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**UNITED STATES DISTRICT COURT  
DISTRICT OF UTAH**

PLAINTIFF, Individually and on Behalf of  
All Others Similarly Situated,

Plaintiff,

v.

M. TRUMAN HUNT, RITCH N. WOOD,  
and NU SKIN ENTERPRISES, INC.

Defendants.

Case No. **DRAFT**

**CLASS ACTION COMPLAINT FOR  
VIOLATIONS OF THE FEDERAL  
SECURITIES LAWS**

**JURY TRIAL DEMANDED**

Plaintiff (“Plaintiff”), by and through his attorneys, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff’s information and belief is based upon, among other things, his counsel’s investigation, which includes without limitation: (a) review and analysis of regulatory filings made by NU SKIN ENTERPRISES, INC. (“Nu Skin” or the “Company”), with the United States Securities and Exchange Commission (“SEC”); (b) review and analysis of press releases and media reports issued by and disseminated by Nu Skin; and (c) review of other publicly available information concerning Nu Skin.

### **NATURE OF THE ACTION AND OVERVIEW**

1. This is a class action on behalf of purchasers of Nu Skin’s securities between April 26, 2012 and January 15, 2014, inclusive (the “Class Period”), seeking to pursue remedies under the Securities Exchange Act of 1934 (the “Exchange Act”).

2. Nu Skin is a global direct selling company that develops and distributes personal care products and nutritional supplements that are sold worldwide under the Nu Skin and Pharmanex brands and a small number of other products and services. Nu Skin reports revenue from five geographic regions: Greater China, which consists of Mainland China, Hong Kong, Macau and Taiwan; North Asia, which consists of Japan and South Korea; South Asia/Pacific, which consists of Australia, Brunei, French Polynesia, Indonesia, Malaysia, New Caledonia, New Zealand, the Philippines, Singapore, Thailand and Vietnam; Americas, which consists of the United States, Canada and Latin America; and EMEA, which consists of several markets in Europe as well as Israel, Russia and South Africa.

3. On January 15, 2014, the Chinese newspaper *People’s Daily* published an article accusing Nu Skin of distributing false information about its creditworthiness and influence and selling more types of products than are allowed by Chinese regulators. The article also accused Nu Skin of conducting illegal multi-level marketing activities in China that amounted to a “pyramid scheme.”

4. On this news, shares of Nu Skin declined \$21.24 per share, or nearly 16%, to close at \$115.23 per share on January 15, 2014, on unusually heavy volume.

5. On January 15, 2014, after the close of the market, China's state news agency Xinhua said China's State Administration for Industry and Commerce was taking the *People's Daily* article allegations seriously. Chinese regulators asked local authorities to investigate the claims immediately.

6. On this news, shares of Nu Skin declined \$30.43 per share, or over 26%, to close at \$84.80 per share on January 16, 2014, on unusually heavy volume.

7. Throughout the Class Period, Defendants made false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants made false and/or misleading statements and/or failed to disclose: (1) that the Company was conducting illegal multi-level marketing activities in China; (2) that improper marketing of its products could lead to regulatory scrutiny; (3) that such regulatory scrutiny could negatively impact the Company; (4) that the Company lacked adequate internal and financial controls; and (5) that, as a result of the above, the Company's statements were materially false and misleading at all relevant times.

8. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

### **JURISDICTION AND VENUE**

9. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

10. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §1331 and Section 27 of the Exchange Act (15 U.S.C. §78aa).

11. Venue is proper in this Judicial District pursuant to 28 U.S.C. §1391(b) and Section 27 of the Exchange Act (15 U.S.C. §78aa(c)). Substantial acts in furtherance of the

alleged fraud or the effects of the fraud have occurred in this Judicial District. Many of the acts charged herein, including the preparation and dissemination of materially false and/or misleading information, occurred in substantial part in this Judicial District. Additionally, Nu Skin's principle executive offices are located within this Judicial District.

12. In connection with the acts, transactions, and conduct alleged herein, Defendants directly and indirectly used the means and instrumentalities of interstate commerce, including the United States mail, interstate telephone communications, and the facilities of a national securities exchange.

### **PARTIES**

13. Plaintiff, as set forth in the accompanying certification, incorporated by reference herein, purchased Nu Skin common stock during the Class Period, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

14. Defendant Nu Skin is a Delaware corporation with its principal executive offices located at 75 West Center Street, Provo, UT 84601.

15. Defendant M. Truman Hunt ("Hunt") was, at all relevant times, Chief Executive Officer ("CEO") and a director of Nu Skin.

16. Defendant Ritch N. Wood ("Wood") was, at all relevant times, Chief Financial Officer ("CFO") of Nu Skin.

17. Defendants Hunt and Wood are collectively referred to hereinafter as the "Individual Defendants." The Individual Defendants, because of their positions with the Company, possessed the power and authority to control the contents of Nu Skin's reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, *i.e.*, the market. Each defendant was provided with copies of the Company's reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to

them, each of these defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations which were being made were then materially false and/or misleading. The Individual Defendants are liable for the false statements pleaded herein, as those statements were each “group-published” information, the result of the collective actions of the Individual Defendants.

