



Department of Justice

FOR IMMEDIATE RELEASE
Monday, May 11, 2009
WWW.USDOJ.GOV

CRM
(202) 514-2007
TDD (202) 514-1888

Novo Nordisk Agrees to Pay \$9 Million Fine in Connection with Payment of \$1.4 Million in Kickbacks Through the United Nations Oil-for-food Program

Novo Nordisk A/S (Novo), a Danish corporation based in Bagsvaerd, Denmark, has agreed to pay a \$9 million penalty for illegal kickbacks paid to the former Iraqi government. Novo agreed to pay the fine as part of a deferred prosecution agreement with the Department. The matter is part of the Justice Department's ongoing investigation into the U.N. Oil-for-Food program.

A criminal information was filed today against Novo in U.S. District Court for the District of Columbia charging Novo with one count of conspiracy to commit wire fraud and to violate the books and records provisions of the Foreign Corrupt Practices Act (FCPA). Novo, an international manufacturer of insulin, medicines and other pharmaceutical supplies, has acknowledged responsibility for improper payments made by its agents to the former Iraqi government in order to obtain contracts with the Iraqi ministry of health to provide insulin and other medicines. The agreement requires the company and its subsidiaries to cooperate fully with the Justice Department's ongoing Oil-for-Food investigation.

According to the agreement and the information filed today, between 2001 and 2003, Novo paid approximately \$1.4 million to the former Iraqi government by inflating the price of contracts by 10 percent before submitting the contracts to the United Nations for approval and concealed from the United Nations the fact that the price contained a kickback to the former Iraqi government. Novo also admitted it inaccurately recorded the kickback payments as "commissions" in its books and records.

In recognition of Novo's thorough review of the illicit payments and its implementation of enhanced compliance policies and procedures, the Department has agreed to defer prosecution of criminal charges against Novo for a period of three years. If Novo abides by the terms of the agreement, at the end of the three-year period the Department will dismiss the criminal information.

The Oil-for-Food Program was established by the United Nations to enable Iraq to sell its oil for humanitarian purposes, in the context of an extensive international sanctions regime. The Oil-for-Food Program mandated that the proceeds of oil sales be deposited in a United Nations bank account and that those proceeds be used by the Iraqi government only to purchase humanitarian goods and services, such as food and medicine, approved by the United Nations. Beginning in 2000, the former Iraqi government began requiring companies wishing to sell humanitarian goods to government ministries to pay a kickback, often mischaracterized as an "after sales services fee," to the government in order to be granted a contract. The amount of that fee was usually 10 percent of the contract price. Such payments were not permitted under the Oil-for-Food Program or other sanction regimes then in place.

In a related matter, Novo reached a settlement today with the U.S. Securities and Exchange Commission (SEC) on a complaint and agreed to pay \$3,025,066 in civil penalties and \$6,005,079 in disgorgement of profits, including pre-judgment interest, in connection with contracts for which it paid kickbacks to the former Iraqi government.

The case is being prosecuted by Fraud Section Senior Trial Attorney Jonathan Lopez with assistance from Paralegal Specialist Sarah Marberg.

The Department acknowledges and expresses its appreciation for the significant assistance provided by SEC's Enforcement Division in the ongoing Oil-for-Food investigation.

###