



As recently reported in the *New York Times*, British drug maker GlaxoSmithKline will no longer pay doctors to promote its products and will stop tying compensation of sales representatives to the number of prescriptions that doctors write. This appears to be a first for a major drug company. Other drug makers, however, are reportedly weighing similar actions for several reasons, including concerns about the required disclosure of paid-speaker payments that will begin next fall under a provision of the health care law.

The announcement comes as Glaxo is the subject of a bribery investigation in China. *Reuters* reported in September that the Chinese state media reported that alleged bribery of Chinese doctors by Glaxo was coordinated by the company and was not the work of individual employees. Police detained four senior Chinese Glaxo executives in July.

Thomas Fox opined in August on the FCPA blog and in an e-book that the entry of the Chinese government into the fight against corruption and bribery is a game-changer and puts Western companies operating in China on notice that they have a new risk to consider: being the subject of prosecution under Chinese law. For Americans and Europeans considering working in China, the Glaxo investigation could cause them to rethink whether they are willing to be stationed in China for fear of being caught up in the Chinese judicial system – one not known for protecting individual due process rights.

While the risks of enforcement actions under the Foreign Corrupt Practices Act ("FCPA") are relatively well-known, the takeaway from the Glaxo investigation is that U.S. companies doing business in China should keep in mind that their activities could also subject them to enforcement actions under Chinese law and proactively address their compliance efforts accordingly.



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