

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA,

 Plaintiff,

 v.

NOVO NORDISK A/S,

 Defendant.

:
:
:
:
:
:
:
:
:
:
:
:
:
:

CRIMINAL NO. 09-126 (RJL)

VIOLATIONS: 18 U.S.C. § 371

RECEIVED
MAY 11 2009
NANCY MAYER WHITTINGTON, CLERK
U.S. DISTRICT COURT

INFORMATION

The United States Department of Justice, Criminal Division, Fraud Section, charges that
at all times material to this Information (unless otherwise specified):

GENERAL ALLEGATIONS

1. NOVO NORDISK A/S ("Novo"), was headquartered in Bagsvaerd, Denmark, and was an international manufacturer of insulin, medicines, and other pharmaceutical supplies.
2. Novo was publicly traded on the New York Stock Exchange. It issued and maintained a class of publicly-traded securities registered pursuant to Section 12(g) of the Securities Exchange Act of 1934 (15 U.S.C. § 78l), and was required to file periodic reports with the United States Securities and Exchange Commission under Section 13 of the Securities Exchange Act (15 U.S.C. § 78m). Accordingly, Novo was an "issuer" within the meaning of the Foreign Corrupt Practices Act ("FCPA"), 15 U.S.C. § 78dd-1(a). By virtue of its status as an issuer, Novo was required to make and keep books, records, and accounts which, in reasonable detail, accurately and fairly reflected the transactions and disposition of assets of Novo and its subsidiaries, which were incorporated into the books of Novo.

3. "Company X" was a Jordanian company that acted as both an agent and distributor for Novo in connection with sales made through the United Nations Oil-for-Food Program.

4. "Agent A," a Jordanian citizen, was the owner of Company X.

5. "Employee B," a British citizen, was employed by Novo as the business director of Novo's Regional Office Near East ("RONE"), based in Athens, Greece.

6. "Employee C," a Danish citizen, was employed in Novo's Accounts Receivable Department.

The United Nations Oil-For-Food Program

7. On or about August 6, 1990, days after the Republic of Iraq's invasion of Kuwait, the United Nations ("U.N.") adopted Security Council Resolution 661, which prohibited U.N. member-states from transacting business with Iraq, except for the purchase and sale of humanitarian supplies. Resolution 661 prohibited virtually all direct financial transactions with the government of Iraq.

8. On or about April 15, 1995, the U.N. adopted Security Council Resolution 986, which served as a limited exception to the Iraq sanctions regime in that it allowed Iraq to sell its oil. However, Resolution 986 required the proceeds from oil sales to be used by the Iraqi government to purchase humanitarian supplies, including but not limited to food, for the Iraqi people. Hence, this program became known as the Oil-for-Food Program ("OFFP"). Payments made to the Iraqi government which were not approved by the U.N. and which were outside the strict contours of the OFFP were prohibited.

9. The rules of the OFFP required that the proceeds of all sales of Iraqi oil be deposited into a U.N.-controlled escrow account at the New York branch of Banque Nationale de

Paris (“BNP-Paribas”). That escrow account funded the purchase of humanitarian goods by the Iraqi government.

10. Under the rules of the OFFP, a supplier of humanitarian goods contracted with a ministry or other department of the Iraqi government to sell goods to the government. Once that contract was finalized, the contract was submitted to a U.N. Committee (“the 661 Committee”) which reviewed the contracts to ensure that their terms complied with all U.N. OFFP and Iraqi sanction regulations. The 661 Committee accepted the contracts, rejected them or asked the supplier to provide additional information upon which the committee could make a decision.

11. If a contract was approved by the 661 Committee, a letter of credit was issued by BNP-Paribas to the supplier’s bank stating that the supplier would be paid by the OFFP for the relevant goods once certain conditions were met, including delivery of the goods to Iraq and inspection of the goods by a U.N. contractor. Once those conditions were deemed by the U.N. to have been met, the U.N. would direct BNP-Paribas to release payment to the supplier.

12. On or about December 10, 1996, the first Iraqi oil exports under the U.N. OFFP began. The OFFP continued from in or about December 1996 until the United States invasion of Iraq on or about March 19, 2003. From in or about December 1996 through March 2003, the United States government prohibited United States companies and individuals from engaging in transactions with the government of Iraq, unless such transactions were authorized by the U.N. pursuant to the OFFP.

13. Beginning in approximately August 2000, the Iraqi government demanded that the suppliers of humanitarian goods pay a kickback, usually valued at 10% of the contract price, to the Iraqi government in order to be awarded a contract by the government. These kickbacks violated U.N. OFFP regulations and U.N. sanctions which prohibited payments to the Iraqi

government which were not expressly approved by the U.N. and which were not contemplated by the guidelines of the OFFP.

14. Often, these kickbacks were termed “after sales service fees” (“ASSFs”), but did not represent any actual service being performed by the supplier. These ASSFs were usually included in the contract price submitted by the supplier to the U.N. without the U.N. knowing that the contract contained an extra 10% which would be returned to the Iraqi government. Including the 10% in the contract price allowed the supplier to avoid paying the 10% out of its profits; instead, the suppliers caused the U.N., unknowingly, to fund the kickbacks to the Iraqi government.

