

## JUSTICE NEWS

### Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Tuesday, June 21, 2016

### **Analogic Subsidiary Agrees to Pay More than \$14 Million to Resolve Foreign Bribery Charges**

A subsidiary of Massachusetts technology company Analogic Corporation entered into a non-prosecution agreement and agreed to pay a \$3.4 million penalty today to resolve the government's investigation into improper payments made in Russia and elsewhere in violation of the Foreign Corrupt Practices Act (FCPA), announced Assistant Attorney General Leslie R. Caldwell of the Justice Department's Criminal Division and U.S. Attorney Carmen M. Ortiz of the District of Massachusetts.

According to admissions made in the resolution documents, BK Medical ApS, a manufacturer of ultrasound equipment headquartered in Denmark, engaged in a scheme with its distributor in Russia to make improper payments to third parties using fictitious invoices, falsely book those third-party payments and cause Analogic to falsify its books and records. BK Medical admitted that, as part of the scheme, after the terms of a sale had been agreed upon, the distributor requested that BK Medical issue invoices that falsely inflated the sales price on the equipment. The distributor then overpaid BK Medical the inflated amount and BK Medical transferred the excess funds to third parties as directed by the distributor, the company admitted. BK Medical had no legitimate business relationship with those third parties and had not conducted due diligence on them, it admitted. According to admissions in the resolution documents, at least some of these payments ultimately went to doctors employed by Russian state-owned entities. Although the scheme involving its Russian distributor was the most extensive, BK Medical also admitted that it engaged in similar schemes with distributors in five other countries. BK Medical admitted that its conduct – creating and maintaining these fictitious invoices, representing to Analogic that BK Medical was complying with all Analogic accounting policies and signing Sarbanes-Oxley subcertifications – caused Analogic to falsify its books, records and accounts in violation of the FCPA.

As part of the non-prosecution agreement, BK Medical has agreed to pay the criminal penalty, to continue to cooperate with the department and with foreign authorities in any ongoing investigations and prosecutions relating to the conduct, including of individuals, to enhance its compliance program and to periodically report to the department on the implementation of its enhanced compliance program. The department reached this resolution based on a number of factors. Among other factors, BK Medical received credit for its self-disclosure and its remediation, including terminating the officers and employees responsible for the corrupt payments. It received partial credit for cooperation because, as described in the non-prosecution agreement, it did not initially disclose certain relevant facts that it learned in the course of its internal investigation. Otherwise, by the conclusion of the investigation, BK Medical had provided to the department all relevant facts known to it, including information about individuals involved in the FCPA misconduct.

In a related matter, Analogic reached a settlement today with the U.S. Securities and Exchange Commission (SEC) under which it agreed to pay \$7,672,651 in disgorgement and \$3,810,311 in prejudgment interest.

The FBI's Boston Field Office investigated the case. Trial Attorney Aisling O'Shea of the Criminal Division's Fraud Section and Assistant U.S. Attorney Ryan DiSantis of the District of Massachusetts' Public Corruption Unit prosecuted the case. The SEC provided valuable assistance to the prosecution. The Criminal Division's Office of International Affairs also provided assistance.

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