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U.S. DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA

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UNITED STATES OF AMERICA, )  
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v. )  
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DPC (TIANJIN) CO. LTD., )  
)  
Defendant. )  
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)

CR 05- 482  
I N F O R M A T I O N  
[15 U.S.C. § 78dd-1: Foreign  
Corrupt Practices Act]

The United States Attorney charges:  
[15 U.S.C. § 78dd-1]

At all times relevant to this Information:

A. INTRODUCTION

1. Diagnostic Products Corporation ("DPC") was a U.S. corporation engaged in providing immunodiagnostic systems and immunochemistry kits throughout the world and maintained its principal place of business in Los Angeles, California. DPC was an "issuer" within the meaning of the Foreign Corrupt Practices Act, 15 U.S.C. § 78dd-1. As an issuer, DPC regularly filed its financial statements with the U.S. Securities and Exchange Commission. Defendant DPC (TIANJIN) CO. LTD., formerly Tianjin

1 Depu (DPC) Biotechnological and Medical Products, Inc. ["DPC  
2 TIANJIN"] was a wholly-owned subsidiary of DPC that had its  
3 principal place of business in Tianjin, China. Defendant DPC  
4 TIANJIN acted as an agent of DPC within the meaning of the  
5 Foreign Corrupt Practices Act, 15 U.S.C. § 78dd-1. Defendant DPC  
6 TIANJIN's financial results were a component of the consolidated  
7 financial statements included in DPC's filings with the U.S.  
8 Securities and Exchange Commission.

9       2. Defendant DPC TIANJIN's main business operations were  
10 to produce and sell DPC TIANJIN's immunodiagnostic systems,  
11 immunochemistry kits, and other medical equipment. The main  
12 source of revenue of defendant DPC TIANJIN was from sales of its  
13 immunoassays (test kits), which were utilized to identify and  
14 measure medically significant chemical substances. The clinical  
15 applications of these immunoassays related to the diagnosis and  
16 management of thyroid, reproductive, and cardiac disorders;  
17 infectious diseases; anemia; diabetes; and certain types of  
18 cancer.

19       3. The Foreign Corrupt Practices Act of 1977 ("FCPA"), as  
20 amended, 15 U.S.C. §§ 78dd-1, et seq., prohibited payments to  
21 foreign government officials to obtain or retain business.

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23 B. PAYMENTS TO FOREIGN GOVERNMENT OFFICIALS

24 Commission Payments

25       4. At least as early as late 1991 and continuing through  
26 on or about December 12, 2002, defendant DPC TIANJIN made cash

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1 commission payments to laboratory personnel and doctors employed  
2 by hospitals owned by the government of the People's Republic of  
3 China (the "hospitals") to obtain and retain certain business  
4 involving the sale of immunodiagnostic systems, immunochemistry  
5 kits, and other medical equipment. The hospitals were  
6 instrumentalities of the government of the People's Republic of  
7 China, and the laboratory personnel and doctors were "foreign  
8 officials" as that term is defined in the FCPA, 15 U.S.C. § 78dd-  
9 1(f)(1)(A).

10 5. Defendant DPC TIANJIN entered into sales agreements and  
11 purchase orders with certain of these hospitals in the People's  
12 Republic of China for immunodiagnostic systems, immunochemistry  
13 kits, and other medical equipment. The practice of entering into  
14 such agreements was authorized by the General Manager of  
15 defendant DPC TIANJIN, on behalf of the defendant.

16 6. Although defendant DPC TIANJIN was a major provider in  
17 the People's Republic of China of immunodiagnostic systems,  
18 immunochemistry kits, and other medical equipment, there were  
19 other manufacturers and suppliers in the People's Republic of  
20 China with whom defendant DPC TIANJIN competed. In order to  
21 obtain and retain business with these hospitals for the sales of  
22 immunodiagnostic systems, immunochemistry kits, and other medical  
23 equipment, defendant DPC TIANJIN, acting through its officers and  
24 agents, entered into sales agreements with people employed by the  
25 hospitals -- usually the laboratory heads or assistants --  
26 whereby these employees would receive commissions on defendant

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1 DPC TIANJIN's sales of immunodiagnostic systems, immunochemistry  
2 kits, and other medical equipment (hereinafter referred to as the  
3 "commission payments"). The commission payments were generally  
4 3-5%, but sometimes as high as 20%, of the gross sales generated  
5 by the contracts. The responsible officers of defendant DPC  
6 TIANJIN understood that the hospitals would not have entered into  
7 or maintained their business with the defendant if such  
8 commission payments had not been made.