15. Some suppliers labeled the ASSFs as such, thereby leading the U.N. to believe that actual after-sales services were being provided by the supplier. Other suppliers disguised the ASSFs by inserting fictitious line items into the contracts for good or services that were not being provided. Still other suppliers simply inflated their contract prices by 10% to account for the payments they would make, or cause to be made, to the Iraqi government.

Novo's Kickback Scheme

16. From in or about January 2001 through in or about April 2003, Novo obtained and performed approximately €22 million worth of contracts to supply insulin and other medicines pursuant to the OFFP with the State Company for Drugs and Medical Appliances (“Kimadia”), a state-owned company which was part of the Ministry of Health of the government of Iraq. To obtain these contracts, Novo paid and agreed to pay approximately \$1.4 million in kickbacks to the government of Iraq.

17. In order to generate funds to pay the kickbacks to the Iraqi government, and to conceal those payments, Novo inflated the price of the contracts by approximately 10 percent before submitting them to the U.N. for approval.

18. After the U.N. approved the Novo contracts, BNP-Paribas issued letters of credit, via international wire communications, to banks used by Novo. These letters of credit authorized Novo to be paid the amount specified in the contracts, which included the 10 percent kickbacks to be paid to the Iraqi government.

19. In order to pay the 10 percent kickbacks to the Iraqi government, Novo increased the commission it paid to Company X from 10 percent per contract to 20 percent per contract. Company X, in turn, used the excess funds to pay the kickbacks to the Iraqi government on behalf of Novo.

COUNT ONE
(Conspiracy)

THE CONSPIRACY AND ITS OBJECTS

20. Paragraphs 1 through 19 of this Information are re-alleged and incorporated by reference as if set out in full.

21. From in or about January 2001 through April 2003, within the territory of the United States and elsewhere, Novo, Agent A, Employee B, Company X, and others known and unknown, did unlawfully and knowingly agree, combine and conspire together and with each other to commit the following offenses against the United States:

a. to knowingly devise, and intend to devise a scheme and artifice to defraud the U.N. and the Oil-for-Food Program, and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, through the use of

interstate and foreign wire communications, in violation of Title 18, United States Code, Section 1343; and

b. to knowingly falsify and cause to be falsified books, records, and accounts, which, in reasonable detail, accurately and fairly reflected the transactions and dispositions of the assets of Novo, an issuer within the meaning of the FCPA, contrary to Title 15, United States Code, Sections 78m(b)(2)(A), 78m(b)(5) and 78ff(a), and Title 18, United States Code, Section 2.

PURPOSE OF THE CONSPIRACY

22. The primary purpose of the conspiracy was to obtain business from the Iraqi government by paying unlawful kickbacks to the Iraqi government in exchange for being awarded contracts for the purchase of Novo pharmaceutical products.

MANNER AND MEANS OF THE CONSPIRACY

23. To achieve the objects of the conspiracy, Novo and others used the following manner and means, among others:

a. It was part of the conspiracy that Novo agreed to cause kickbacks to be paid to the government of Iraq in exchange for being awarded contracts by the government.

b. It was a further part of the conspiracy that Novo inflated by 10 percent the prices of contracts submitted to the U.N. for approval under the OFFP, without notifying the U.N. of this price inflation, in order to generate the money that would be paid to the government of Iraq and to conceal from the U.N. the fact that kickbacks would be paid to the government of Iraq.

c. It was a further part of the conspiracy that Novo increased the amount of money it paid to its agent so that the agent would pass on the extra money to the Iraqi government.

d. It was a further part of the conspiracy that Novo caused the transmittal of international wire communications, to and from the United States, to provide notice to the U.N. that Novo goods had been shipped to, and inspected in, Iraq and to transmit notice to Novo's bank in Denmark that the U.N. was authorizing payments pursuant to the contracts.

e. It was further part of the conspiracy that Novo falsely described the kickbacks paid to the Iraqi government in its corporate books and records as commissions it paid to its agent in Iraq.

OVERT ACTS

24. In furtherance of the conspiracy and to accomplish its unlawful objects, the following acts, among others, were committed within the territory of the United States and elsewhere:

Contracts 901385, 901386, and 901403

a. On or about May 26, 2001, Employee B, on behalf of Novo, executed two contracts, referenced by the U.N. as Contracts 901385 and 901386, with Kimadia to supply insulin for €1,220,062.80 and €420,750.00, respectively, which included an extra 10 percent to be used to pay a kickback to the Iraqi government.

b. On or about June 3, 2001, Employee B, on behalf of Novo, executed a contract, referenced by the U.N. as Contract 901403, with Kimadia to supply repaglinide for €2,465.36, which included an extra 10 percent to be used to pay a kickback to the Iraqi government.

c. On or about June 7, 2001, Agent A sent, to the attention of Employee B at Novo, the original contracts for Contracts 901385, 901386, and 901403, and wrote that “the contracts have included additional 10% (over and above the 10% already added before).”