## **SUBSTANTIVE ALLEGATIONS**

### **Background**

18. Nu Skin operates as a global direct selling company that develops and distributes personal care products and nutritional supplements that are sold worldwide under the Nu Skin and Pharmanex brands and a small number of other products and services. Nu Skin reports revenue from five geographic regions: Greater China, which consists of Mainland China, Hong Kong, Macau and Taiwan; North Asia, which consists of Japan and South Korea; South Asia/Pacific, which consists of Australia, Brunei, French Polynesia, Indonesia, Malaysia, New Caledonia, New Zealand, the Philippines, Singapore, Thailand and Vietnam; Americas, which consists of the United States, Canada and Latin America; and EMEA, which consists of several markets in Europe as well as Israel, Russia and South Africa.

### **Materially False and Misleading Statements Issued During the Class Period**

19. The Class Period begins on April 26, 2012. On this day, the Company issued a press release entitled, “Nu Skin Enterprises Reports Record First-Quarter 2012 Results.” Therein, the Company, in relevant part, stated:

#### **Company Increases 2012 Guidance**

Nu Skin Enterprises, Inc. (NYSE: NUS) today announced record first-quarter results with revenue of \$462.0 million, a 17 percent improvement over the prior-year period. Revenue was positively impacted 1 percent from foreign currency fluctuations. Earnings per share for the quarter were \$0.74, compared to \$0.24 in the prior year, or \$0.56 when excluding first quarter 2011 charges related to a Japan customs ruling.

“Following a record year, we continued to generate great momentum in the first quarter as a result of the positive response to our ageLOC product launches and healthy trends in each of our regions,” said Truman Hunt, president and chief executive officer. “New product roll outs helped boost revenue trends in the Americas, North Asia and Europe, as reflected by strong executive distributor growth of 11 percent during the quarter.

“Emerging markets also performed well in the first quarter. The Greater China region posted a 35 percent year-over-year increase, and the South Asia/Pacific region continued to build momentum in anticipation of the launch of new ageLOC products in the second quarter,” said Hunt.

### **Regional Results**

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**Greater China.** First-quarter revenue in Greater China increased 35 percent to \$92.6 million, compared to \$68.6 million in the prior-year period. Foreign currency fluctuations positively impacted revenue 3 percent. The executive distributor count in the region improved 31 percent, while the number of active distributors increased 26 percent compared to the prior year.

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### **Outlook**

“We expect strong results to continue throughout 2012 as we move forward with the roll out of our ageLOC product line,” said Hunt. “Our Greater China region will begin taking orders for ageLOC R2 and the ageLOC Body Galvanic Spa in the first week in May, and in June we will host approximately 20,000 distributors at our Greater China regional convention in Hong Kong. The South Asia/Pacific region will host two separate events where they will launch the new ageLOC products. As we successfully execute our product launch strategy, we are also in a better position to drive strong executive and active distributor growth around the world. We are tracking ahead of our mid- and long-range goals as we continue innovating in our product categories and within our sales channel,” concluded Hunt.

“With the completion of a very strong first quarter and considering the excitement that is building toward our upcoming product launches in our Greater China and South Asia/Pacific regions, we are increasing our 2012 revenue and earnings guidance,” said Ritch Wood, chief financial officer. “We project 2012 revenue to be in the \$1.845 to \$1.875 billion range with earnings per share of \$2.92 to \$3.00. This guidance reflects an anticipated negative foreign currency impact of 2 percent, compared to our previous projection of a negative 1 percent impact.

“We now expect second quarter revenue of approximately \$490 to \$500 million assuming a negative currency impact of 3 percent for the quarter. We estimate

second quarter earnings per share to be in the \$0.79 to \$0.83 range,” concluded Wood.

20. On May 10, 2012, Nu Skin filed its Quarterly Report with the SEC on Form 10-Q for the 2012 fiscal first quarter. The Company’s Form 10-Q was signed by Defendants Hunt and Wood, and reaffirmed the Company’s financial results previously announced on April 26, 2012. The Company’s Form 10-Q also contained required Sarbanes-Oxley certifications, signed by Defendants Hunt and Wood, who certified:

1. I have reviewed this quarterly report on Form 10-Q of Nu Skin Enterprises, Inc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

- d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

21. On July 26, 2012, the Company issued a press release entitled, "Nu Skin Enterprises Reports Record Second-Quarter Results." Therein, the Company, in relevant part, stated:

#### **Company Increases 2012 Guidance**

Nu Skin Enterprises, Inc. (NYSE: NUS) today announced record second-quarter results with revenue of \$593.2 million, a 40 percent improvement over the prior-year period. Revenue was negatively impacted 2 percent from foreign currency fluctuations. Earnings per share for the quarter increased 45 percent to \$0.94, compared to \$0.65 in the prior year.

"Once again, we are pleased to announce record quarterly results, highlighted by the most successful regional product launch in our history that boosted revenue by more than 150 percent in Greater China and 66 percent in South Asia," said Truman Hunt, president and chief executive officer. "The tremendous launches of our latest ageLOC products generated approximately \$165 million in product orders, with \$140 million reported in revenue during the quarter and the balance to be shipped in the third quarter. Our product innovation is energizing our customer base and sales force, as demonstrated by strong growth in both our actives and executive distributors.

"While emerging markets continue to drive significant growth, we are also very pleased with results in our mature markets during the second quarter, including



local-currency revenue improvements of 21 percent in the Americas and 20 percent in Europe. We also saw positive trend improvements in Japan.

“Our overall profitability continued to improve as we generated a 16.5 percent operating margin during the quarter. In addition, we utilized the strength of our balance sheet to repurchase approximately 2.4 million shares for \$108 million,” said Hunt.

