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United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

A. JAY KHOSLA, STAFF DIRECTOR
JOSHUA SHEINKMAN, DEMOCRATIC STAFF DIRECTOR

May 11, 2018

Michael D. Cohen, Esq.
c/o Stephen M. Ryan
McDermott Will & Emery
500 North Capitol Street, NW
Washington, DC 20001

Dear Mr. Cohen:

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 additional information about reported transactions between global pharmaceutical company Novartis and Essential Consultants, LLC, a shell company reportedly controlled by you.

On May 9, 2018, Novartis stated that it paid you, through Essential Consultants, nearly \$1.2 million for health-care consulting work that you proved "unable to provide." According to Novartis, it believed you could advise the company on certain U.S. health care policy matters and entered into a yearlong contract with you on February 2017. According to the statement, following a subsequent meeting in March 2017, Novartis determined you would be unable to provide the anticipated services but continued making payments to you until February 2018.¹ The size and timing of these payments, as well as the accusation that Novartis continued the payments because canceling the contract "might have caused anger" to the President, merit additional scrutiny.²

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 healthcare 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, Sandostatin and Afinitor.⁴ In the same year, Medicaid programs spent more than \$320 million

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

² Ed Silverman, "Trump's lawyer pitched himself as a fixer to Novartis and got paid \$1.2 million," *Stat News*, May 9, 2018, <https://www.statnews.com/pharmalot/2018/05/09/trumps-lawyer-cohen-fixer-novartis/>.

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

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>

prior to any rebates, on Gleevac and the respiratory drug Xolair.⁵ Novartis is currently 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.⁶

To assist in our oversight of these matters, please provide the following information by May 31, 2018:

1. Please provide any contract and any statement of work between you, Essential Consultants LLC, or any other entity you provided services through or that you owned, controlled or were otherwise the beneficial owner of, and Novartis International AG, Novartis Corporation, or any other entities owned, managed, or controlled by Novartis AG ("Novartis").
2. For every payment made between Novartis and you, Essential Consultants LLC, or any other entity you provided services through or you owned, controlled or were otherwise the beneficial owner of, please provide the following information: the date of the payment; the amount; the name and location of the originator and the account through which the payment originated; the name and location of the financial institution (or other entity) from which the payment transaction originated; the name and location of any beneficiary of the payment and the account to which the payment was made; the name and location of the financial institution (or other entity) to which the payment was made; and the names and locations of any other financial institutions, individuals, or entities that were involved in any transactions related to the payment.
3. Please describe how your relationship with Novartis began, the services you and Essential Consultants offered to Novartis, and provide a list of all Novartis personnel who you interacted with during the term of any contractual relationship.
4. Please provide all communications between you, Essential Consultants LLC, or any other entity you provided services through or that you owned, controlled or were otherwise the beneficial owner of, and Novartis. These communications should include but not be limited to emails; letters; text messages, instant message or internet transcripts; memos; documents; spreadsheets; data; recordings of video conference or in-person conversations; notes related to any phone, video conference or in-person conversations.
5. Please describe all communications made by you, Essential Consultants LLC, or any other entity you provided services through or that you owned, controlled or were otherwise the beneficial owner of, and any Trump administration official in furtherance

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-Medicare-Drug-Spending/2015-Medicare-Drug-Spending.html>

⁶ Niki Kitsantonis, "Greece Approves Bribery Investigation Involving Political Elite." *New York Times*, Feb. 22, 2018, <https://www.nytimes.com/2018/02/22/world/europe/greece-bribery-novartis-investigation.html>.

of your contractual relationship with Novartis. Identify the date, the individual within the administration with whom the communication was made, and describe the subject of the communication.

If you have any questions or concerns in meeting this request, you may contact my investigative staff on the Senate Finance Committee at 202-224-4515. Thank you for your prompt attention to this important matter.

Sincerely,



Ron Wyden
Ranking Member