d. On or about August 8, 2001, Agent A sent, to the attention of Employee B at Novo, a chart containing Contracts 901385, 901386, and 901403 and indicated that €149,420.00, which constituted 10 percent of these three contracts, should be transferred to Company X.

e. On or about August 17, 2001, Employee B sent an email to Employee C instructing Employee C to transfer €149,420.00 to Agent A at Company X.

f. On or about October 2, 2001, BNP-Paribas issued letters of credit, via international wire communication, to Danske Bank A/S Copenhagen, the bank used by Novo. These letters of credit authorized Novo to be paid the amounts in Contracts 901385 and 901386, which included the 10 percent kickbacks to be paid to the Iraqi government.

g. On or about October 16, 2001, BNP-Paribas issued a letter of credit, via international wire communication, to Danske Bank A/S Copenhagen, the bank used by Novo. This letter of credit authorized Novo to be paid the amount in Contract 901403, which included the 10 percent kickback to be paid to the Iraqi government.

h. In or about November 2001, Novo caused Company X to pay the Iraqi government approximately \$128,536 in kickbacks in connection with Contracts 901385, 901386, and 901403.

i. On or about December 21, 2001, Novo caused its products purchased pursuant to Contract 901403 to be delivered to Iraq, prompting a company based in Geneva, Switzerland, that provided commercial inspection services on behalf of the U.N. in Iraq (“the

inspection company”) to send a facsimile from Iraq to the U.N. in New York notifying the U.N. that the products had been received and inspected upon entry into Iraq. This notification, in turn, triggered payment by the U.N. to Novo for Contract 901403.

j. On or about February 14, 2002, Novo caused its products purchased pursuant to Contract 901386 to be delivered to Iraq, prompting the inspection company to send a facsimile from Iraq to the U.N. in New York notifying the U.N. that the products had been received and inspected upon entry into Iraq. This notification, in turn, triggered payment by the U.N. to Novo for Contract 901386.

k. Beginning on or about April 26, 2002, and continuing until September 24, 2002, Novo caused its products purchased pursuant to Contract 901385 to be delivered to Iraq, prompting the inspection company to send facsimiles from Iraq to the U.N. in New York notifying the U.N. that the products had been received and inspected upon entry into Iraq. These notifications, in turn, triggered payment by the U.N. to Novo for Contract 901385.

Eight Additional Contracts

l. In addition to Contracts 901385, 901386, and 901403, between in or about January 2001 and in or about April 2002, Novo entered into at least eight other contracts with Kimadia in return for which Novo caused Company X to pay kickbacks to the Iraqi government on behalf of Novo. The total value of the kickbacks paid to the Iraqi government in connection with these 11 contracts was approximately \$1.4 million. The details of these eight additional contracts, on which kickback payments were made, were as follows:

| Contract Number | Date of Execution | Buyer | Contract Value | Items Purchased | Kickback Paid |
|------------------------|--------------------------|--------------|-----------------------|------------------------|----------------------|
| 802046 | Jan. 30, 2001 | Kimadia | € 2,052,736.00 | Insulin | \$166,318.00 |
| 802047 | Jan. 30, 2001 | Kimadia | € 317,407.00 | Insulin | \$26,194.00 |
| 1000720 | Sept. 15, 2001 | Kimadia | € 1,384,548.00 | Insulin | \$115,572.00 |
| 1000803 | Sept. 24, 2001 | Kimadia | € 881,375.00 | NovoSeven | \$72,834.00 |

| Contract Number | Date of Execution | Buyer | Contract Value | Items Purchased | Kickback Paid |
|------------------------|--------------------------|--------------|-----------------------|------------------------|----------------------|
| 1001491 | Oct. 4, 2001 | Kimadia | € 805,200.00 | Norditropin | \$64,431.00 |
| 1100115 | Feb. 4, 2002 | Kimadia | € 17,877.75 | Kliogest | \$1,403.00 |
| 1100882 | April 15, 2002 | Kimadia | € 2,138,117.53 | NovoSeven | \$223,108.00 |
| 1101024 | April 27, 2002 | Kimadia | € 12,942,438.30 | Insulin | \$639,550.00 |

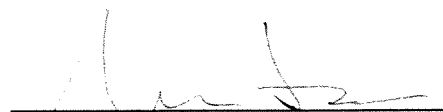
Books and Records

25. From in or about 2001 through in or about 2003, Novo mischaracterized its payments of kickbacks to the Iraqi government through Company X on its books and records as commission payments to Company X when Novo was aware that a substantial portion of the money it had paid to Company X was being paid as kickbacks to the Iraqi government in exchange for being awarded contracts with the Iraqi government.

(All in violation of Title 18 U.S.C. §371).

STEVEN A. TYRRELL
Chief, Fraud Section

By:



JONATHAN E. LOPEZ
Senior Trial Attorney, Fraud Section
Criminal Division, U.S. Department of Justice
1400 New York Avenue, N.W.
Washington, D.C. 20005
(202) 514-7023