

JUSTICE NEWS

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Monday, November 3, 2014

Bio-Rad Laboratories Resolves Foreign Corrupt Practices Act Investigation and Agrees to Pay \$14.35 Million Penalty

A California-based medical diagnostics and life sciences manufacturing and sales company, Bio-Rad Laboratories Inc. (Bio-Rad), has agreed to pay a \$14.35 million penalty to resolve allegations that it violated the Foreign Corrupt Practices Act (FCPA) by falsifying its books and records and failing to implement adequate internal controls in connection with sales it made in Russia.

Assistant Attorney General Leslie R. Caldwell of the Justice Department's Criminal Division and Special Agent in Charge David J. Johnson of the FBI's San Francisco Field Office made the announcement.

"Public companies that cook their books and hide improper payments foster corruption," said Assistant Attorney General Caldwell. "The department pursues corruption from all angles, including the falsification of records and failure to implement adequate internal controls. The department also gives credit to companies, like Bio-Rad, who self-disclose, cooperate and remediate their violations of the FCPA."

"The FBI remains committed to identifying and investigating violations of the Foreign Corrupt Practices Act," said Special Agent in Charge Johnson. "This action demonstrates the benefits of self-disclosure, cooperation, and subsequent remediation by companies."

According to the company's admissions in the agreement, Bio-Rad SNC, a Bio-Rad subsidiary located in France, retained and paid intermediary companies commissions of 15-30 percent purportedly in exchange for various services in connection with certain governmental sales in Russia. The intermediary companies, however, did not perform these services. Several high-level managers at Bio-Rad, responsible for overseeing Bio-Rad's business in Russia, reviewed and approved the commission payments to the intermediary companies despite knowing that the intermediary companies were not performing such services. These managers knowingly caused the payments to be falsely recorded on Bio-Rad SNC's and, ultimately, Bio-Rad's books. Bio-Rad, through several of its managers, also failed to implement adequate controls, as well as adequate compliance systems, with regard to its Russian operations while knowing that the failure to implement such controls allowed the intermediary companies to be paid significantly above-market commissions for little or no services.

The department entered into a non-prosecution agreement with the company due, in large part, to Bio-Rad's self-disclosure of the misconduct and full cooperation with the department's investigation. That cooperation included voluntarily making U.S. and foreign employees available for interviews, voluntarily producing documents from overseas, and summarizing the findings of its internal investigation. In addition, Bio-Rad has engaged in significant remedial actions, including enhancing its anti-corruption policies globally, improving its internal controls and compliance functions, developing and implementing additional due diligence and contracting procedures for intermediaries, and conducting extensive anti-corruption training throughout the organization.

In addition to the monetary penalty, Bio-Rad agreed to continue to cooperate with the department, to report periodically to the department for a two-year period concerning Bio-Rad's compliance efforts, and to continue to implement an enhanced compliance program and internal controls designed to prevent and detect FCPA violations.

In a related matter, the U.S. Securities and Exchange Commission (SEC) today announced that it had entered into a cease and desist order against Bio-Rad in which the company agreed to pay \$40.7 million in disgorgement and prejudgment interest in connection with the company's sales in Russia, as well as in Thailand and Vietnam.

The department acknowledges and expresses its appreciation for the assistance provided by the SEC's Division of Enforcement.

The case is being investigated by the FBI's San Francisco Field Office. The case is being prosecuted by Trial Attorney Andrew Gentin of the Criminal Division's Fraud Section.

Additional information about the Justice Department's FCPA enforcement efforts can be found at www.justice.gov/criminal/fraud/fcpa.

14-1221

Criminal Division