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U.S. DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

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UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA

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10 UNITED STATES OF AMERICA, )  
11 Plaintiff, )  
12 v. )  
13 SYNCOR TAIWAN, INC., )  
14 Defendant. )  
15 )  
16 )

CR 02 - 12441  
I N F O R M A T I O N  
[15 U.S.C. § 78dd-3]

17 The United States Attorney charges:

18 [15 U.S.C. § 78dd-3]

19 At all times relevant to this Information:

DEC - 5 2002

20 A. INTRODUCTION

21 1. Defendant SYNCOR TAIWAN, INC. ("SYNCOR TAIWAN") was a  
22 Taiwan corporation engaged in providing radiopharmacy services  
23 and outpatient medical imaging services and maintained its  
24 principal place of business in Taipei, Taiwan. Defendant SYNCOR  
25 TAIWAN was an indirect, wholly-owned subsidiary of Syncor  
26 International Corporation ("Syncor"), a corporation that has its  
27 principal place of business in Woodland Hills, California. As a  
28 corporation organized under the law of a foreign nation, the

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1 defendant, SYNCOR TAIWAN, was a "person" as that term is defined  
2 in the Foreign Corrupt Practices Act of 1977, as amended, 15  
3 U.S.C. § 78dd-3(f)(1).

4 2. The Foreign Corrupt Practices Act of 1977 ("FCPA"), as  
5 amended, 15 U.S.C. § 78dd, et seq., prohibits payments to foreign  
6 government officials to obtain or retain business. The FCPA was  
7 amended, effective November 10, 1998, to prohibit, inter alia,  
8 foreign persons from taking any act within the territory of the  
9 United States in furtherance of such payments.

10 3. Under the Taiwan Relations Act of 1979, as amended, 22  
11 U.S.C. § 3301, et seq., whenever the laws of the United States  
12 refer or relate to foreign countries, nations, states,  
13 governments, or similar entities, such terms shall include and  
14 such laws shall apply with respect to Taiwan. 22 U.S.C. §  
15 3303(b)(1).

16 4. The Chairman of the Board of defendant SYNCOR TAIWAN  
17 resided in Woodland Hills, California.

18 5. The revenue of defendant SYNCOR TAIWAN was from two  
19 major sources: (1) sales of radiopharmaceutical products to  
20 hospitals; and (2) income from positron emission tomography  
21 ("PET"), a nuclear imaging technique used in the treatment of  
22 cancer, and outpatient medical imaging services.

23 PAYMENTS TO FOREIGN GOVERNMENT OFFICIALS

24 Commission Payments:

25 6. At least as early as on or about January 1, 1997  
26 through on or about November 6, 2002, defendant SYNCOR TAIWAN  
27

1 made cash payments to physicians employed by hospitals owned by  
2 the legal authorities on Taiwan (the "hospitals") to obtain and  
3 retain certain business involving the sale of radiopharmaceutical  
4 products and services. The hospitals were instrumentalities of  
5 the legal authorities on Taiwan, and the physicians were "foreign  
6 officials" as that term is defined in the FCPA, 15 U.S.C. § 78dd-  
7 3(f)(2)(A).

8         7. Defendant SYNCOR TAIWAN entered into agreements with  
9 certain of these hospitals in Taiwan for the provision of  
10 radiopharmaceuticals. The practice of entering into such  
11 agreements was authorized by the Chairman of the Board of  
12 defendant SYNCOR TAIWAN on behalf of the defendant.

