**UPDATE 3-J&J settles U.S., UK bribery, kickback charges**

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\* J&J to pay $70 mln to settle SEC, Justice Dept probes

\* Company says reported improper payments to US government

\* UK probe settlement draws an $8 mln penalty (Adds UK settlement, U.S. praise for cooperation)

By Jeremy Pelofsky

WASHINGTON, April 8 (Reuters) - Johnson & Johnson (JNJ.N: [Quote](http://www.reuters.com/stocks/quote?symbol=JNJ.N), [Profile](http://www.reuters.com/stocks/companyProfile?symbol=JNJ.N), [Research](http://www.reuters.com/stocks/researchReports?symbol=JNJ.N), [Stock Buzz](http://reuters.socialpicks.com/stock/r/JNJ)) will pay $78 million to settle U.S. and UK charges that it paid bribes and kickbacks to win business overseas, the first big drug company to settle since the Obama administration began its scrutiny of the industry more than a year ago.

Johnson & Johnson agreed to pay a $21.4 million fine to settle Justice Department criminal charges and pay more than $48.6 million in disgorgement and interest to settle allegations by the Securities and Exchange Commission, the agencies said on Friday.

The allegations date back to 1998 and involved sham contracts, bribes and kickbacks paid by J&J units to officials and doctors in Greece, Iraq, Poland and Romania to help earn millions of dollars in profits, according to authorities.

The New Jersey-based pharmaceutical giant also settled a similar complaint with the United Kingdom Serious Fraud Office for conduct by its DePuy Inc subsidiary, agreeing to pay some $7.9 million plus prosecution costs.

The U.S. Justice Department announced in November 2009 that it would focus on prosecuting those in the pharmaceutical industry who try to bribe foreign officials for preferential treatment of their products, leading to a wide-ranging probe.

U.S. authorities praised the cooperation by the company, its remedial efforts and said that it helped identify improper practices in the industry. The criminal fine was reduced in light of the company's cooperation.

"We are committed to holding corporations accountable for bribing foreign officials while, at the same time, giving meaningful credit to companies that self-report and cooperate with our investigations," said Mythili Raman, principal deputy assistant attorney general for the DOJ criminal division.

MORE SETTLEMENTS COMING?

Other companies have disclosed similar probes and experts believe more settlements are in the offing.

Eli Lilly & Co (LLY.N: [Quote](http://www.reuters.com/stocks/quote?symbol=LLY.N), [Profile](http://www.reuters.com/stocks/companyProfile?symbol=LLY.N), [Research](http://www.reuters.com/stocks/researchReports?symbol=LLY.N), [Stock Buzz](http://reuters.socialpicks.com/stock/r/LLY)) has previously said that it was under scrutiny by the U.S. government over its compliance with bribery laws in a number of countries including Poland. The company has said it was cooperating with authorities.

Baxter International (BAX.N: [Quote](http://www.reuters.com/stocks/quote?symbol=BAX.N), [Profile](http://www.reuters.com/stocks/companyProfile?symbol=BAX.N), [Research](http://www.reuters.com/stocks/researchReports?symbol=BAX.N), [Stock Buzz](http://reuters.socialpicks.com/stock/r/BAX)) has also said that it has received a request from the Justice Department and SEC for information about its practices overseas related to U.S. bribery laws and that it was cooperating as well.

The settlement comes at a tough time for J&J, which has been grappling with recalls of Tylenol and other products.

The company has recalled more than 300 million bottles and packages of adult and children's consumer medicines in the past 15 months. Although no injuries have been linked to the recalls, they have sullied J&J's reputation, pressured its share price and sparked Congressional investigations.

Johnson & Johnson shares reversed gains after news of the bribery settlement emerged. They were down 4 cents at $59.44 in afternoon trading on the New York Stock Exchange.

Authorities accused J&J units of paying bribes to public doctors in Greece to select its surgical implants and in Romania to prescribe its medicines, earning the company millions of dollars in profits.

J&J subsidiaries were also accused of paying bribes to public doctors and hospital administrators in Poland to win contracts and of paying kickbacks to Iraq to win 19 contracts under the U.N.'s Oil for Food Program.

Iraq had demanded that companies pay a 10 percent fee in order to do business with the Saddam Hussein government, Johnson & Johnson said in a statement.

"More than four years ago, we went to the (U.S.) government to report improper payments and have taken full responsibility for these actions," J&J Chairman and Chief Executive Officer William Weldon said in a statement.

J&J did not admit or deny the SEC's allegations but acknowledged responsibility in the Justice Department case for the actions of its units, employees and agents who made the improper payments.

Under the settlement, J&J will enter into a three-year deferred prosecution agreement with the Justice Department. (Additional reporting by Lewis Krauskopf in New York; Editing by Lisa Von Ahn, Phil Berlowitz and Matthew Lewis)

http://www.reuters.com/article/2011/04/08/jj-bribery-idUSN0823058520110408