

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <https://www.djreprints.com>.

<https://www.wsj.com/articles/whistleblower-in-orthofix-bribery-case-awarded-1-8-million-11601064562>

RISK & COMPLIANCE JOURNAL

Whistleblower in Orthofix Bribery Case Awarded \$1.8 Million

SEC grants award more than three years after Texas-based medical-device company agreed to settle bribery accusations



The tipster, a doctor in Brazil, gave the SEC information about an alleged kickback scheme operated by an Orthofix subsidiary in that country, lawyers say.

PHOTO: ANDREW HARNIK/ASSOCIATED PRESS

By [Mengqi Sun](#)

Updated Sept. 25, 2020 7:00 pm ET

The U.S. Securities and Exchange Commission awarded \$1.8 million to a whistleblower whose tip helped the regulator conduct an investigation that led to bribery charges against [Orthofix International NV](#).

The regulator, which announced the award Friday, didn't name the company nor did it identify the tipster, but lawyers representing the whistleblower said the award was connected to a 2017 bribery settlement involving Orthofix, a Lewisville, Texas, medical-device company.

The tipster, a doctor in Brazil, provided information to the SEC about an alleged

kickback scheme operated by an Orthofix subsidiary in that country, according to the lawyers, Christopher Connors of Connors Law Group LLC and Andy Rickman of Rickman Law Group LLP.

The company, now called Orthofix Medical Inc., “self-reported to the SEC about these matters and cooperated fully with the government during the course of the investigations,” a spokeswoman said.

NEWSLETTER SIGN-UP

Risk and Compliance Journal

Our Morning Risk Report features insights and news on governance, risk and compliance.

PREVIEW

SUBSCRIBE

Orthofix in 2017 agreed to admit wrongdoing and pay more than \$14 million to settle accusations that it improperly booked revenue in some instances and made improper payments to doctors at government-owned hospitals in Brazil from 2011 to 2013, the SEC said at the time.

As part of the total, the company agreed to pay more than \$6 million to settle allegations that it violated the Foreign Corrupt Practices Act, a U.S. antibribery

law that prohibits the use of bribes to foreign officials to win or keep business. Orthofix also agreed to pay an \$8.25 million penalty for allegedly failing to maintain an adequate system of internal accounting controls.

The tipster first reported the potential wrongdoing to Orthofix’s executives, general counsel and auditors before providing the tip to the SEC in 2014, according to the lawyers.

The SEC, which has faced complaints that it has been slow to issue awards, this week approved amendments to whistleblower-award rules that it said would make the process more efficient and transparent.

Under the program, whistleblowers are entitled to between 10% and 30% of monetary penalties when their tips result in a successful enforcement action and when the monetary penalties total more than \$1 million.

The rules amended this week were also designed to raise percentages for certain awards of \$5 million or less.

The SEC initially set the award percentage in the Orthofix case at 15%, according to the lawyers. But the regulator increased the percentage this week to 30% of the \$6 million FCPA settlement payment, consistent with the updated rules, Messrs. Connors and Rickman said.

The award reflected factors the SEC considers in determining award amounts, with an eye toward rewarding whistleblowers with the highest possible amount based on the circumstances of their claims, the agency said.

The amended rules are technically not in effect yet. They will become effective 30 days after they are published in the Federal Register.

The SEC on Friday issued a separate award of \$750,000 to a tipster that also reported securities violations abroad. The regulator didn't identify the whistleblower or the case connected to the award.

The regulator has awarded about \$525 million to 99 people since the program began in 2011 as part of the 2010 Dodd-Frank Act.

Write to Mengqi Sun at mengqi.sun@wsj.com

Copyright © 2020 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <https://www.djreprints.com>.