## **Regional Results**

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**Greater China.** Revenue in Greater China increased 152 percent to \$199.7 million, compared to \$79.4 million in the prior-year period. Foreign currency fluctuations positively impacted revenue 1 percent. Results included approximately \$100 million of product launch sales. The executive distributor and employee sales representative count in the region improved 111 percent, while the number of actives increased 31 percent compared to the prior year.

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## **Outlook**

“We continue to be optimistic about the future as we build on our ageLOC anti-aging product innovation that is helping drive revenue growth and expand our base of consumers and sales leaders,” said Hunt. “We are confident that the planned product launches during the back half of 2012, combined with the growing interest in our compelling product pipeline will sustain healthy growth. Since launching the ageLOC platform in 2009, we have generated over \$1.4 billion in product sales with this brand. And we are confident that the best of ageLOC is yet to come.

“Emerging markets, particularly China and South Asia, will continue to drive healthy overall growth rates. We are also pleased with the positive direction of our more mature markets, including the U.S., Europe and Japan. We expect our North Asia region to show improving trends in the second half of 2012 as we build to the launch of the ageLOC Body Spa in both South Korea and Japan in the fourth quarter. From a financial perspective, we will continue to use our strong balance sheet and cash flow to create value for our shareholders by repurchasing shares, paying dividends and investing in the business. Due to the strength of our business we plan to continue to do all three,” concluded Hunt.

“Given strong second-quarter results, as well as the healthy growth trends we are seeing in our executive and active base, we are significantly increasing our 2012 revenue and earnings guidance,” said Ritch Wood, chief financial officer. “We project 2012 revenue to be in the \$2.00 to \$2.03 billion range with earnings per share of \$3.16 to \$3.24. This guidance reflects an anticipated negative foreign currency impact of 4 percent in the second half of 2012.

“We estimate third-quarter revenue of approximately \$465 to \$480 million assuming a negative currency impact of approximately 6 percent for the quarter. We project third-quarter earnings per share to be in the \$0.71 to \$0.75 range,” concluded Wood.

22. On August 7, 2012, Nu Skin filed its Quarterly Report with the SEC on Form 10-Q for the 2012 fiscal second quarter. The Company’s Form 10-Q was signed by Defendants Hunt and Wood, and reaffirmed the Company’s financial results previously announced on July 26, 2012. The Company’s Form 10-Q also contained Sarbanes-Oxley required certifications, signed by Defendants Hunt and Wood, substantially similar to the certifications contained in ¶20, *supra*.

23. On October 31, 2012, the Company issued a press release entitled, “Nu Skin Enterprises Reports Record Third-Quarter 2012 Results.” Therein, the Company, in relevant part, stated:

#### **Company Increases 2012 Guidance**

Nu Skin Enterprises, Inc. (NYSE: NUS) today announced record third-quarter results with revenue of \$526.2 million, a 23 percent improvement over the prior-year period. Revenue was negatively impacted 3 percent from foreign currency fluctuations. Earnings per share for the quarter were \$0.87, a 21 percent year-over-year improvement. Additionally, the company announced that it is increasing its full-year 2012 revenue guidance to \$2.11 billion, a 21 percent growth rate over 2011.

“By continuing to execute on our business strategy, we were able to generate another record quarter, putting us on track to reach a milestone of more than \$2 billion in annual revenue in 2012,” said Truman Hunt, president and chief executive officer. “The quarter was highlighted by healthy trends in all of our regions, strong demand for our anti-aging products and growth in our customer base and sales force.

“We were particularly pleased with local-currency growth in Japan and South Korea. This growth reflects increased distributor activity in anticipation of the October limited-time-offer of our ageLOC Body Spa and related products. Our South Asia/Pacific and Greater China regions generated solid local-currency growth of 53 and 64 percent, respectively. The Americas and Europe regions also

reported healthy gains with approximately 20 percent year-over-year local-currency growth,” continued Hunt.

“Building on our momentum, we held successful regional conventions in the United States, Japan and Europe in the month of October. We are encouraged by the sales activity we are experiencing in both emerging and more mature markets and we expect to continue to sustain growth in 2013. We also continue to improve the execution of our product launches, strengthen our future product pipeline, and generate healthy growth throughout the world.”

### **Regional Results**

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**Greater China.** Third-quarter revenue in Greater China increased 64 percent to \$136.6 million, compared to \$83.4 million in the prior-year period. Foreign currency fluctuations did not materially impact revenue in the region. Local-currency revenue in Mainland China improved 60 percent over the same quarter in 2011. Third-quarter revenue in Hong Kong and Taiwan included \$13.6 million and \$7.2 million, respectively, from limited-time offers in the second quarter. The sales leader count in the region improved 51 percent, while the number of actives increased by 38 percent compared to the prior-year.

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### **Outlook**

“Based on the strength of our business and the growth of our global sales force, we are raising our expectations for the fourth quarter and full year,” said Ritch Wood, chief financial officer. “We expect fourth quarter revenue to be in the \$520 million to \$530 million range, which increases our annual revenue guidance to \$2.10 billion to \$2.11 billion. Fourth quarter revenue guidance anticipates a 2 percent negative impact from foreign currency fluctuations. We expect earnings per share to be \$0.78 to \$0.82 for the fourth quarter, and \$3.33 to \$3.37 for the year.”

