

In the Matter of Sanofi (2018)

Nature of the Business.

Sanofi, a French corporation, is a multinational pharmaceutical company. Sanofi maintains a class of securities on the New York Stock Exchange and registered pursuant to Section 12(b) of the Securities Exchange Act. Sanofi-Aventis Kazakhstan LLP (“Sanofi KZ”), Sanofi-Aventis Liban S.A.L. (“Sanofi Levant”), and Sanofi Aventis Gulf FZE (“Sanofi Gulf”) are Sanofi-affiliated companies organized in Kazakhstan, Lebanon, and the United Arab Emirates, respectively.

Influence to be Obtained.

Kazakhstan

According to the SEC, from 2007 to 2011, Sanofi KZ engaged in an improper payment scheme to secure public tenders for pharmaceuticals. Sanofi KZ allegedly provided discounts to a distributor, which had won a bid for a public tender for pharmaceuticals. Using that discount, the distributor would kick money back to Sanofi KZ employees, who allegedly then provided the funds to Kazakh officials. From the scheme, Sanofi earned \$11,580,099 in profits.

The SEC alleged that Sanofi did not provide sufficient controls or policies over the distributor discounts.

Levant

According to the SEC, from 2011 to 2013, Sanofi Levant provided improper sponsorships, gifts, donations, product samples, and consulting, speaking, and clinical trial fees to healthcare providers at publicly and privately owned hospitals in Jordan and other countries. The SEC alleged that the products and services were not properly documented or approved and were intended to induce the health-care providers to increase their purchase and prescription of Sanofi products, and the scheme resulted in approximately \$4.2 million in profits.

The Gulf Region

According to the SEC, from 2012 to 2015, Sanofi Gulf engaged in a scheme to submit false expense claims, which were pooled and used to make improper payments to healthcare providers in the private sector to induce them to increase their purchases of Sanofi products.

The SEC alleged that Sanofi Gulf would fabricate or doctor receipts for travel and entertainment expenses that never occurred. The receipts were submitted as legitimate business expenses, which were then pooled and distributed to healthcare providers. From this scheme, Sanofi earned approximately \$1.75 million in profits.

Enforcement.

On September 4, 2018, the SEC issued a cease-and-desist order against Sanofi for violations of the books-and-records and internal controls provisions of the FCPA. Pursuant to the order, Sanofi agreed to pay \$20,206,145 in disgorgement and prejudgment interest, as well as \$5,000,000 in civil monetary penalty.

Key Facts

Citation. *In the Matter of Sanofi*, Admin. Proc. File No. 3-18708 (Sept. 4, 2018).

Date Filed. September 4, 2018.

Country. Kazakhstan, Lebanon, Jordan, Bahrain, Kuwait, Qatar, Yemen, Oman, United Arab Emirates.

Date of Conduct. 2007 – 2015.

Amount of the Value. Not stated.

Amount of Business Related to the Payment. Approximately \$17,531,666 million in profits.

Intermediary. Vendors.

Foreign Official. Unnamed healthcare providers at foreign state-owned hospitals.

FCPA Statutory Provision. Books-and-Records; Internal Controls.

Other Statutory Provision. None.

Disposition. Cease-and-Desist Order.

Defendant Jurisdictional Basis. Issuer.

Defendant’s Citizenship. France.

Total Sanction. \$25,206,145.

Compliance Monitor/Reporting Requirements. Two-year reporting requirement.

Related Enforcement Actions. None.

Total Combined Sanction. \$25,206,145.