

JUSTICE NEWS

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Two Former Executives of the China Subsidiary of a Multi-Level Marketing Company Charged for Scheme to Pay Foreign Bribes and Circumvent Internal Accounting Controls

The former head of the China subsidiary of a publicly traded international multi-level marketing company (Company-1) and the former head of the external affairs department of the China subsidiary of the same company were charged today for their roles in a scheme to violate the anti-bribery and the internal control provisions of the Foreign Corrupt Practices Act (FCPA).

Yanliang Li, aka "Jerry Li," 51, a citizen of China, the former head and managing director of the China subsidiary of Company-1, was charged with one count of conspiracy to violate the FCPA, one count of perjury and one count of destruction of records in federal investigations. Hongwei Yang, aka "Mary Yang," 51, also a citizen of China, the former head of the external affairs department of the China subsidiary of Company-1, was charged with one count of conspiracy to violate the FCPA.

"Li and Yang allegedly led a brazen, decade-long corruption scheme, bribing foreign Chinese officials and then covering it up by providing false sworn testimony to the SEC and wiping clean computer files," said Assistant Attorney General Brian A. Benczkowski of the Justice Department's Criminal Division. "The Department of Justice will continue to hold individuals accountable who undermine the integrity of our financial markets by participating in these corrupt bribery schemes."

"Li and Yang, both former top executives of a global multi-level marketing company headquartered in Los Angeles, allegedly approved the extensive and systematic payments of bribes to Chinese government officials over a 10-year period to promote and expand the company's business in China and to avoid regulatory scrutiny in China," said U.S. Attorney Geoffrey S. Berman of the Southern District of New York. "Moreover, in an effort to obstruct the government's investigation into this widespread corruption scheme, Li lied under oath about the bribe payments when interviewed by the SEC and also destroyed evidence. This case signifies this office's commitment to ensuring that companies operating in the U.S. do not gain an unfair advantage through corruption and illegal bribes of foreign officials."

According to the allegations in the indictment, from approximately 2007 through February 2017, Li, Yang and others agreed to pay, and paid bribes to Chinese officials for the purpose of obtaining and retaining licenses for Company-1 to operate as a direct-selling enterprise in provinces throughout China. The conspirators also are alleged to have paid bribes to corruptly influence Chinese governmental investigations into Company-1's compliance with Chinese laws and to corruptly influence Chinese state-owned and state-controlled media for the purpose of suppressing negative media reports about the company.

In order to carry out the scheme, Li, Yang and others allegedly obtained reimbursement for the bribes they paid to Chinese officials by submitting false and fraudulent expense claims designed to conceal the true nature of the expenditures at issue, thereby circumventing Company-1's internal accounting controls. In addition, Li made false statements under oath in sworn investigative testimony before the U.S. Securities and Exchange Commission in New York, New York. Additionally, the indictment alleges that during the course of the federal SEC and DOJ investigations Li, with knowledge of these investigations, installed a "Wiping Application" onto his Company-1 issued laptop, which enabled him to erase 200 files from the laptop in a manner that would render the deleted files unrecoverable.

The charges contained in the indictment are merely accusations, and the defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

The FBI's New York Field Office investigated this case. Trial Attorney Jason Manning of the Criminal Division's Fraud Section and Assistant U.S. Attorneys Joshua A. Naftalis and Scott A. Hartman of the Southern District of New York are prosecuting the case.

The Fraud Section is responsible for investigating and prosecuting all FCPA matters. Additional information about the Justice Department's FCPA enforcement efforts can be found at www.justice.gov/criminal/fraud/fcpa.

To learn more about the government's FCPA enforcement efforts, go to www.justice.gov/criminal/fraud/fcpa.

Attachment(s):

[Download Yanliang Li et al Indictment](#)

Topic(s):

Financial Fraud

Foreign Corruption

Component(s):

[Criminal Division](#)

[Criminal - Criminal Fraud Section](#)

[Federal Bureau of Investigation \(FBI\)](#)

[USAO - New York, Southern](#)

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