

In the Matter of SciClone Pharmaceuticals, Inc. (2016)

Nature of the Business.

SciClone Pharmaceuticals, Inc. is an American pharmaceutical company headquartered in Foster City, California and organized under the laws of Delaware. SciClone maintains a class of publicly traded securities that are traded on the NASDAQ Exchange. SciClone's products are primarily marketed and sold in China.

Influence to be Obtained.

According to the SEC, between 2007 and 2012, employees and agents of SciClone's subsidiaries conducting business in China, including SciClone Pharmaceuticals International Ltd. ("SPIL"), gave money, gifts, and other things of value to healthcare professionals employed by state-owned hospitals in China to allegedly obtain sales of SciClone pharmaceutical products. The SEC claims that SciClone's managers were aware of these practices but did nothing to stop them.

For example, a regulatory affairs specialist hired by SciClone allegedly arranged for two foreign officials to travel to Greece for a conference related solely to SciClone's new medical device. When the trip was cancelled due to visa issues, the specialist allegedly provided these officials with at least \$8,600 in "lavish gifts." Thereafter, the SEC alleges, the specialist submitted two expense reimbursements for these gifts, one of which was approved by SPIL's senior vice president. SciClone subsequently fired the specialist upon learning of the gifts and conducted a limited internal investigation that ended in 2008, with no further action or remedial measures.

Enforcement.

On February 4, 2016, the SEC announced that it settled its enforcement action against SciClone through an administrative proceeding. According to the cease-and-desist order, SciClone agreed to pay a total of \$12,826,000 in sanctions for alleged violations of the FCPA's anti-bribery, books-and-records, and internal controls provisions. The DOJ separately declined to bring charges against the company.

Key Facts

Citation. *In the Matter of SciClone Pharmaceuticals, Inc.*, Admin. Proc. File No. 3-17101 (Feb. 4, 2016).

Date Filed. February 4, 2016.

Country. China.

Date of Conduct. 2007 – 2012.

Amount of the Value. Not Stated.

Amount of Business Related to the Payment. Not Stated.

Intermediary. Chinese Subsidiary; Local Consultant; Third-party Vendors.

Foreign Official. Unnamed employees and executives of Chinese state-owned instrumentalities.

FCPA Statutory Provision. Anti-Bribery; Books-and-Records; Internal Controls.

Other Statutory Provision. None.

Disposition. Cease-and-Desist Order.

Defendant Jurisdictional Basis. Issuer.

Defendant's Citizenship. United States.

Total Sanction. \$12,826,000.

Compliance Monitor/Reporting Requirements. Three-year Reporting Requirement.

Related Enforcement Actions. None.

Total Combined Sanction. \$12,826,000.