

This report provides a summary of relevant data and documents we received in response to Freedom of Information Act (FOIA) requests we filed on this company.

Confirmed, Undisclosed SEC Investigation

Watch List Status: Added to Watch List of Companies with Undisclosed SEC Investigations

Cautionary Note: We found Stryker has a horrible record of disclosing SEC investigations and plays Disclosure Games® when they do so.

With new data reflected in this report, **Stryker Corporation is added to our Watch List** of companies with undisclosed SEC investigations. The first response indicating an SEC investigation was dated 05-Feb-2018, and later confirmed on 16-Mar-2018. This is a change from a response dated 16-Feb-2017, at which time no signs of recent SEC investigative activity were found.

Since we know there was at least one investigation in the recent past, we recommend those with an interest ask Stryker Corporation what contact it has had with the SEC's Division of Enforcement in the past two years. Keep in mind that a public company can be involved in more than one SEC investigation at a time.

Those with an interest in Stryker should see our earlier reports, summarized below, but also available at our website:

- Published 04-Nov-2014, [Don't Shake the Pom-Poms Too Quickly on Stryker - A Lot of Problems Were Found Here](#)
- Published 10-Sep-2014, [Analysis: Stryker Corporation - A Magnet for SEC Investigations? 5 SEC Probes in Past Two Years, Only One Disclosed](#)

From the Probes Reporter Database:

We filed our first FOIA request on this company in **Jul-2012**.

If we alert you to the existence of an undisclosed SEC investigation – or any response from the SEC – that means we filed a FOIA request on the company in question and have a response, in black-and-white on government letterhead, that supports our statement. Below is the SEC response history for this company:

13-Sep-2012	FOIA Response	SEC informs us “33 boxes and over 50,000 pages of electronic documents” are available relative to unspecified SEC investigative activity involving Stryker. This suggests there was an earlier investigation separate from a 6-year SEC investigation into FCPA violations that later settled in October 2013.
7-Mar-2014	FOIA Response with Document(s)	Documents released on closed SEC probe(s) of this company.
2-Jul-2014	Appeal Response	Appeal to access certain investigative records on closed SEC probe(s) results in file remanded to FOIA Office to search for additional records.
8-Jul-2014	FOIA Response	FOIA Office sends letter indicating it is processing a file, or files, which were remanded to it from the SEC General Counsel for additional processing.

28-Jul-2014	FOIA Response with Document(s)	Documents released on closed SEC probe(s) of this company.
28-Jul-2014	FOIA Response	SEC denies access to records over concern their release, "could reasonably be expected to interfere with enforcement activities."
20-Aug-2014	Appeal Response	Existence of on-going SEC enforcement proceedings confirmed on appeal; Access to records remains blocked.
2-Jun-2015	FOIA Response	Two-part response: 1) SEC denies access to records over concern their release, "could reasonably be expected to interfere with enforcement activities"; and, 2) Records identified on a separate, closed SEC probe of this company. Per the SEC, "The estimated volume of records is 16 boxes." They were not released.
15-Jan-2016	Appeal Response	Existence of on-going SEC enforcement proceedings confirmed on appeal; Access to records remains blocked.
18-May-2016	FOIA Response	SEC sends letter asking us to wait during search for records.
8-Jun-2016	FOIA Response	Two-part response: 1) SEC denies access to records over concern their release, "could reasonably be expected to interfere with enforcement activities"; and, 2) "Approximately 16 boxes" of records identified on a separate, closed SEC probe of this company. They were not released.
16-Feb-2017	FOIA Response	No SEC investigative records found.
5-Feb-2018	FOIA Response	SEC denies access to records over concern their release, "could reasonably be expected to interfere with enforcement activities."
16-Mar-2018	Appeal Response	Existence of on-going SEC enforcement proceedings confirmed on appeal; Access to records remains blocked.

When research history is available in our database, we present it above so you can compare it to company disclosures. Other interpretative guidance and disclosures appear below.

As can be seen in the table above, at least once in the past the SEC cited the "law enforcement exemption" of the Freedom of Information Act (FOIA) as basis to deny the public's access to the detailed records we sought on this company. As a matter of law, the SEC is acknowledging some sort of investigative activity with this response. We filed an appeal with the SEC's Office of the General Counsel to challenge that response. In response to our latest appeal(s), the date(s) of which is/are also shown in the table above, the SEC stated, "We have confirmed with staff that releasing the withheld information could reasonably be expected to interfere with on-going enforcement proceedings."

While the SEC as a matter of course tells the public that an on-going investigation should not be construed as a finding of any wrongdoing, the public interest is understandably high in tracking these investigations and their outcome. In this case, our research shows these SEC proceedings are undisclosed by **Stryker Corporation**.

Notable Disclosures: A search of this company's filings for the past two years found no clear disclosure of SEC investigative activity. See our earlier reports for earlier instances where Stryker did, or did not, disclose SEC investigations.

Documents Acquired Under the Freedom of Information Act:

- A single page Case Closing Report was released from an investigation that closed in May-2014. We don't know what it was about or how long it lasted.
- A single page Case Closing Report was released from an investigation that closed in Apr-2013. We don't know what it was about or how long it lasted.