24. On November 2, 2012, Nu Skin filed its Quarterly Report with the SEC on Form 10-Q for the 2012 fiscal third quarter. The Company’s Form 10-Q was signed by Defendants Hunt and Wood, and reaffirmed the Company’s financial results previously announced on October 31, 2012. The Company’s Form 10-Q also contained Sarbanes-Oxley required certifications, signed by Defendants Hunt and Wood, substantially similar to the certifications contained in ¶20, *supra*.

25. On February 6, 2013, the Company issued a press release entitled, “Nu Skin Enterprises Increases 2013 Guidance and Reports Record Fourth-Quarter and 2012 Results.”

Therein, the Company, in relevant part, stated:

Nu Skin Enterprises, Inc. (NYSE: NUS) today announced record fourth-quarter results with revenue of \$588.2 million, a 19 percent improvement over the prior-year period. Revenue was not materially impacted by foreign currency fluctuations. Earnings per share for the quarter were \$0.97, a 27 percent year-over-year improvement. Additionally, the company announced that it is increasing its full-year 2013 revenue guidance by \$50 million to \$2.30 to \$2.35 billion. The company expects 2013 earnings per share to be in the range of \$3.77 to \$3.92 with an anticipated negative foreign currency impact of 3 to 4 percent.

The company reported full year 2012 revenue of \$2.17 billion, a 24 percent year-over-year improvement. Annual revenue was negatively impacted 1 percent by foreign currency fluctuations. Earnings per share for the year were \$3.52, a 48 percent increase over 2011, or 31 percent when excluding charges related to a Japan customs case in the prior year.

“We are pleased with our solid fourth-quarter results and believe 2013 will be another record year as we launch a new wave of compelling anti-aging products and project strong performances around the world,” said Truman Hunt, president and chief executive officer. “Our growth in the fourth quarter was driven by particularly strong trends in several key markets including Japan, South Korea and Mainland China where we continue to see tremendous results from our latest ageLOC products. We expect the upcoming launch of our ageLOC weight-management system to drive significant growth in the back-half of the year.”

### **Regional Results**

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**Greater China.** In Greater China, fourth-quarter revenue increased 28 percent to \$141.7 million, compared to \$110.6 million in the prior-year period. Foreign currency fluctuations had a positive impact of 3 percent in the region. The sales leader count in the region improved 57 percent, while the number of actives increased 51 percent compared to the prior-year.

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### **Outlook**

“We expect 2013 will be another record year with healthy trends in all of our regions and a record launch of our new ageLOC weight management system, which we plan to introduce through a global limited time offer in the fall,” said Hunt.

“We also recently announced plans to increase our 2013 dividends by 50 percent, which represents a 140 percent increase in dividends over the past three years. With our strong performance and increasing cash flow, we have the financial flexibility to further increase our dividends, repurchase additional shares and continue to invest in important business initiatives to sustain growth,” Hunt concluded.

“Based on the strength of our business and the growth of our global sales force, we are raising our expectations for 2013,” said Ritch Wood, chief financial officer. “We expect first-quarter 2013 revenue to be \$500 to \$510 million, and are increasing our annual revenue guidance to \$2.30 to \$2.35 billion. First-quarter revenue guidance anticipates a 3 percent negative impact from foreign currency and annual guidance anticipates a negative 3 to 4 percent negative foreign currency impact. We expect earnings per share to be \$0.75 to \$0.77 for the first quarter, and \$3.77 to \$3.92 for the year.”

26. On February 27, 2013 Nu Skin filed its Annual Report with the SEC on Form 10-K for the 2012 fiscal year. The Company’s Form 10-K was signed by Defendants Hunt and Wood, and reaffirmed the Company’s financial results previously announced on February 6, 2013. With respect to its direct selling activities in China, the Company stated in the Form 10-K, in relevant part:

### **Government Regulation**

*Direct Selling Activities.* Direct selling activities are regulated by various federal, state and local governmental agencies in the United States and foreign countries. These laws and regulations are generally intended to prevent fraudulent or deceptive schemes, often referred to as “pyramid” schemes, that compensate participants primarily for recruiting additional participants without significant emphasis on product sales. The laws and regulations in our current markets often:

- impose order cancellations, product returns, inventory buy-backs and cooling-off rights for our distributors and consumers;
- require us, or our distributors, to register with governmental agencies;
- impose caps on the amount of commission we can pay;
- impose reporting requirements; and

- require that we ensure, among other things, that our distributors maintain levels of product sales to qualify to receive commissions and that our distributors are being compensated for sales of products and not for recruiting others.

The laws and regulations governing direct selling are modified from time to time, and, like other direct selling companies, we are subject from time to time to government investigations in our various markets related to our direct selling activities. This can require us to make changes to our business model and aspects of our sales compensation plan in the markets impacted by such changes and investigations.

As a result of restrictions in China on direct selling activities, we have implemented a business model that utilizes an employed sales force and contractual sales promoters to sell products through our stores, and independent direct sellers that can sell products away from our stores where we have obtained a direct sales license. The regulatory environment in China is complex. China's direct selling and anti-pyramiding regulations are restrictive and contain various limitations, including a restriction on the ability to pay multi-level compensation. Our operations in China have attracted significant regulatory and media scrutiny since we expanded our operations there in January 2003. Regulations are subject to discretionary interpretation by municipal and provincial level regulators as well as local customs and practices. Interpretations of what constitutes permissible activities by regulators can vary from province to province and can change from time to time because of the lack of clarity in the rules regarding direct selling activities and differences in customs and practices in each location. Please refer to "Risk Factors" for more information on the regulatory risks associated with our business in China.

