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U.S. DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

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UNITED STATES OF AMERICA,)
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v.)
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DPC (TIANJIN) CO. LTD.,)
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Defendant.)
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CR 05- 482
I N F O R M A T I O N
[15 U.S.C. § 78dd-1: Foreign
Corrupt Practices Act]

The United States Attorney charges:

[15 U.S.C. § 78dd-1]

At all times relevant to this Information:

A. INTRODUCTION

1. Diagnostic Products Corporation ("DPC") was a U.S. corporation engaged in providing immunodiagnostic systems and immunochemistry kits throughout the world and maintained its principal place of business in Los Angeles, California. DPC was an "issuer" within the meaning of the Foreign Corrupt Practices Act, 15 U.S.C. § 78dd-1. As an issuer, DPC regularly filed its financial statements with the U.S. Securities and Exchange Commission. Defendant DPC (TIANJIN) CO. LTD., formerly Tianjin

1 commission payments to laboratory personnel and doctors employed
2 by hospitals owned by the government of the People's Republic of
3 China (the "hospitals") to obtain and retain certain business
4 involving the sale of immunodiagnostic systems, immunochemistry
5 kits, and other medical equipment. The hospitals were
6 instrumentalities of the government of the People's Republic of
7 China, and the laboratory personnel and doctors were "foreign
8 officials" as that term is defined in the FCPA, 15 U.S.C. § 78dd-
9 1(f)(1)(A).

10 5. Defendant DPC TIANJIN entered into sales agreements and
11 purchase orders with certain of these hospitals in the People's
12 Republic of China for immunodiagnostic systems, immunochemistry
13 kits, and other medical equipment. The practice of entering into
14 such agreements was authorized by the General Manager of
15 defendant DPC TIANJIN, on behalf of the defendant.

16 6. Although defendant DPC TIANJIN was a major provider in
17 the People's Republic of China of immunodiagnostic systems,
18 immunochemistry kits, and other medical equipment, there were
19 other manufacturers and suppliers in the People's Republic of
20 China with whom defendant DPC TIANJIN competed. In order to
21 obtain and retain business with these hospitals for the sales of
22 immunodiagnostic systems, immunochemistry kits, and other medical
23 equipment, defendant DPC TIANJIN, acting through its officers and
24 agents, entered into sales agreements with people employed by the
25 hospitals -- usually the laboratory heads or assistants --
26 whereby these employees would receive commissions on defendant

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1 DPC TIANJIN's sales of immunodiagnostic systems, immunochemistry
2 kits, and other medical equipment (hereinafter referred to as the
3 "commission payments"). The commission payments were generally
4 3-5%, but sometimes as high as 20%, of the gross sales generated
5 by the contracts. The responsible officers of defendant DPC
6 TIANJIN understood that the hospitals would not have entered into
7 or maintained their business with the defendant if such
8 commission payments had not been made.

9 7. The General Manager of defendant DPC TIANJIN authorized
10 hand deliveries of the commission payments, in cash, as well as
11 by mail and wire transfers.

12 8. From in or about late 1991, through on or about
13 December 12, 2002, defendant DPC TIANJIN made commission payments
14 totaling approximately \$1,623,326 to laboratory department heads
15 and assistants in several hospitals in China, as follows:

16	<u>Date</u>	<u>Amount of Commission Payments</u>
17	1991	\$6,349 .
18	1992	\$33,159
19	1993	\$42,340
20	1994	\$37,724
21	1995	\$88,433
22	1996	\$97,058
23	1997	\$121,446
24	1998	\$140,934
25	1999	\$180,940
26	2000	\$262,487

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1 2001 \$301,305
2 2002 \$311,151

3 Authorization and Recording of the Payments

4 9. Defendant DPC TIANJIN recorded the commission payments
5 on its books and records as "selling expenses." DPC regularly
6 incorporated defendant DPC TIANJIN's selling expenses amount into
7 its consolidated financial statements which then were included in
8 filings to the U.S. Securities and Exchange Commission. The
9 General Manager and Deputy General Manager of defendant DPC
10 TIANJIN regularly prepared and submitted to DPC reports
11 containing defendant DPC TIANJIN's financial statements.
12 Defendant DPC TIANJIN routinely sent these reports by electronic
13 mail message and facsimile to DPC's principal place of business
14 in Los Angeles, California.

15 10. The General Manager of defendant DPC TIANJIN authorized
16 the practice of paying the commission payments to the employees
17 of the hospitals. The General Manager of defendant DPC TIANJIN
18 also approved and caused to be approved the budgets for sales
19 expenses of DPC TIANJIN, which included the commission payments
20 that DPC TIANJIN intended to pay to the employees of the
21 hospitals in the following quarter or year. Defendant DPC
22 TIANJIN caused approval of the proposed budgets to be sent by
23 telephone, facsimile, and electronic mail from Los Angeles,
24 California, to Tianjin, China.

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1 C. FOREIGN CORRUPT PRACTICES ACT VIOLATION

2 11. In or about November 2002, in the Central District of
3 California and elsewhere, defendant, DPC TIANJIN used electronic
4 mail and other means and instrumentalities of interstate commerce
5 corruptly in furtherance of an offer, promise to pay, and
6 authorization of the payment of money to officials of the
7 government of the People's Republic of China, for the purpose of
8 influencing the acts and decisions of said foreign officials in
9 their official capacities; inducing said foreign officials to do
10 and omit to do acts in violation of their lawful duty; securing
11 an improper advantage; and inducing said foreign officials to use
12 their influence with instrumentalities of a foreign government to
13 affect and influence acts and decisions of said instrumentalities
14 of a foreign government in order to assist defendant DPC TIANJIN
15 in obtaining and retaining business for and with, and directing
16 business to, defendant, to wit, DPC TIANJIN made payments to
17 foreign government officials, that is, doctors and laboratory
18 personnel employed by hospitals owned by the government of the
19 People's Republic of China, in order to secure and maintain
20 agreements for the sale of immunodiagnostic systems,
21 immunochemistry kits, and other medical equipment, and caused to
22 be sent an electronic mail message from Tianjin, China to Los

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1 Angeles, California containing a monthly report concerning the
2 allowance of said payments.

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