

Drugmarker Sanofi notifies US about overseas bribery allegations

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NEW YORK: French drug-maker Sanofi has alerted US authorities about allegations of bribery activity in the West Asia and Africa, the latest pharmaceutical company to investigate such claims overseas.

The allegations from an anonymous source involve improper payments in connection with the sale of pharmaceutical products from 2007 to 2012, Paris-based Sanofi said in a statement.

The company said it has notified the US department of justice and the securities and exchange commission and expects the probe to take "some time," given the alleged activity dates back several years.

Last month, China fined GlaxoSmithKline (GSK) a record €297 million (\$478 million) and imposed a suspended prison sentence on an executive for bribing doctors, capping a 15-month investigation that curbed the UK drug-maker's sales.



Graft charges

- The allegations involve improper payments of pharma products from 2007 to 2012 by Sanofi
- Last month, China fined GlaxoSmithKline (GSK) a record €297 million (\$478 million)
- Sanofi said it is too early to draw conclusions about the claims it uncovered

Indianapolis-based Eli Lilly agreed in December 2012 to pay \$29.4 million to settle SEC claims that employees of subsidiaries gave cash and gifts to officials in China, Brazil, Russia and Poland to win millions of dollars in business. Lilly didn't admit or deny the truth of the allegations, which the SEC said dated back to 1994.

Sanofi said it is too early to draw conclusions about the claims it uncovered.

"Sanofi takes these allegations seriously and does not condone wrongdoing by any of our employees," Dante Beccaria, Sanofi's

global compliance officer, said in the statement.

Sanofi fell 1.6 per cent to €85.40 as of 10:26 am. in Paris.

The stock has gained 15 per cent including reinvested dividends this year, compared with a 21 per cent advance for the Bloomberg Europe Pharmaceuticals Index.

Because the allegations are in smaller markets in Africa and the West Asia, rather than in China, the risk to Sanofi's sales and earnings is smaller than it was for Glaxo, Odile Rundquist, an analyst with Helvea-Baader Bank in

Geneva, said by phone.

"I would be not as negative as I would have been for Glaxo in China."

Peter Carr, a justice department spokesman, declined to comment. A representative for the SEC couldn't immediately be reached for comment.

Sanofi was founded in 1973 as subsidiary of Elf Aquitaine (a French oil company subsequently acquired by Total), when Elf Aquitaine took control of the Labaz group, a pharmaceutical company. Sanofi's first significant venture into the US market was the acquisition of the prescription pharmaceuticals business of Sterling Winthrop — an affiliate of Eastman Kodak — in 1994. Sanofi was incorporated under the laws of France in 1994 as a société anonyme, a form of limited liability company.

Sanofi-Synthelabo was formed in 1999 when Sanofi merged with Synthelabo; at the time of the merger Sanofi was the second largest pharmaceutical group in France in terms of sales and Synthelabo was the third largest.

Miscellaneous