The regulatory environment with respect to direct selling in China remains fluid, and the process for obtaining the necessary governmental approvals to conduct direct selling continues to evolve. The regulations and processes in some circumstances have been interpreted differently by different governmental authorities. In order to expand our direct selling model into additional provinces we currently must obtain a series of approvals from the local Department of Commerce in such provinces, the Shanghai Municipal Commission of Commerce (our supervisory authority), as well as the State Ministry of Commerce ("MOFCOM"), which is the national governmental authority overseeing direct selling. In the course of obtaining these approvals, the respective authorities under MOFCOM must also consult and seek opinions on our business operations from the Ministry of Public Security and the Administration for Industry and Commerce at both provincial and State levels. In addition, regulators are acting cautiously as they monitor the expansion of direct selling. Please refer to "Risk Factors" for more information on the risks associated with our planned expansion of direct selling in China.

The Company's Form 10-K also contained Sarbanes-Oxley required certifications, signed by Defendants Hunt and Wood, substantially similar to the certifications contained in ¶20, *supra*.

27. On May 2, 2013, the Company issued a press release entitled, "Nu Skin Enterprises Reports Record First-Quarter Results and Raises 2013 Guidance." Therein, the Company, in relevant part, stated:

Nu Skin Enterprises, Inc. (NYSE: NUS) today announced record first-quarter results with revenue of \$550.1 million, a 19 percent improvement over the prior-year period. Revenue was negatively impacted 3 percent by foreign currency fluctuations. Earnings per share for the quarter were \$0.90, a 22 percent year-over-year improvement. Additionally, the company announced that it is increasing its full-year 2013 revenue guidance by \$190 million to be in the \$2.51 to \$2.54 billion range. The new guidance includes a projected negative currency impact of 5 percent. The company now expects 2013 earnings to be in the range of \$4.18 to \$4.30 per share.

"We kicked off the year with tremendous momentum, generating 22 percent local-currency revenue growth this quarter," said Truman Hunt, president and chief executive officer. "We are pleased with the overall direction of the business, particularly with trends in the North Asia and Greater China regions. The first quarter marked the third consecutive quarter of year-over-year local-currency growth for Japan, while South Korea continues to be a solid contributor to our success. Greater China continues to be our fastest-growing region, with each market within the region posting solid quarterly growth."

### **Regional Results**

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**Greater China.** In Greater China, first-quarter revenue increased 90 percent to \$175.7 million, compared to \$92.6 million in the prior-year period. The region's results were positively impacted 2 percent by foreign currency fluctuations. Mainland China local-currency revenue grew 141 percent. The sales leader count in the region improved 91 percent, while the number of actives increased 73 percent compared to the prior year.

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### **Outlook**

"Given the positive momentum of the business, we are on track to achieve another record year of revenue and earnings," said Hunt. "Our anti-aging product portfolio continues to drive strong consumer demand and impressive growth in our global sales force.

"The ageLOC product platform has become a game-changer for Nu Skin, and we believe this fall's introduction of the ageLOC weight management system will be a meaningful

growth driver in our business. We are currently training and preparing our sales force for the limited-time-offer in the second half of the year, and believe the launch will be the largest in company history,” Hunt concluded.

“Given the strength of our business, as well as the optimism we have for the upcoming ageLOC weight management system, we are significantly raising our 2013 guidance,” said Ritch Wood, chief financial officer. “Our increased guidance accounts for a stronger-than-expected currency headwind, which we now forecast will negatively impact revenue for the year by approximately 5 percent, an increase of 1 to 2 percent from our previous guidance. We project second-quarter 2013 revenue to be in the \$570 to \$580 million range with a negative currency impact of 4 to 5 percent, and earnings per share to be \$0.91 to \$0.95. For the full year, we anticipate revenue will be in the \$2.51 to \$2.54 billion range with earnings per share to be \$4.18 to \$4.30.”

28. On May 3, 2013, Nu Skin filed its Quarterly Report with the SEC on Form 10-Q for the 2013 fiscal first quarter. The Company’s Form 10-Q was signed by Defendants Hunt and Wood, and reaffirmed the Company’s financial results previously announced on May 2, 2013. The Company’s Form 10-Q also contained Sarbanes-Oxley required certifications, signed by Defendants Hunt and Wood, substantially similar to the certifications contained in ¶20, *supra*.

29. On August 1, 2013, the Company issued a press release entitled, “Nu Skin Enterprises Reports Record Second-Quarter Results.” Therein, the Company, in relevant part, stated:

**Company raises annual sales forecast \$90 million**

Nu Skin Enterprises, Inc. (NYSE: NUS) today announced record second-quarter results with revenue of \$682.9 million, a 15 percent increase over the prior-year period. Revenue for the quarter was negatively impacted 3 percent by foreign currency fluctuations. Quarterly earnings per share increased 30 percent to \$1.22 from \$0.94 in the prior year.

