts.

According to its admissions, from 2011 through 2014, Alcon Pte Ltd knowingly and willfully conspired with others to cause Novartis AG to maintain false books, records and accounts, as a result of a scheme to bribe employees of state-owned and state-controlled hospitals and clinics in Vietnam. Specifically, the false books and records resulted from a scheme in which Alcon employees in Vietnam made corrupt payments through a third-party distributor to employees of state-owned and state-controlled hospitals and clinics in Vietnam in order to increase sales of intraocular lenses. Intraocular lenses are artificial replacement lenses that are implanted in the eye as part of a treatment for a variety of ailments such as cataracts. Alcon employees in Vietnam, reimbursed the distributor for up to 50 percent of the cost of the corrupt payments, and these reimbursements were falsely recorded as, among other things, consulting expenses, marketing expenses, and human resource expenses.

As part of the agreement with Novartis Greece, Novartis Greece agreed to continue to cooperate with the U.S. government in any ongoing or future criminal investigations concerning Novartis Greece, its executives, employees, or agents. In addition, under the agreement, Novartis Greece and its parent company, Novartis AG, agreed to enhance their compliance programs and to report to the government on the implementation of their enhanced compliance programs.

As part of the agreement with Alcon Pte Ltd, Alcon Pte Ltd agreed to continue to cooperate with the government in any ongoing or future criminal investigations concerning Alcon Pte Ltd, its executives, employees, or agents. In addition, under the agreement, Alcon Pte Ltd and its parent company, Alcon Inc., agreed to enhance their compliance programs and to report to the government on the implementation of their enhanced compliance programs.

The government reached these resolutions with Novartis Greece and Alcon Pte Ltd based on a number of factors, including the failure to timely disclose the conduct that triggered the investigations; the nature and seriousness of the offenses, which spanned multiple years and involved high level employees; the lack of an effective compliance and ethics program at the time of the misconduct; and credit for each company's respective cooperation. The companies also engaged in remedial measures, including terminating and disciplining individuals who orchestrated the misconduct, adopting heightened controls and anti-corruption protocols, and significantly increasing the resources devoted to compliance.

The criminal monetary penalty for Novartis Greece reflects a 25 percent reduction off a point near the midpoint of the U.S. Sentencing Guidelines range because, although Novartis Greece fully cooperated and remediated, its parent company Novartis AG was involved in similar conduct for which it previously reached a resolution with the SEC in March 2016.

The criminal monetary penalty for Alcon Pte Ltd reflects a 25 percent reduction off the bottom of the U.S. Sentencing Guidelines fine range because of Alcon Pte Ltd's full cooperation with the government's investigation.

In a related matter with the SEC, Novartis AG agreed to pay the SEC disgorgement and prejudgment interest totaling approximately \$112 million for the conduct in Greece and Vietnam, as well as additional conduct.

The FBI's Garrett Mountain, New Jersey Field Office is investigating the case. Trial Attorney Della Sentilles of the Criminal Division's Fraud Section and Senior Trial Counsel Bernard J. Cooney and Assistant U.S. Attorney Joshua L. Haber of the U.S. Attorney's Office Health Care Fraud Unit are prosecuting the case.

The department appreciates the assistance of the Criminal Division's Office of International Affairs and the significant cooperation provided by the SEC in this case.

The Fraud Section is responsible for investigating and prosecuting all FCPA matters. Additional information about the Justice Department's FCPA enforcement efforts can be found at www.justice.gov/criminal-fraud/foreign-corrupt-practices-act.

The year 2020 marks the 150th anniversary of the Department of Justice. Learn more about the history of our agency at www.Justice.gov/Celebrating150Years.

Attachment(s):

[Download Alcon Deferred Prosecution Agreement](#)

[Download Alcon Information](#)

[Download Novartis Deferred Prosecution Agreement](#)

[Download Novartis Information](#)

Topic(s):

Foreign Corruption

Component(s):

[Criminal Division](#)

[Criminal - Criminal Fraud Section](#)

[USAO - New Jersey](#)

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