



## U.S. Securities and Exchange Commission

### SEC Charges General Electric and Two Subsidiaries with FCPA Violations

**FOR IMMEDIATE RELEASE  
2010-133**

*Washington, D.C., July 27, 2010* — The Securities and Exchange Commission today charged General Electric Company with violations of the Foreign Corrupt Practices Act (FCPA) for its involvement in a \$3.6 million kickback scheme with Iraqi government agencies to win contracts to supply medical equipment and water purification equipment.

The SEC alleges that two GE subsidiaries — along with two other subsidiaries of public companies that have since been acquired by GE — made illegal kickback payments in the form of cash, computer equipment, medical supplies, and services to the Iraqi Health Ministry or the Iraqi Oil Ministry in order to obtain valuable contracts under the U.N. Oil for Food Program.

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#### Additional Materials

- [Litigation Release No. 20602](#)
  - [SEC Complaint](#)
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#### [High-Res Photo](#)



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**Cheryl Scarboro  
Chief of SEC's FCPA  
Enforcement Unit**

GE agreed to pay \$23.4 million to settle the SEC's charges against the company as well as the two subsidiaries for which GE assumed liability upon acquiring: Ionics Inc. and Amersham plc. The SEC charged GE, Ionics and Amersham with violating the books and records and internal controls provisions of the FCPA. The SEC has now taken 15 FCPA enforcement actions against companies involved in Oil for Food-related kickback schemes with Iraq, recovering more than \$204 million.

"Bribes and kickbacks are bad business, period," said Robert Khuzami, Director of the SEC's Division of Enforcement. "This case affirms that law enforcement is active across the globe - offshore does not mean off-limits."

Cheryl J. Scarboro, Chief of the SEC's Foreign Corrupt Practices Act Unit, added, "GE failed to maintain adequate internal controls to detect and prevent these illicit payments by its two subsidiaries to win Oil for Food contracts, and it failed to properly record the true nature of the payments in its accounting records. Furthermore, corporate acquisitions do not provide GE immunity from FCPA enforcement of the other two subsidiaries involved."

According to the SEC's complaint, filed in U.S. District Court for the District of Columbia, the kickback scheme occurred from approximately 2000 to 2003. GE subsidiaries Marquette-Hellige and OEC-Medical Systems (Europa) AG made approximately \$2.04 million in kickback payments to the Iraqi government under the Oil for Food Program. Ionics Italba S.r.L. (a then-subsubsidiary of Ionics) and Nycomed Imaging AS (a then-subsubsidiary of Amersham) made approximately \$1.55 million in cash kickback payments. Since their acquisitions by GE, Amersham and Ionics are now known as GE Healthcare Ltd. and GE Ionics, Inc., respectively.

The SEC alleges that Germany-based Marquette paid or agreed to pay illegal kickbacks in the form of computer equipment, medical supplies, and services on three contracts worth \$8.8 million. Through an Iraqi third-party agent, Marquette paid goods and services worth approximately \$1.2 million to the Iraqi Health Ministry in order to obtain two of the contracts. The agent offered to make an additional in-kind kickback payment worth approximately \$250,000 to obtain the third contract.

The SEC further alleges that Switzerland-based OEC-Medical made an in-kind kickback payment of approximately \$870,000 on one contract worth \$2.1 million through the same third-party agent who handled the Marquette contracts. OEC-Medical and the agent entered into a fictitious "services provider agreement" identifying phony services the agent would perform in order to justify his increased commission and conceal the illegal kickback from U.N. inspectors.

According to the SEC's complaint, Norway-based Nycomed entered into nine contracts with Iraqi ministries involving the payment of approximately \$750,000 in cash kickbacks between 2000 and 2002. As a result, Nycomed earned approximately \$5 million in wrongful profits on the contracts. GE acquired Nycomed's parent company — Amersham — in 2004. Italy-based Ionics Italba was a subsidiary of Ionics, Inc., which GE acquired in 2005. Between 2000 and 2002, Ionics Italba paid \$795,000 in kickbacks and earned \$2.3 million in wrongful profits on five Program contracts to sell water treatment equipment to the Iraqi Oil Ministry. GE acquired its parent company - Ionics Inc., in 2005.

Without admitting or denying the SEC's allegations, GE as well as Ionics (now GE Ionics Inc.) and Amersham (now GE Healthcare Ltd.) have consented to the entry of a court order permanently enjoining them from future violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Securities Exchange Act of 1934. GE is ordered to pay \$18,397,949 in disgorgement of profits, \$4,080,665 in prejudgment interest, and a penalty of \$1 million. GE cooperated with the investigation.

The SEC appreciates the assistance of the U.S. Department of Justice's Fraud Section and the United Nations Independent Inquiry Committee. Tracy L. Price and Robert I. Dodge conducted the SEC's investigation, which is continuing.

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