“We are extremely pleased with second-quarter results that reflect the strong momentum of the business,” said Truman Hunt, president and chief executive officer. “We are particularly pleased with these results given the record regional ageLOC product launches in the prior-year period. Additionally, we generated continued growth of both our consumer and sales leader base, reflected in 32 percent growth in actives and 23 percent growth in sales leaders. Overall, we saw healthy trends throughout the global business, particularly in the Greater China, North Asia and Americas regions.”



“Sales force enthusiasm for the introduction of our ageLOC TR90 weight management system bodes well for a strong second half of the year. We plan to begin the limited-time offer of ageLOC TR90 in September and believe this new product provides an ideal vehicle for us to increase our presence in the growing weight management category.”

### **Regional Results**

**Greater China.** In Greater China, second-quarter revenue increased 35 percent to \$269.1 million, compared to \$199.7 million in the prior year, which included approximately \$100 million in product launch revenue. The region’s results were negatively impacted 3 percent by foreign currency fluctuations. The sales leader count in the region improved 51 percent, while the number of actives increased 121 percent compared to the prior year.

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### **Outlook**

“As we look to the back half of the year, we are ramping up for what we expect to be our largest-ever product launch,” said Hunt. “Given the growth momentum of the business, we are again increasing the sales forecast for the remainder of the year. We expect the upcoming launch of ageLOC TR90 and the strength of the business in several key markets will lead to another record year as annual revenue will approach the \$3 billion mark,” Hunt concluded.

“Given the significant growth in our actives, we are raising our annual sales guidance by \$90 million to \$2.91 to \$2.95 billion,” said Ritch Wood, chief financial officer. We now expect earnings per share to be \$5.05 to \$5.15 and continue to project a negative 5 percent foreign currency impact to annual revenue.”

“In the third quarter, we will introduce ageLOC TR90 for a limited time in the Greater China region and much of South Asia in advance of our global convention,” continued Wood. “With these ageLOC TR90 sales, we anticipate third-quarter revenue to be between \$790 and \$810 million, with a negative currency impact to revenue of 6 to 7 percent. We anticipate earnings per share to be \$1.35 to \$1.40 for the quarter,” concluded Wood.

30. On August 5, 2013, Nu Skin filed its Quarterly Report with the SEC on Form 10-Q for the 2013 fiscal second quarter. The Company’s Form 10-Q was signed by Defendants Hunt and Wood, and reaffirmed the Company’s financial results previously announced on August 1, 2013. The Company’s Form 10-Q also contained Sarbanes-Oxley required

certifications, signed by Defendants Hunt and Wood, substantially similar to the certifications contained in ¶20, *supra*.

31. On October 22, 2013, the Company issued a press release entitled, “Nu Skin Enterprises Reports Record Third-Quarter 2013 Results.” Therein, the Company, in relevant part, stated:

Nu Skin Enterprises, Inc. (NYSE: NUS) today announced record third-quarter results with revenue of \$927.6 million, a 76 percent increase over the prior-year period. Revenue was negatively impacted 3 percent by foreign currency fluctuations. Earnings per share for the quarter were \$1.80, a 107 percent year-over-year improvement.

Additionally, the company announced that it is significantly increasing its full-year 2013 revenue guidance to \$3.18 billion to \$3.21 billion. The new guidance includes a projected negative currency impact of 4 percent for the year. The company now expects 2013 earnings to be \$5.77 to \$5.82 per share.

“We are extremely pleased with our third-quarter results,” said Truman Hunt, president and chief executive officer. “The momentum we have established in the first half of the year has accelerated as we posted gains throughout the world, with particularly impressive results in the Greater China and South Asia/Pacific regions, as well as South Korea.

“We are delighted to see such a tremendous response to the initial introduction of our ageLOC TR90 weight management system. We began the limited-time-offer of the TR90 system in September, starting in the Greater China and South Asia/Pacific regions and generated approximately \$205 million in limited-time-offer sales in the quarter. We expect this momentum to continue through the fourth quarter as the rest of our regions participate in this global limited-time offer.”

### **Regional Results**

**Greater China.** In Greater China, third-quarter revenue increased 240 percent to \$464.6 million, compared to \$136.6 million in the prior-year period. The region’s results were positively impacted 9 percent by foreign currency fluctuations. Regional revenue included \$157.9 million from limited-time-offer (LTO) sales in the third quarter, while the prior year included \$20.8 million in LTO revenue. The sales leader count in the region improved 255 percent, while the number of actives increased 123 percent compared to the prior year.

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## Outlook

“Our optimism is a product of robust sales force growth and our innovative product portfolio,” said Hunt. “Our sales force has built strong consumer demand for our ageLOC TR90 system, with a very positive initial response to our product release. We continue to improve our execution as we strategically develop and launch innovative products, ensuring a vibrant business opportunity for our sales leaders.

“We have high expectations for our business in the fourth quarter and in 2014 as we continue to execute the rollout of TR90. More than 15,000 people will join us in Salt Lake City this week for our bi-annual global convention. We also look forward to sharing our business plan and financial projections for 2014 at our analyst day on Nov. 21.” Hunt concluded.

“Given the tremendous quarter, as well as our outlook for the remainder of the year, we are significantly raising our 2013 guidance,” said Ritch Wood, chief financial officer. “We project the fourth quarter will be our first billion-dollar quarter, with anticipated revenue of \$1.02 to \$1.05 billion. We estimate a negative currency impact of approximately 6 percent in the fourth quarter, with projected earnings per share of \$1.85 to \$1.90. This forecast includes projected sales of TR90 in the fourth quarter of approximately \$350 million.”

