

CRS Report for Congress

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Civil Charges in Corporate Scandals

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Summary

Since the collapse of Enron Corp. in late 2001, there has been a series of scandals involving major U.S. corporations. This report lists civil suits filed by federal regulatory agencies charging individuals and corporations with violations related to these scandals. The list is limited to corporations and their officers or employees that fit within the Enron pattern. That is, these are cases that allege one or more of the following: irregular accounting and auditing, management self-dealing, conflicts of interest between firms and financial advisors (or Wall Street firms and their customers), and manipulation or abusive trading in energy markets. Small “garden variety” examples of securities or accounting fraud are excluded.

A number of these cases have also resulted in criminal indictments, some followed by guilty pleas. These post-Enron criminal charges are listed in CRS Report RL31866, *Criminal Charges in Corporate Scandals*, by (name redacted) and (name redacted).

The civil cases listed here include only those filed by federal regulatory agencies — principally the Securities and Exchange Commission (SEC), but also a few actions by the Commodity Futures Trading Commission (CFTC) and the Federal Energy Regulatory Commission (FERC). Private lawsuits, such as shareholder derivative actions, are not included, although many of the companies listed are targets of multiple private suits brought by investors, employees, and others.

It should be noted that the most common form of resolution of civil cases like these is the consent agreement, whereby the defendant neither admits nor denies any wrongdoing. Despite the formal nonadmission of guilt, the consent agreement often imposes fines and other sanctions. These are described in the list.

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Civil Charges in Corporate Scandals

Introduction

The collapse of Enron Corp. in late 2001 marked the beginning of a long series of scandals involving major U.S. corporations. This report lists civil suits filed by federal regulatory agencies charging individuals and corporations with violations related to these scandals. The list is limited to companies and their officers or employees that fit within the Enron pattern. That is, these are cases that allege one or more of the following: irregular accounting and auditing, management self-dealing, conflicts of interest between firms and financial advisors (or Wall Street firms and their customers), and manipulation or abusive trading in energy markets. Small “garden variety” examples of securities or accounting fraud are excluded.

A number of these cases, noted in the table, have also resulted in criminal indictments, some followed by guilty pleas. These post-Enron criminal charges are listed in CRS Report RL31866, *Criminal Charges in Corporate Scandals*.

The civil cases listed here include only those filed by federal regulatory agencies — principally the Securities and Exchange Commission (SEC), but also a few actions by the Commodity Futures Trading Commission (CFTC) and the Federal Energy Regulatory Commission (FERC). Private lawsuits, such as shareholder derivative actions, are not included, although many of the companies listed are targets of multiple private suits brought by investors, employees, and others.

The most common form of resolution of civil cases like these is the consent agreement, whereby the defendant neither admits nor denies any wrongdoing. Despite the formal nonadmission of guilt, the consent agreement often imposes fines and other sanctions. These are described in the list.

Descriptions of the charges are mostly drawn from government agency press releases or other documents. These are accessible on the agencies’ websites. For example, SEC press releases are available at [<http://www.sec.gov/news/press.shtml>], CFTC press releases are available at [<http://www.cftc.gov/cftc/cftcpressoffice.htm>], and FERC’s at [<http://www.ferc.gov/press-room/press-releases.asp>]. These press releases often contain links to the actual court filings, which provide more detailed descriptions of the cases.

Additional abbreviations used in the following table are NASD (National Association of Securities Dealers), NYSE (New York Stock Exchange), and NASAA (North American Securities Administrators Association).

