



K&L GATES

Recent Anti-Bribery Allegations: A China Case Study
**What Actions Should You Take to Protect
Yourself and Your Company?**

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INTRODUCTIONS



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TOPICS

- Timeline
- Jurisdictions implicated
- Steps to take now to prepare for and respond to an enforcement action

TIMELINE

6/13
GSK issues statement that it's found no wrongdoing in China biz

6/27
BJ, SH employees detained

6/28
Changsha PSB announces investigating economic crimes

7/5
Price regulator launches investigation of medicine costs at 60 pharmas, including GSK

7/11
National PSB announces 4 GSK execs have confessed to economic crimes

7/15
PSB says it has evidence that since '07 to increase sales and raise prices, GSK bribed officials and industry parties - 3 bn RMB

7/16
GSK detainee confesses on TV

7/21 British consultant for GSK detained by PSB

7/22 AstraZeneca employee detained

7/23
2 more AZ employees detained

KICKBACKS TO...

PRC Bribery Laws – official & commercial bribery

Government
officials &
industry parties
(doctors, hospital
managers)

UK Bribery Act

Also covers both
official and
commercial
bribes

US FCPA

Covers only
official bribery,
but doctors in
state-owned
hospitals likely
'officials'

PHYSICAL ENVIRONMENT

- Consider how facility design and operation can aid or hurt management of enforcement actions/investigations
 - Reception areas and meeting rooms should be separated from work spaces by locked doors
 - Documents related to sales processes should not be left on employees' desks
 - Protocols for storing physical documents should be developed and implemented

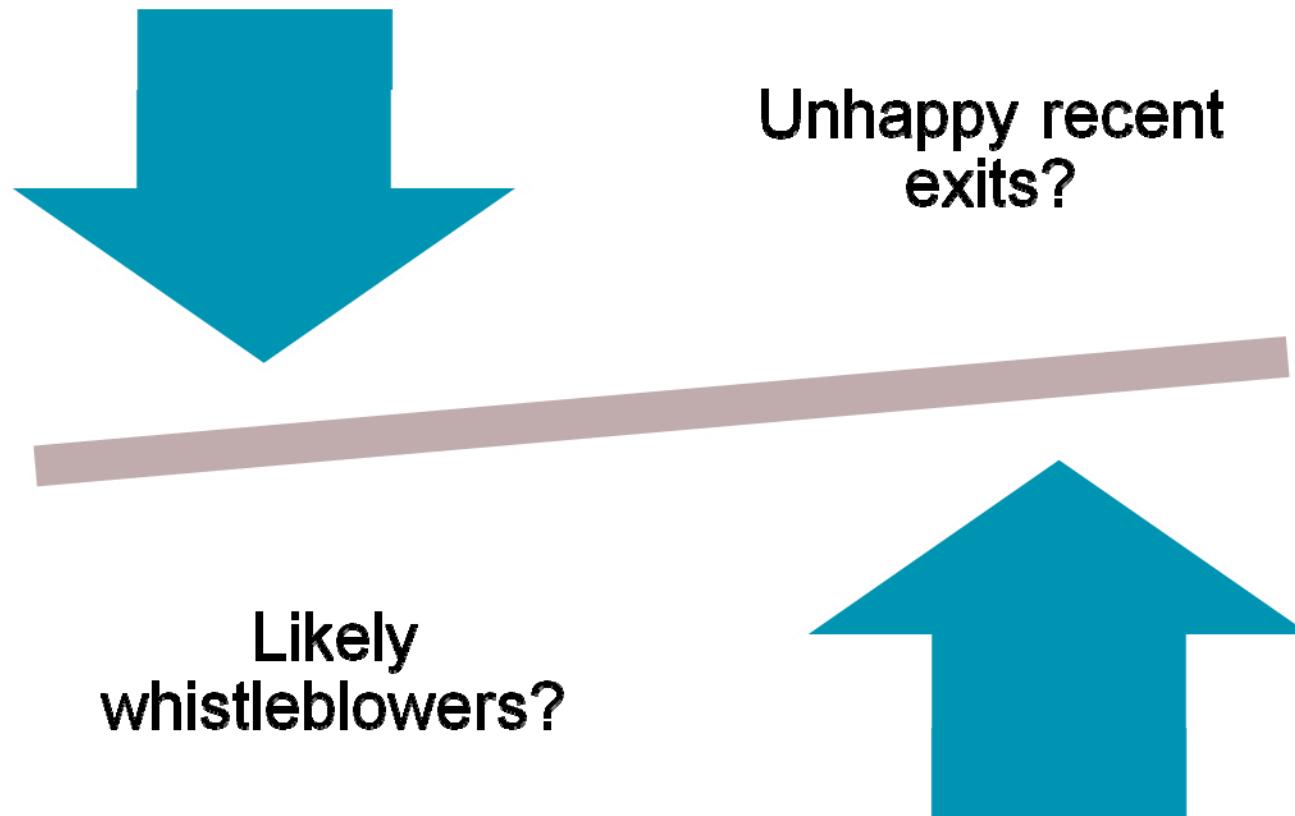
TRAINING

- Reception and office staff (including 'ayis' or tea ladies) should be given detailed training
 - What to do if officials pay unannounced visits?
 - Who do they call?
 - How to respond?
- In implementing document storage procedures, sales and finance teams should also be trained on responding to a govt investigation

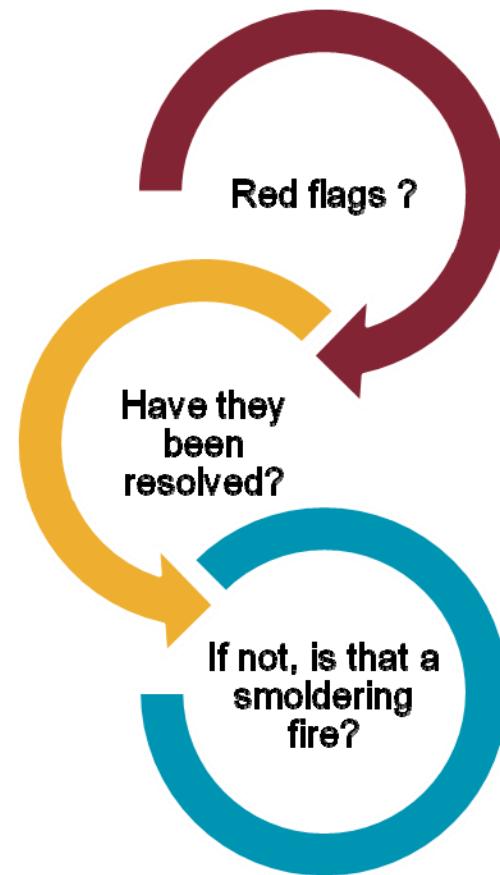
WHO'S ON THE TEAM?



EMPLOYMENT HISTORY - REVIEW



INTERNAL AUDIT HISTORY - REVIEW



A DAOIST PRINCIPLE TO BEAR IN MIND

物极必反 (wuji bifan):

- When things reach an extreme, they can only move in the opposite direction
 - Carefully consider how hard you want to push or restrain a case as it may mushroom into something more and worse



Questions?