

Nature's Sunshine Products Inc. / Douglas Faggioli

Case ID:

ST-281

Case Cluster :

Nature's Sunshine Products Inc.

Jurisdiction of Settlement:

United States

Jurisdiction of Settlement / Enforcement Agency:

Securities and Exchange Commission

Jurisdiction of Foreign Public Official(s) :

Brazil

Year of Settlement:

2009

Month/Day of Settlement (or Notes):

07/31

Other Jurisdictions of Settlement:

Unknown

Settlement with Individual or Legal Person?:

Individual

Type of Settlement:

Civil

Legal Form of Settlement:

Consent to Permanent Injunction

Monetary Sanctions (Types):

Civil Penalty

Total Monetary Sanctions (US\$):

\$25,000.00

Civil Disgorgement of Profits (US\$) :

\$0

Civil Prejudgment Interest (US\$) :

\$0

Civil Fine / Penalty (US\$):

\$25,000

Monetary Sanctions Returned / Ordered Returned (US\$):

\$0

UNCAC Articles(s) Implicated:

Art.16

OECD Anti-Bribery Convention Articles Implicated:

Art. 1, Art. 8

Offenses - Alleged:

Internal Controls Violations, Falsification of Books and Records

Offenses - Settled:

No admission or denial of alleged offenses

Public Procurement Contract / SOE Involved?:

No (Customs)

Summary:

According to the June 2011 United States Report to the OECD, "On July 31, 2009, the SEC filed a settled enforcement action against Nature's Sunshine Products Inc. (NSP), a manufacturer of nutritional and personal care products, as well as its Chief Executive Officer Douglas Faggioli and its former Chief Financial Officer Craig D. Huff. This complaint alleged that the defendants violated the antifraud, issuer reporting, books and records, and internal controls provisions of federal securities laws in connection with a series of cash payments to Brazilian government officials in 2000 and 2001. The complaint alleged that, faced with changes to Brazilian regulations which resulted in classifying many of NSP's products as medicines, which would have required NSP to register many of its products for importation and sale, NSP's Brazilian subsidiary made a series of cash payments to customs officials in order to induce them to allow NSP to import unregistered products into that country. NSP's Brazilian subsidiary then purchased false documentation to conceal the nature of the payments, which were later falsely recorded in the books and records of NSP. The complaint also alleged that Faggioli and Huff, in their capacities as control persons, violated the books and records and internal controls provisions of the FCPA in connection with the Brazilian cash payments. In addition, it is alleged that NSP failed to disclose the payments to Brazilian customs agents in its filings with the SEC." (Source: US Report to the Organisation for Economic Co-operation and Development, "Steps taken to implement and enforce the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions," Information as of May 31, 2011, Nature's Sunshine Products Inc. Case Summary at 61-62.)

Sources :

US Report to the Organisation for Economic Co-operation and Development, "Steps taken to implement and enforce the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions," Information as of May 31, 2011, Nature's Sunshine Products Inc. Case Summary at 61-62, accessed at <http://www.oecd.org/dataoecd/18/8/42103833.pdf>. US Securities and Exchange Commission Litigation Release No. 21162 / July 31, 2009, SEC v. Nature's Sunshine Products, Inc., Douglas Faggioli and Craig D. Huff, Case No. 09CV672 (D. Utah, Filed July 31, 2009), "SEC Charges Nature's Sunshine Products, Inc. with Making Illegal Foreign Payments," accessed at <http://www.sec.gov/litigation/litreleases/2009/lr21162.htm>; Complaint accessed at <http://www.sec.gov/litigation/complaints/2009/comp21162.pdf>