

ADMINISTRATIVE PROCEEDING
File No. 3-17556

SEC Charges Nu Skin Enterprises, Inc. with FCPA Violations

September 20, 2016 – The Securities and Exchange Commission today announced that Provo, Utah-based Nu Skin Enterprises, Inc. (Nu Skin US) has agreed to pay \$765,688 to settle charges that it violated the internal controls and books-and-records provisions of the Foreign Corrupt Practices Act (FCPA). The FCPA violations arose from a payment its Chinese subsidiary, Nu Skin (China) Daily Use & Health Products Co. Ltd. (Nu Skin China), made to a charity to obtain the influence of a high-ranking Chinese Communist party official to impact an on-going provincial agency investigation.

An SEC investigation found that in 2013, Nu Skin China was under investigation by a provincial branch of the Administration of Industry and Commerce (AIC) concerning Nu Skin China's compliance with the laws and regulations applicable to direct selling in China. Following the AIC's initial investigation, the AIC informed Nu Skin China that it had gathered enough information to support violations against the company and it was threatening to impose an RMB 2.8 million fine which, at the time, equated approximately \$431,088.

The SEC investigation also found that certain personnel of Nu Skin China made a decision to request that the party official personally intervene in the AIC matter in return for Nu Skin China making an RMB 1 million donation to a charity identified by the party official. The party official was associated with the entity that was responsible for establishing the charity in the province. Further, the provincial head of the AIC had previously reported to the party official. Following the donation ceremony, a Nu Skin China employee suggested contacting the party official to request that Nu Skin China not be named or fined by the AIC and internal emails reflected that Nu Skin China believed that such action was "crucial for us to settle this . . . peacefully." Two days later, Nu Skin China received notice of the AIC's final decision in which the company was neither charged nor fined.

The SEC's order finds that Nu Skin US violated Sections 13(b)(2)(A) and (B) of the Securities Exchange Act of 1934. Without admitting or denying the findings, Nu Skin US agreed to a cease-and-desist order and to pay disgorgement of \$431,088, prejudgment interest of \$34,600, and a civil money penalty in the amount of \$300,000.

In determining to accept the offer, the SEC considered cooperation that Nu Skin US afforded to the SEC staff and the remedial acts undertaken by Nu Skin US.

The SEC's investigation was conducted by Kimberly Greer and Lee Robinson of the Denver Regional Office, and supervised by Ian Karpel.

See also: [Order](#)