

FOR IMMEDIATE RELEASE Tuesday, June 3, 2008 WWW.USDOJ.GOV CRM (202) 514-2007 TDD (202) 514-1888

AGA Medical Corporation Agrees to Pay \$2 Million Penalty and Enter Deferred Prosecution Agreement for FCPA Violations

WASHINGTON – AGA Medical Corporation (AGA), a privately-held medical device manufacturer, has agreed to pay a \$2 million criminal penalty in connection with corrupt payments to Chinese government officials in violation of the Foreign Corrupt Practices Act (FCPA), Acting Assistant Attorney General Matthew Friedrich announced today.

The Department entered into a deferred prosecution agreement with AGA and filed a criminal information against the company in the U.S. District Court for the District of Minnesota. AGA, incorporated and headquartered in Minnesota, specializes in the manufacture of products designed for the minimally invasive treatment of congenital heart defects. The two-count criminal information charges AGA with one count of conspiring to make bribe payments to Chinese officials and one count of violating the FCPA in connection with the authorization of specific corrupt payments to officials in China.

According to the criminal information, between 1997 and 2005, AGA, a high-ranking officer of AGA and other AGA employees agreed to make corrupt payments to doctors in China who were employed by government-owned hospitals and caused those payments to be made through AGA's local Chinese distributor. In exchange for these payments, the Chinese doctors directed the government-owned hospitals to purchase AGA's products rather than those of the company's competitors.

The criminal information also alleges that from 2000 through 2002, AGA sought patents on several AGA products from the People's Republic of China State Intellectual Property Office. As a part of this effort, AGA and a high-ranking officer of AGA agreed to make payments through their local Chinese distributor to Chinese government officials employed by the State Intellectual Property Office in order to have the patents approved.

In recognition of AGA's voluntary disclosure and thorough review of the improper payments, its cooperation with the Department's investigation, the company's implementation of enhanced compliance policies and procedures, and the company's engagement of an independent corporate monitor, the Department has agreed to defer prosecution of AGA for three years. If AGA abides by the terms of the agreement, the Department will dismiss the criminal information when the term of the agreement ends.

This case is being prosecuted by Trial Attorney David Bybee and Assistant Chief William B. Jacobson of the Criminal Division's Fraud Section and is being investigated by the Minneapolis, Minn., FBI field office. 08-491