9 7. The General Manager of defendant DPC TIANJIN authorized  
10 hand deliveries of the commission payments, in cash, as well as  
11 by mail and wire transfers.

12 8. From in or about late 1991, through on or about  
13 December 12, 2002, defendant DPC TIANJIN made commission payments  
14 totaling approximately \$1,623,326 to laboratory department heads  
15 and assistants in several hospitals in China, as follows:

16	<u>Date</u>	<u>Amount of Commission Payments</u>
17	1991	\$6,349 .
18	1992	\$33,159
19	1993	\$42,340
20	1994	\$37,724
21	1995	\$88,433
22	1996	\$97,058
23	1997	\$121,446
24	1998	\$140,934
25	1999	\$180,940
26	2000	\$262,487

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1                   2001                                   \$301,305

2                   2002                                   \$311,151

3 Authorization and Recording of the Payments

4           9.     Defendant DPC TIANJIN recorded the commission payments  
5 on its books and records as "selling expenses." DPC regularly  
6 incorporated defendant DPC TIANJIN's selling expenses amount into  
7 its consolidated financial statements which then were included in  
8 filings to the U.S. Securities and Exchange Commission. The  
9 General Manager and Deputy General Manager of defendant DPC  
10 TIANJIN regularly prepared and submitted to DPC reports  
11 containing defendant DPC TIANJIN's financial statements.  
12 Defendant DPC TIANJIN routinely sent these reports by electronic  
13 mail message and facsimile to DPC's principal place of business  
14 in Los Angeles, California.

15          10.    The General Manager of defendant DPC TIANJIN authorized  
16 the practice of paying the commission payments to the employees  
17 of the hospitals. The General Manager of defendant DPC TIANJIN  
18 also approved and caused to be approved the budgets for sales  
19 expenses of DPC TIANJIN, which included the commission payments  
20 that DPC TIANJIN intended to pay to the employees of the  
21 hospitals in the following quarter or year. Defendant DPC  
22 TIANJIN caused approval of the proposed budgets to be sent by  
23 telephone, facsimile, and electronic mail from Los Angeles,  
24 California, to Tianjin, China.

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1 C. FOREIGN CORRUPT PRACTICES ACT VIOLATION

2 11. In or about November 2002, in the Central District of  
3 California and elsewhere, defendant, DPC TIANJIN used electronic  
4 mail and other means and instrumentalities of interstate commerce  
5 corruptly in furtherance of an offer, promise to pay, and  
6 authorization of the payment of money to officials of the  
7 government of the People's Republic of China, for the purpose of  
8 influencing the acts and decisions of said foreign officials in  
9 their official capacities; inducing said foreign officials to do  
10 and omit to do acts in violation of their lawful duty; securing  
11 an improper advantage; and inducing said foreign officials to use  
12 their influence with instrumentalities of a foreign government to  
13 affect and influence acts and decisions of said instrumentalities  
14 of a foreign government in order to assist defendant DPC TIANJIN  
15 in obtaining and retaining business for and with, and directing  
16 business to, defendant, to wit, DPC TIANJIN made payments to  
17 foreign government officials, that is, doctors and laboratory  
18 personnel employed by hospitals owned by the government of the  
19 People's Republic of China, in order to secure and maintain  
20 agreements for the sale of immunodiagnostic systems,  
21 immunochemistry kits, and other medical equipment, and caused to  
22 be sent an electronic mail message from Tianjin, China to Los  
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1 Angeles, California containing a monthly report concerning the  
2 allowance of said payments.

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