13         8. Before entering into the agreements with defendant  
14 SYNCOR TAIWAN, the hospitals had a choice between purchasing  
15 certain radiopharmaceuticals in bulk form or unit dosage form.  
16 Although defendant SYNCOR TAIWAN was the sole provider in Taiwan  
17 of certain radiopharmaceuticals in unit dosage forms, there were  
18 other manufacturers and suppliers in Taiwan of these  
19 radiopharmaceuticals in bulk form. Unit dosage sales were  
20 preferred by defendant SYNCOR TAIWAN as they provided the company  
21 with a greater profit. In order to obtain and retain business  
22 with these hospitals for the provision of unit dosage  
23 radiopharmaceuticals, defendant SYNCOR TAIWAN, acting through its  
24 officers and agents, entered into "side agreements" with  
25 physicians employed by the hospitals -- usually with the  
26 department heads of the hospitals' nuclear medicine departments -

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1 - whereby these physicians would receive commissions on the  
2 defendant's sales of these radiopharmaceuticals (hereinafter  
3 referred to as the "commission payments"). The commission  
4 payments were generally 10%, but could be as high as 20%, of the  
5 gross sales generated by the contracts. The responsible officers  
6 of defendant SYNCOR TAIWAN understood that the hospitals would  
7 not have entered into or maintained their business with the  
8 defendant if such commission payments had not been made.

9 9. The General Manager of defendant SYNCOR TAIWAN  
10 periodically hand delivered the commission payments, in cash, in  
11 sealed envelopes.

12 10. From in or about January 1, 1997 through on or about  
13 November 6, 2002, defendant SYNCOR TAIWAN made commission  
14 payments totaling approximately \$344,110 to physicians in four of  
15 these hospitals in Taiwan, as follows:

16	<u>Date</u>	<u>Amount of Commission Payments</u>
17	1997	\$7,887
18	1998	\$61,477
19	1999	\$47,698
20	2000	\$94,560
21	2001	\$74,437
22	01/01/02-11/06/02	\$58,051

23 Referral Payments:

24 11. From in or about January 1998 through on or about  
25 November 6, 2002, defendant SYNCOR TAIWAN made cash payments to  
26 certain physicians employed by certain of these hospitals to  
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1 obtain and retain business for and with, and direct business to,  
2 defendant SYNCOR TAIWAN's imaging centers (hereinafter referred  
3 to as the "referral payments"). The hospitals were  
4 instrumentalities of the legal authorities on Taiwan, and the  
5 physicians were "foreign officials" as that term is defined in  
6 the FCPA, 15 U.S.C. § 78dd-3(f)(2)(A).

7 12. Defendant SYNCOR TAIWAN made the referral payments to  
8 the physicians to induce the physicians to refer their patients  
9 to defendant SYNCOR TAIWAN's imaging centers. The amounts of the  
10 referral payments were based on a percentage of the servicing  
11 costs incurred by the patients at the PET and imaging centers,  
12 generally 3-5% of the service fee income from the patient.

13 13. After a patient incurred a servicing cost at one of  
14 defendant SYNCOR TAIWAN's imaging centers, defendant SYNCOR  
15 TAIWAN's officers would transfer or cause to be transferred a  
16 referral payment by wire from defendant SYNCOR TAIWAN's bank  
17 account to the bank account of one of its imaging centers. The  
18 bank accounts of the imaging centers were under the control of  
19 defendant SYNCOR TAIWAN's bookkeepers at each imaging center. The  
20 bookkeepers withdrew cash from the accounts, which was then  
21 delivered to the physicians. The responsible officers of  
22 defendant SYNCOR TAIWAN understood that the physicians would have  
23 referred the patients to imaging centers not owned by defendant  
24 SYNCOR TAIWAN if such referral payments had not been made.

