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United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

A. JAY KHOSLA, STAFF DIRECTOR
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May 11, 2018

Mr. Ken Blanco
Director
Financial Crimes Enforcement Network
2070 Chain Bridge Road
Vienna, Virginia 22182

Dear Director Blanco:

Pursuant to the Senate Finance Committee's oversight responsibilities for financial crimes and for health programs under the Social Security Act, including Medicare and Medicaid, I am writing to request more information about reported transactions between global pharmaceutical company Novartis AG and Essential Consultants, LLC, a shell company controlled by President Trump's personal lawyer, Michael Cohen.

On May 9, 2018, Novartis confirmed that it paid Michael Cohen, through Essential Consultants, nearly \$1.2 million for health care consulting work he proved "unable to provide."¹ According to Novartis, the company believed Michael Cohen could advise the company on certain U.S. health care policy matters and entered into a yearlong contract with him on February 2017. Following a subsequent meeting in March 2017, Novartis determined Cohen would be unable to provide the anticipated services but continued making payments to Cohen until February 2018.² The size and timing of these payments to Cohen, who has no apparent expertise in the health care industry, merit additional scrutiny.

Novartis is a significant participant in the U.S. health care market and reported U.S. sales of \$16.9 billion in 2017.³ Federal health care programs under Finance Committee jurisdiction spend substantial sums on Novartis therapies. For example, in 2015, the most recent year for which data were available, Medicare spent \$2 billion on three Novartis cancer drugs – Gleevec,

¹ Novartis Statement on Essential Consultants, May 9, 2018, <https://www.novartis.com/essential-consultants>.

²*Id.* It should be noted that Novartis is being investigated by the Greek government over accusations of bribery of 10 high-profile politicians by the company. A report sent to Parliament by Greek prosecutors said there was evidence to suggest that Novartis had made payments to Greek doctors and politicians in exchange for fixing the prices of its medicines at artificially high levels. See, e.g. <https://www.nytimes.com/2018/02/22/world/europe/greece-bribery-novartis-investigation.html>

³ Novartis AG, 2017 Annual Report, p. 206, <https://www.novartis.com/sites/www.novartis.com/files/novartis-annual-report-2017-en.pdf>.

Sandostatin and Afinitor.⁴ In the same year, Medicaid programs spent more than \$320 million prior to any rebates, on Gleevac and the respiratory drug Xolair.⁵

To assist in our oversight of these matters, please provide copies of any documents in FinCEN's possession, including but not limited to any Suspicious Activity Reports, related to any payments made to Mr. Cohen, Essential Consultants or related entities by Novartis International AG, Novartis Corporation, or any other entities owned, managed, or controlled by Novartis or its agents. Please arrange provide these documents and a briefing to discuss these matters further no later than May 25, 2018.

Sincerely,



Ron Wyden
Ranking Member

⁴ Centers for Medicare & Medicaid Services, *Medicare Spending Dashboard 2015*, <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Dashboard/2015-Medicare-Drug-Spending/medicare-drug-spending-dashboard-2015-data.html>.

⁵ Centers for Medicare & Medicaid Services, *Medicare Spending Dashboard 2015*, <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Dashboard/2015-Medicaid-Drug-Spending/2015-Medicaid-Drug-Spending.html>.