- In Sep-2012, the SEC informed us “33 boxes and over 50,000 pages of electronic documents” were available relative to unspecified SEC investigative activity involving Stryker. We think they are from a 6-year SEC investigation into FCPA violations that later settled, in October 2013.

Editor’s Note: When the SEC denies access to records on closed SEC investigations, they are frequently blocking internal SEC documents known as “Opening and Closing Reports, including ‘Case Closing Recommendation,’ ‘Matter Under Inquiry Summary,’ ‘Investigation Summary,’ and/or similar documents and/or reports.” A Case Closing Report is merely the cover page for a report called a Case Closing Recommendation. A Case Closing Recommendation is the SEC’s report that tells you why an investigation was opened, what work was done, and the conclusions reached. To date, the SEC is adamant in its refusal to release even one word from its Case Closing Recommendations and similar documents, a practice for which we remain sharply critical of the agency.

Supplemental Data: Below we list those investigations we found in earlier research on Stryker. Further below, we also summarize two of our earlier reports for which the titles were provided above.

We know of five SEC investigations of Stryker since 2012.

1. One was recently confirmed as ongoing on 16-Mar-2018. It remains undisclosed.
2. A second was closed in May-2014. It was undisclosed. Case closing report posted. We don't know what it was about or how long it lasted.
3. The third was disclosed and involved a 6-year SEC investigation into FCPA violations that settled in October 2013. According to a 10-Q filed by Stryker 23-Oct-2013,

"In 2007 we disclosed that the United States Securities and Exchange Commission (SEC) made an inquiry of us regarding possible violations of the Foreign Corrupt Practices Act in connection with the sale of medical devices in certain foreign countries. We are fully cooperating with the SEC regarding these matters."

The SEC had a more expansive - and harsher - take on this same inquiry. Just one day after Stryker filed its 10-Q, on 24-Oct-2013, the SEC issued a press release announcing, "[SEC Charges Stryker Corporation With FCPA Violations](#)"

Continuing from that same press release --

"An SEC investigation found that Stryker Corporation’s subsidiaries in Argentina, Greece, Mexico, Poland, and Romania made illicit payments totaling approximately \$2.2 million that were incorrectly described as legitimate expenses in the company’s books and records. Descriptions varied from a charitable donation to consulting and service contracts, travel expenses, and commissions. Stryker made approximately \$7.5 million in illicit profits as a result of the improper payments.

'Stryker’s misconduct involved hundreds of improper payments over a number of years during which the company’s internal controls were fatally flawed,' said Andrew M. Calamari, director of the SEC’s New York Regional Office. [Emphasis added]

Stryker never again spoke of this investigation in subsequent filings or made reference to the SEC press release announcing the settlement.

4. The fourth SEC investigation closed in Apr-2013. It was not disclosed. Case closing report posted. We don't know what it was about or how long it lasted.

5. The fifth was a sizable SEC investigation that took place sometime in or around 2010-2012. Though not disclosed, we know it was sizable because it generated, "33 boxes and over 50,000 pages of electronic documents". We don't know what it was about or how long it lasted.

Summaries of our earlier reports –

Published 04-Nov-2014, [Don't Shake the Pom-Poms Too Quickly on Stryker - A Lot of Problems Were Found Here](#)

Summary: Stryker is in the news this week for agreeing to pay \$1.43 billion to settle an exposure related to recalled hip implants. For those inclined to shake their pom-poms in glee, and for those who missed it, we use the occasion to remind you of a report we wrote only in September entitled, "Analysis: Stryker Corporation - A Magnet for SEC Investigations? 5 SEC Probes in Past Two Years, Only One Disclosed"

Here are the bullet points from that report --

- An undisclosed SEC investigation on-going as of 20-Aug-2014.
- 5 SEC investigations since 2012. Only one was disclosed.
- Disclosures regarding SEC activity, when made, were analytically worthless.
- In settling a 6-year probe last year, the SEC concluded Stryker's internal controls were, "fatally flawed".

Published 10-Sep-2014, [Analysis: Stryker Corporation - A Magnet for SEC Investigations? 5 SEC Probes in Past Two Years, Only One Disclosed](#)

Our Take: In our opinion, Stryker is a company that has no problem cutting corners or dancing on the edge of the law. Stryker appears to be a magnet for SEC investigations. We found evidence of five SEC probes involving Stryker in the past two years. Big company or not, involvement in five SEC investigations in two years is a lot.

Independent Investment Research Focused on Public Company Interactions with the SEC.

Notes: *New SEC investigative activity could theoretically begin or end after the date covered by the latest information in this report, which would not be reflected here. The SEC did not disclose the details on investigations referenced herein. All we know is that they somehow pertain to the conduct, transactions, and/or disclosures of the companies referenced above. Companies with undisclosed SEC investigations are maintained on our Watch List of companies with undisclosed SEC investigations.*

The SEC reminds us that its assertion of the law enforcement exemption should not be construed as an indication by the Commission or its staff that any violations of law have occurred with respect to any person, entity, or security.

To learn more about our research process, including how to best use this information in your own decision-making, [click here](#).

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