25 14. From in or about January 1, 1998 through on or about  
26 November 6, 2002, defendant SYNCOR TAIWAN made referral payments  
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1 totaling approximately \$113,007 to physicians in certain of these  
2 hospitals in Taiwan, as follows:

3	<u>Date</u>	<u>Amount of Referral Payments</u>
4	1998	\$3,287
5	1999	\$8,718
6	2000	\$8,417
7	2001	\$17,910
8	01/01/02-11/06/02	\$74,675

9 Authorization and Recording of the Payments

10 15. Defendant SYNCOR TAIWAN recorded the commission  
11 payments and the referral payments on its books and records as  
12 "promotional and advertising expenses." The General Manager and  
13 Deputy General Manager of defendant SYNCOR TAIWAN regularly  
14 prepared and submitted to its parent company, Syncor, budgets  
15 with a line item for promotional and advertising expenses based  
16 primarily on the amount of such expenditures in the prior quarter  
17 or year. Defendant SYNCOR TAIWAN routinely sent these budgets by  
18 electronic mail to Syncor's principal place of business in  
19 Woodland Hills, California.

20 16. The Chairman of the Board of defendant SYNCOR TAIWAN,  
21 while in the United States, authorized the practice of paying the  
22 commission and referral payments to the employees of the  
23 hospitals. The Chairman of the Board of defendant SYNCOR TAIWAN,  
24 while in the United States, also approved and caused to be  
25 approved the budgets for promotion and advertising expense of  
26 defendant SYNCOR TAIWAN, which included the amounts defendant  
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1 SYNCOR TAIWAN intended to pay to the officials of the hospitals  
2 in the following quarter or year. The Chairman of the Board sent  
3 and caused to be sent approval of the proposed budgets by  
4 telephone and electronic mail from Woodland Hills, California, to  
5 Taipei, Taiwan.

6 B. FOREIGN CORRUPT PRACTICES ACT VIOLATION

7 17. In or about the fourth quarter of 2001, in the Central  
8 District of California, the defendant, SYNCOR TAIWAN, INC., a  
9 person as that term is used in 15 U.S.C. § 78dd-3(f)(1), acted  
10 within the territory of the United States, that is, it sent an  
11 electronic mail message from Woodland Hills, California to  
12 Taipei, Taiwan containing a budget providing for the funding of  
13 payments to foreign government officials, that is, physicians  
14 employed by hospitals owned by the legal authorities on Taiwan,  
15 corruptly in furtherance of an offer, promise to pay, and  
16 authorization of the payment of money, for the purposes of  
17 influencing the acts and decisions of the foreign officials in  
18 their official capacity; inducing the foreign officials to do and  
19 omit to do acts in violation of their lawful duty; securing an  
20 improper advantage; and inducing them to use their influence so  
21 as to affect and influence an instrumentality of a foreign  
22 government, that is, hospitals owned by the legal authorities on  
23 Taiwan, to affect and influence acts and decisions of such  
24 instrumentalities, in order to assist the defendant SYNCOR TAIWAN  
25 to obtain and retain business, and to direct business to the  
26 defendant SYNCOR TAIWAN, that is, agreements for the sale of unit

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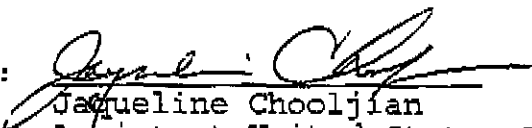
1 dosages of radiopharmaceuticals and the referral of patients to  
2 imaging centers.

3 All in violation of Title 15, United States Code, Section  
4 78dd-3(a)(1)(A) and (B); and Title 18, United States Code,  
5 Section 2.

6 Respectfully submitted,

7 DEBRA W. YANG  
8 United States Attorney

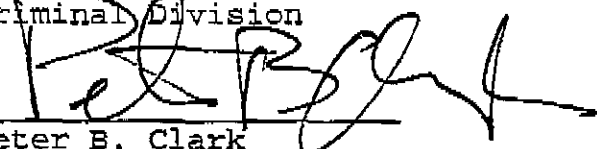
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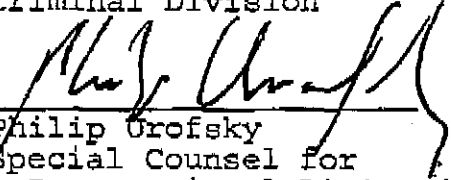
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