

Brazil police search Philips office in fraud probe

July 4 2018, by Sarah Dilorenzo

Police searched the offices of Philips in Brazil on Wednesday and detained two people linked to the Dutch company as part of an investigation into a scheme into fraud involving public health services, authorities said.

Prosecutors allege that dozens of companies formed a cartel to win and inflate contracts to supply [medical equipment](#) to the National Institute of Traumatology and Orthopedics and the Rio de Janeiro state Health Department.

The institute directed requests for comment to the Health Ministry, which said the institute is prepared to provide authorities with any requested information about the case. The Health Department noted in a statement that the accusations date to before 2016 and said it is ready to provide any necessary explanations to authorities.

The investigation is linked to a larger probe into official corruption that has focused on the inflating of state contracts with construction companies. The larger investigation, known as Operation Car Wash, has shaken Brazil's elite, resulting in the jailing of many of its most powerful businessmen and former President Luiz Inacio Lula da Silva.

Police said they had successfully executed all of the 43 search warrants issued and 20 of the 22 arrest warrants. They would not say who remained at large. Prosecutors said the [search warrants](#) covered 44 addresses. The judge also ordered a former [health](#) secretary for Rio to be

questioned, but police did not confirm if that had happened yet.

Among the warrants issued Wednesday were temporary arrest orders for the director of the governmental institute and two people linked to Philips, which makes medical equipment in addition to consumer appliances. Under temporary arrests, subjects are held for a set period. They are usually used to help [investigators](#) collect evidence.

One of those taken into custody was a former Philips executive who is now the CEO for Latin America at General Electric. GE noted that the accusations date to before the executive's tenure with the American [company](#) and said that it is "deeply committed to integrity, compliance and the rule of law in all the countries in which it operates."

The other is a current employee at Philips with the sales team. The company said he had been taken in for questioning, though prosecutors described it as a temporary arrest.

Philips said it was cooperating with authorities and had not yet had access to case material. It said the allegations stemmed from several years ago. Prosecutors say the Institute investigation involves suspected fraud between 1996 and 2017.

"Any investigation into possible violation of these laws is treated very seriously by the company," Philips said in a statement.

Prosecutors allege employees of medical technology companies Stryker and Drager also participated in the scheme. U.S.-based Stryker said that it is cooperating with authorities and that it is "committed to conducting our business in an ethical manner and in compliance with all applicable laws." Germany-based Drager did not immediately respond to a request for comment.

© 2018 The Associated Press. All rights reserved.

Citation: Brazil police search Philips office in fraud probe (2018, July 4) retrieved 11 May 2024 from <https://phys.org/news/2018-07-brazil-police-philips-office-fraud.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.