

November 2016

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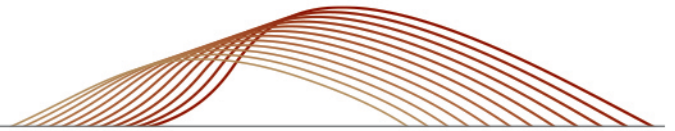
Teva Pharmaceuticals Announces a Reserve of \$520M in View of What Stands to Be the Fourth Largest FCPA Resolution to Date

By [Gary F. Giampetruzzi](#), [S. Joy Dowdle](#) & [Katherine K. Solomon](#)

Joining the ranks of the recent nine-figure resolutions with Och-Ziff Capital Management Group,¹ Embraer,² and VimpelCom,³ on November 15, Israeli-based Teva Pharmaceutical Industries, Ltd. (“Teva” or the “Company”) announced it has taken a \$520 million reserve for an anticipated resolution of alleged violations of the Foreign Corrupt Practice Act (“FCPA”). Should the ultimate resolution with the Department of Justice (“DOJ”) and Securities and Exchange Commission (“SEC”) meet the reserve, Teva would become the fourth largest FCPA resolution of all time,⁴ catapulting to the top of the chart among resolutions with life sciences companies.

Though the apparently forthcoming resolution papers will provide additional details, Teva’s public disclosures indicate the Company will pay to close out a nearly five-year global investigation, focusing on alleged violations in Russia, Mexico, and Ukraine from 2007 to 2013.⁵ Initially “prompted” by subpoenas and informal document requests from the DOJ and SEC in 2012,⁶ Teva’s early disclosures of these issues indicate the Company was cooperating with the DOJ and SEC and conducting an investigation into “identified issues . . . potentially ris[ing] to the level of FCPA violations.”⁷ By late 2013, the Company updated its disclosures, stating that it had uncovered potential FCPA and/or local law violations in Russia and “certain countries” in Eastern Europe and Latin America.⁸ In 2014, the disclosures noted the identified concerns had spread into “other countries,” and upgraded the issues to those “likely to constitute violations.”⁹ Adding further complication—despite the Company’s continued cooperation with the DOJ and SEC—Teva’s 2014 annual report noted its discovery that “affiliates in certain countries under investigation provided local authorities inaccurate or altered information relating to marketing or promotional practices.”¹⁰

Tuesday’s disclosure, coming in the Company’s Q3 2016 earnings report, noted that the issues likely to be the subject of the resolution did not involve Teva’s U.S. business, and—as if taken from a DOJ Pilot Program playbook on fulsome remediation—emphasized both the “complete[] transformation [of the Company’s] governance program and processes on every level,” and the Company’s extensive remedial measures, including the separation of employees, termination of certain third-parties, and the restructuring of a portion of Teva’s global operations.¹¹



As we have written [previously](#), both the DOJ and the SEC are focused on enforcement within life sciences—with express prosecutor warnings followed by resolutions with more than 10 companies in the industry in the last two years.¹² The anticipated Teva resolution, which would be the first nine-figure DOJ/SEC resolution in life sciences, stands to dwarf them all.



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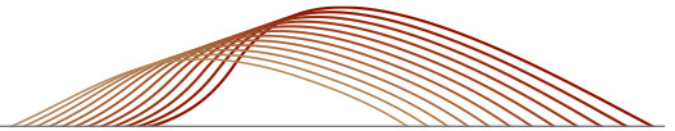
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- ¹ See September 2016, \$412M resolution with the DOJ and SEC; see Press Release, United States Department of Justice, Och-Ziff Capital Management Admits to Role in Africa Bribery Conspiracies and Agrees to Pay \$213 Million Criminal Fine (Sep. 29, 2016), available at <https://www.justice.gov/opa/pr/och-ziff-capital-management-admits-role-africa-bribery-conspiracies-and-agrees-pay-213> (last visited Nov. 16, 2016).
 - ² See October 2016, \$205M resolution with the DOJ and SEC; see Press Release, United States Department of Justice, Embraer Agrees to Pay More than \$107 Million to Resolve Foreign Corrupt Practices Act Charges (Oct. 24, 2016), available at <https://www.justice.gov/opa/pr/embraer-agrees-pay-more-107-million-resolve-foreign-corrupt-practices-act-charges> (last visited Nov. 16, 2016).
 - ³ See February 2016, \$396.6M resolution with the DOJ and SEC; see Press Release, United States Department of Justice, VimpelCom Limited and Unitel LLC Enter into Global Foreign Bribery Resolution of More Than \$795 Million; United States Seeks \$850 Million Forfeiture in Corrupt Proceeds of Bribery Scheme (Feb. 18, 2016), available at <https://www.justice.gov/opa/pr/vimpelcom-limited-and-unitel-llc-enter-global-foreign-bribery-resolution-more-795-million> (last visited Nov. 16, 2016).
 - ⁴ The current top 10 list includes: (1) Siemens, \$800M, 2008; (2) Alstom, \$772M, 2014; (3) KBR/Halliburton, \$579M, 2009; (4) BAE, \$400M, 2010; (5) Total SA, \$398M, 2013; (6) VimpelCom, \$397.6M, 2016; (7) Alcoa, \$384M, 2014; (8) Snamprogetti Netherlands B.V./ENI S.p.A., \$365M, 2010; (9) Technip SA, \$338M, 2010; (10) JGC Corporation, \$218.8M, 2011.
 - ⁵ News Release, Teva Pharmaceutical Industries Ltd., Teva Reports Third Quarter 2016 Results, available at <http://ir.tevapharm.com/phoenix.zhtml?c=73925&p=irol-newsArticle&ID=2222450> (last visited Nov. 16, 2016).
 - ⁶ Teva Pharmaceutical Industries, Form 20-F for fiscal year ending December 31, 2015 (filed Feb. 11, 2016).
 - ⁷ Teva Pharmaceutical Industries, Form 20-F for fiscal year ending December 31, 2012 (filed Feb. 12, 2013).
 - ⁸ Teva Pharmaceutical Industries, Form 6-K for month of October 2013 (filed Oct. 31, 2013).
 - ⁹ Teva Pharmaceutical Industries, Form 20-F for fiscal year ending December 31, 2014 (filed Feb. 9, 2015).
 - ¹⁰ *Id.*
 - ¹¹ News Release, Teva Pharmaceutical Industries Ltd., Teva Reports Third Quarter 2016 Results, available at <http://ir.tevapharm.com/phoenix.zhtml?c=73925&p=irol-newsArticle&ID=2222450> (last visited Nov. 16, 2016).
 - ¹² See e.g., GlaxoSmithKline (Sept. 2016, \$20M); AstraZeneca (Aug. 2016, \$5.5M); Analogic/BK Medical (June 2016, \$14.9M); Novartis (Mar. 2016, \$25M); Nordion (Mar. 2016, \$375K); Olympus (Mar. 2016, \$22.8M); SciClone (Feb. 2016, \$12.8M); Bristol-Myers Squibb (Oct. 2015, \$14.7M); Bruker (Dec. 2014, \$2.4M); Bio-Rad (Nov. 2014, \$55M).

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