32. On November 6, 2013, Nu Skin filed its Quarterly Report with the SEC on Form 10-Q for the 2013 fiscal third quarter. The Company’s Form 10-Q was signed by Defendants Hunt and Wood, and reaffirmed the Company’s financial results previously announced on October 22, 2013. The Company’s Form 10-Q also contained Sarbanes-Oxley required certifications, signed by Defendants Hunt and Wood, substantially similar to the certifications contained in ¶20, *supra*.

33. The statements contained in ¶¶19-32 were materially false and/or misleading when made because defendants failed to disclose or indicate the following: (1) that the Company was conducting illegal multi-level marketing activities in China; (2) that improper marketing of its products could lead to regulatory scrutiny; (3) that such regulatory scrutiny could negatively impact the Company; (4) that the Company lacked adequate internal and financial controls; and

(5) that, as a result of the above, the Company's statements were materially false and misleading at all relevant times.

### **Disclosures at the End of the Class Period**

34. On January 15, 2014, the Chinese newspaper *People's Daily* published an article accusing Nu Skin of distributing false information about its creditworthiness and influence and selling more types of products than are allowed by Chinese regulators. The article also accused Nu Skin of conducting illegal multi-level marketing activities in China that amounted to a "pyramid scheme." In response, the Company issued a statement entitled, "Nu Skin Response to People's Daily Article." Therein, the Company, in relevant part, stated:

The article that appeared in today's People's Daily contains inaccuracies and exaggerations that are not representative of Nu Skin's business in China. The reporters did not attempt to verify any information with Nu Skin. We do not believe that the article was the result of any particular government inquiry.

We are dedicated to operating in full compliance with applicable regulations as interpreted and enforced by the government of China. Nu Skin has an 11-year history of doing business in China under these regulations. Our business activities are regularly monitored by the government in this rapidly growing marketplace. As is our practice, we will communicate openly with regulators to address questions arising from this article.

Nu Skin has government-approved direct selling licenses to operate in a majority of provinces in China. The most recent government licensure in July further expanded our direct selling footprint to include 19 of the country's 32 provinces.

We actively educate our sales force to follow all regulations as well as company policies and procedures, and any member of our sales force not operating in accordance with local law or with our company policies is subject to discipline.

35. On this news, shares of Nu Skin declined \$21.24 per share, or nearly 16%, to close at \$115.23 per share on January 15, 2014, on unusually heavy volume.

36. On January 15, 2014, after the close of the market, China's state news agency Xinhua said China's State Administration for Industry and Commerce was taking the People's

Daily article allegations seriously. Chinese regulators asked local authorities to investigate the claims immediately. In response, the Company issued a press release on January 16, 2014 entitled, “Nu Skin Issues Statement on China Business.” Therein, the Company, in relevant part, stated:

We are aware that Chinese regulators have now initiated investigations to review issues raised by recent news reports. The government regularly monitors all businesses in this rapidly growing marketplace, and as is our practice, we will continue to communicate openly with regulators to address any questions they may have.

As part of our ongoing commitment to comply with all applicable Chinese regulations, we have initiated our own province-by-province business review and will invite relevant regulators to provide guidance. Given the substantial growth in our China salesforce over the last year, we are also taking additional steps to reinforce our training and education efforts. As we work through this evolving situation and remain focused on long-term growth, there will likely be a negative impact on China revenue, but it is too early to know whether our previous guidance will be affected.

We remain committed to working cooperatively with the government to ensure long-term, sustainable growth in this important market. Nu Skin has an 11-year history of doing business in China. We are dedicated to operating in full compliance with all applicable regulations as interpreted and enforced by the government of China.

37. On this news, shares of Nu Skin declined \$30.43 per share, or over 26%, to close at \$84.80 per share on January 16, 2014, on unusually heavy volume.

### **CLASS ACTION ALLEGATIONS**

38. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all those who purchased Nu Skin’s securities between April 26, 2012 and January 15, 2014, inclusive (the “Class Period”) and who were damaged thereby (the “Class”). Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their

legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

39. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Nu Skin's securities were actively traded on the New York Stock Exchange (the "NYSE"). While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Millions of Nu Skin shares were traded publicly during the Class Period on the NYSE. As of October 31, 2013, Nu Skin had 59,482,398 shares of common stock outstanding. Record owners and other members of the Class may be identified from records maintained by Nu Skin or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

40. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

41. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

42. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) Whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b) Whether statements made by Defendants to the investing public during the Class Period omitted and/or misrepresented material facts about the business, operations, and prospects of Nu Skin; and

(c) To what extent the members of the Class have sustained damages and the proper measure of damages.

43. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation makes it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

#### **UNDISCLOSED ADVERSE FACTS**

44. The market for Nu Skin's securities was open, well-developed and efficient at all relevant times. As a result of these materially false and/or misleading statements, and/or failures to disclose, Nu Skin's securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired Nu Skin's securities relying upon the integrity of the market price of the Company's securities and market information relating to Nu Skin, and have been damaged thereby.

45. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of Nu Skin's securities, by publicly issuing false and/or misleading statements and/or omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and/or misleading. Said statements and omissions were materially

false and/or misleading in that they failed to disclose material adverse information and/or misrepresented the truth about Nu Skin's business, operations, and prospects as alleged herein.

46. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Nu Skin's financial well-being and prospects. These material misstatements and/or omissions had the cause and effect of creating in the market an unrealistically positive assessment of the Company and its financial well-being and prospects, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein.

#### **LOSS CAUSATION**

47. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiff and the Class.

48. During the Class Period, Plaintiff and the Class purchased Nu Skin's securities at artificially inflated prices and were damaged thereby. The price of the Company's securities significantly declined when the misrepresentations made to the market, and/or the information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

#### **SCIENTER ALLEGATIONS**



49. As alleged herein, Defendants acted with scienter in that Defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and/or misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, Defendants, by virtue of their receipt of information reflecting the true facts regarding Nu Skin, his/her control over, and/or receipt and/or modification of Nu Skin's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Nu Skin, participated in the fraudulent scheme alleged herein.

**APPLICABILITY OF PRESUMPTION OF RELIANCE  
(FRAUD-ON-THE-MARKET DOCTRINE)**

50. The market for Nu Skin's securities was open, well-developed and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or failures to disclose, Nu Skin's securities traded at artificially inflated prices during the Class Period. On December 23, 2013, the Company's stock closed at a Class Period high of \$138.66 per share. Plaintiff and other members of the Class purchased or otherwise acquired the Company's securities relying upon the integrity of the market price of Nu Skin's securities and market information relating to Nu Skin, and have been damaged thereby.

51. During the Class Period, the artificial inflation of Nu Skin's stock was caused by the material misrepresentations and/or omissions particularized in this Complaint causing the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Nu Skin's business, prospects, and operations. These material

misstatements and/or omissions created an unrealistically positive assessment of Nu Skin and its business, operations, and prospects, thus causing the price of the Company's securities to be artificially inflated at all relevant times, and when disclosed, negatively affected the value of the Company stock. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at such artificially inflated prices, and each of them has been damaged as a result.

52. At all relevant times, the market for Nu Skin's securities was an efficient market for the following reasons, among others:

(a) Nu Skin stock met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient and automated market;

(b) As a regulated issuer, Nu Skin filed periodic public reports with the SEC and/or the NYSE;

(c) Nu Skin regularly communicated with public investors *via* established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and/or

(d) Nu Skin was followed by securities analysts employed by brokerage firms who wrote reports about the Company, and these reports were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

53. As a result of the foregoing, the market for Nu Skin's securities promptly digested current information regarding Nu Skin from all publicly available sources and reflected such

information in Nu Skin's stock price. Under these circumstances, all purchasers of Nu Skin's securities during the Class Period suffered similar injury through their purchase of Nu Skin's securities at artificially inflated prices and a presumption of reliance applies.

### **NO SAFE HARBOR**

54. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as "forward-looking statements" when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of Nu Skin who knew that the statement was false when made.

### **FIRST CLAIM** **Violation of Section 10(b) of** **The Exchange Act and Rule 10b-5** **Promulgated Thereunder Against All Defendants**

55. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

56. During the Class Period, Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing

public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase Nu Skin's securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, defendants, and each of them, took the actions set forth herein.

57. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for Nu Skin's securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

58. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about Nu Skin's financial well-being and prospects, as specified herein.

59. These defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Nu Skin's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and/or omitting to state material facts necessary in order to make the statements made about Nu Skin and its business operations and future prospects in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a

course of business which operated as a fraud and deceit upon the purchasers of the Company's securities during the Class Period.

60. Each of the Individual Defendants' primary liability, and controlling person liability, arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of, and had access to, other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the Company's dissemination of information to the investing public which they knew and/or recklessly disregarded was materially false and misleading.

61. The defendants had actual knowledge of the misrepresentations and/or omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Nu Skin's financial well-being and prospects from the investing public and supporting the artificially inflated price of its securities. As demonstrated by Defendants' overstatements and/or misstatements of the Company's business, operations, financial well-being, and prospects throughout the Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and/or omissions alleged, were reckless in failing to

obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

62. As a result of the dissemination of the materially false and/or misleading information and/or failure to disclose material facts, as set forth above, the market price of Nu Skin's securities was artificially inflated during the Class Period. In ignorance of the fact that market prices of the Company's securities were artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, or upon the integrity of the market in which the securities trades, and/or in the absence of material adverse information that was known to or recklessly disregarded by Defendants, but not disclosed in public statements by Defendants during the Class Period, Plaintiff and the other members of the Class acquired Nu Skin's securities during the Class Period at artificially high prices and were damaged thereby.

63. At the time of said misrepresentations and/or omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known the truth regarding the problems that Nu Skin was experiencing, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their Nu Skin securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

64. By virtue of the foregoing, Defendants have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

65. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period.

**SECOND CLAIM**  
**Violation of Section 20(a) of**  
**The Exchange Act Against the Individual Defendants**

66. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

67. The Individual Defendants acted as controlling persons of Nu Skin within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, and their ownership and contractual rights, participation in and/or awareness of the Company's operations and/or intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. The Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

68. In particular, each of these Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

69. As set forth above, Nu Skin and the Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and/or omissions as alleged in this Complaint. By virtue of their positions as controlling persons, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

**PRAYER FOR RELIEF**

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

- (a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;
- (b) Awarding compensatory damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- (c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- (d) Such other and further relief as the Court may deem just and proper.

**JURY TRIAL DEMANDED**

Plaintiff hereby demands a trial by jury.

DATED:

By:     DRAFT    \_\_\_\_\_

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