

SciClone Charged With FCPA Violations

Feb 4, 2016 - The Securities and Exchange Commission today announced that California-based SciClone Pharmaceuticals has agreed to pay more than \$12 million to settle charges that it violated the Foreign Corrupt Practices Act (FCPA) when international subsidiaries increased sales by making improper payments to health care professionals employed at state health institutions in China.

An SEC investigation found that employees of SciClone's subsidiaries acted as agents of the company when they gave money, gifts, and other things of value to the health care professionals, which led to several million dollars in sales of pharmaceutical products to China's state health institutions. The schemes, which lasted at least five years, were condoned by various managers within SciClone's China-based subsidiaries. The improper inducements were not accurately reflected in the company's books and records as SciClone failed to devise and maintain a sufficient system of internal accounting controls and lacked an effective anti-corruption compliance program.

The SEC's order finds that SciClone violated the FCPA's anti-bribery, internal controls, and books-and-records provisions. SciClone consented to the order without admitting or denying the findings, and agreed to pay \$9.426 million in disgorgement of sales profits plus \$900,000 in prejudgment interest and a \$2.5 million penalty. SciClone agreed to give status reports to the SEC for the next three years on its remediation and implementation of anti-corruption compliance measures.

The SEC appreciates the assistance of the Fraud Section of the U.S. Department of Justice and the Federal Bureau of Investigation.

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