Table 1. List of Civil Charges Filed by Federal Regulators in Corporate Scandals

Company/Individual/Event	Date Civil Action Filed (F) or Settled (S)	Charges	Source
Adams Harkness, Inc. Friedman, Billings, Ramsey & Co., Inc. Janney Montgomery Scott LLC Morgan Keegan & Co., Inc. Needham & Company, Inc. Prudential Equity Group, LLC SG Cowen & Co., Inc.	8/25/04 (S)	The SEC announced that it had settled enforcement actions against the seven broker-dealers for failing to disclose that they had received payments for providing research coverage of certain public companies, in violation of the Securities Act of 1933. Pursuant to the enforcement actions, the seven firms will pay penalties totaling \$3,650,000.	SEC Press Release 2004-117
Adelphia Communications	7/24/02 (F)	The SEC charges that Adelphia and the named individuals (1) fraudulently concealed corporate liabilities by placing them on the books of off-balance-sheet entities, (2) falsified reported financial results, and (3) concealed rampant self-dealing, including diversion of corporate funds to private uses. Disgorgement of ill-gotten gains and a bar from service as officers or directors of public companies are sought.	SEC Press Release 2002-110
John J. Rigas, founder			
Timothy J. Rigas			
Michael J. Rigas	4/25/05 (S)		
James P. Rigas			
James R. Brown, senior executive			
Michael C. Mulcahy, senior executive			
Alliance Capital Management L.P.	12/18/03 (S)	The SEC settled enforcement action against Alliance Capital for defrauding mutual fund investors by allowing market timing in certain of its mutual funds in exchange for fee-generating investments in other Alliance Capital investment vehicles. The commission ordered Alliance Capital to pay \$250 million, consisting of \$150 million in disgorgement and \$100 million in penalties. All of the money will be distributed to the shareholders harmed by Alliance Capital's market timing arrangements.	SEC Press Release 2003-176
American Express Financial Advisors Inc.	2/12/04 (S)	The SEC and the NASD settled enforcement actions for failure to deliver mutual fund breakpoint discounts (volume discounts) during 2001 and 2002. The firm agreed to compensate customers for the overcharges and will pay a fine of \$3,706,693.	SEC Press Release 2004-17

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Company/Individual/Event	Date Civil Action Filed (F) or Settled (S)	Charges	Source
Arthur Andersen			
Phillip E. Harlow, senior partner	1/27/03 (S)	Settled charges by the SEC relating to Harlow's work at Sunbeam Corp. Harlow was barred from practicing accounting before the SEC for three years.	<i>Washington Post</i> , 1/28/03, p. E1
Banc of America Capital Management, LLC (BACAP) BACAP Distributors, LLC (BACAP Distributors) Banc of America Securities, LLC (BAS)	2/9/05 (S)	The SEC settled enforcement actions against BACAP, BACAP Distributors, and BAS for entering into improper and undisclosed agreements that allowed favored large investors to engage in rapid short-term securities trading in certain Nations Funds mutual funds as well as unaffiliated mutual funds. The Commission ordered them to pay \$375 million, consisting of \$250 million in disgorgement and \$125 million in penalties. The money will be distributed to the mutual funds and their shareholders that were harmed as a result of market timing and late trading.	SEC Press Release 2005-16
Banc of America Securities LLC (BAS)	3/10/04 (S)	The SEC settled enforcement action against BAS for violations of the record keeping and access requirements of securities laws. As part of the settlement, BAS agreed to a censure and a \$10 million civil penalty.	SEC Press Release 2004-29
Banc One Investment Advisors Corporation (BOIA) Mark Beeson, president and CEO of One Group Mutual Funds (One Group)	6/29/04 (S)	The SEC settled enforcement action against BOIA and Mark A. Beeson. The commission found that BOIA violated, and Beeson aided and abetted by allowing excessive short-term trading in One Group funds. The commission ordered BOIA to pay disgorgement of \$10 million and a civil penalty of \$40 million and ordered Beeson to pay a civil penalty of \$100,000.	SEC Press Release 2004-90
Bear, Stearns & Co. Inc. Credit Suisse First Boston LLC Goldman, Sachs & Co. Lehman Brothers Inc. J. P. Morgan Securities Inc. Merrill Lynch, Pierce, Fenner & Smith, Incorporated Morgan Stanley & