

Alibaba: SEC seeking information on fight over fake goods

February 14 2015, by Marcy Gordon

E-commerce giant Alibaba said Friday that U.S. regulators have requested information on Chinese authorities' allegations that the company has failed to do enough to prevent fake goods from being sold on its websites.

Alibaba said it is cooperating with the request from the U.S. Securities and Exchange Commission. The [company](#), which raised a record \$25 billion last year in its initial sale of stock in the U.S., said the SEC is seeking information related to its interactions with Chinese regulators.

China-based Alibaba Group Holding Ltd. disputed the [allegations](#), firing back at the Chinese regulators with charges of bias and misconduct. But the company quickly settled the public dispute with the government, promising to do more to fight online sales of counterfeit goods.

The SEC's letter states that its inquiries should not be seen as indicating Alibaba has violated any U.S. securities law, the company said.

SEC spokesman John Nester declined to comment.

Alibaba also said it wasn't legally obligated to disclose the SEC inquiry but chose to do so "because we value being open with our investors and feel that disclosure could help avoid false rumors or speculation."

Shares of Alibaba slipped 51 cents to \$88.54 in after-hours trading following the company's announcement. That's down from \$102.94 last

month before news emerged of the Chinese regulators' allegations. The company went public at \$68 a share in September and ended its first day of trading at \$93.89. Disappointing holiday sales have also weighed on the stock recently.

For years, Alibaba faced complaints that it failed to stamp out sales of [counterfeit goods](#) on its e-commerce websites. But Chinese regulators stayed silent, apparently reluctant to disrupt the rise of an Internet star even as they accused foreign automakers, dairies and others of violating anti-monopoly or consumer protection rules.

Then late last month, China's Cabinet-level State Administration of Industry and Commerce accused Alibaba of allowing sales of fake goods and hurting consumers. It was a warning that Alibaba and other Chinese companies that aren't government owned face tougher scrutiny at a time when they are moving into new markets spanning retailing, banking and taxi hailing.

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