

## SEC Charges Massachusetts-Based Scientific Instruments Manufacturer with FCPA Violations

### **FOR IMMEDIATE RELEASE**

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*Washington D.C., Dec. 15, 2014* — The Securities and Exchange Commission today charged a Billerica, Mass.-based global manufacturer of scientific instruments with violating the Foreign Corrupt Practices Act (FCPA) by providing non-business related travel and improper payments to various Chinese government officials in an effort to win business.

An SEC investigation found that Bruker Corporation lacked sufficient internal controls to prevent and detect approximately \$230,000 in improper payments out of its China-based offices that falsely recorded them in books and records as legitimate business and marketing expenses. The payments enabled Bruker to realize approximately \$1.7 million in profits from sales contracts with state-owned entities in China whose officials received the improper payments.

Bruker, which self-reported its misconduct and provided extensive cooperation during the SEC's investigation, agreed to pay approximately \$2.4 million to settle the SEC's charges.

"Bruker's lax internal controls allowed employees in its China offices to enter into sham 'collaboration agreements' to direct money to foreign officials and send officials on sightseeing trips around the world," said Kara Brockmeyer, Chief of the SEC Enforcement Division's FCPA Unit. "The company has since taken significant remedial steps to revise its compliance program and enhance internal controls over travel and contract approvals."

According to the SEC's order instituting a settled administrative proceeding, a Bruker office in China paid more than \$111,000 to Chinese government officials under 12 suspicious collaboration agreements contingent on state-owned entities providing research on Bruker products or using Bruker products in demonstration laboratories. The collaboration agreements did not specify the work product that the state-owned entities had to provide in order to be paid, and no work product was actually provided to the Bruker office by the state-owned entities. Certain collaboration agreements were executed directly with a Chinese government official rather than the state-owned entity itself, and in some cases Bruker's office paid the official directly.

According to the SEC's order, the other improper payments involved reimbursements to Chinese government officials for leisure travel to the United States, Czech Republic, Norway, Sweden, France, Germany, Switzerland, and Italy. These officials often were responsible for authorizing the purchase of Bruker products, and the leisure trips typically followed business-related travel for the officials funded by the company. For example, Bruker paid for the purported training expenses of a Chinese government official who signed the sales contract on behalf of a state-owned entity, but the payment actually was reimbursement for sightseeing, tour tickets, shopping, and other leisure activities in Frankfurt and Paris. Bruker also funded some trips for Chinese government officials that had no legitimate business component. For example, two Chinese government officials received paid travel to New York despite the lack of any Bruker facilities there, and also to Los Angeles where they engaged in sightseeing activities.

The SEC's order finds that Bruker violated the internal controls and books and records provisions of the Securities Exchange Act of 1934. The company agreed to pay \$1,714,852 in disgorgement, \$310,117 in prejudgment interest, and a \$375,000 penalty. Bruker consented to the order without admitting or denying the findings, and the SEC considered the company's significant remedial acts as well as its self-reporting and cooperation with the investigation when determining a settlement.

The SEC's investigation was conducted by Asita Obeyesekere and Mark Albers of the Boston Regional Office. The case was supervised by Paul G. Block of the FCPA Unit.

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## **Related Materials**

- [SEC order](#)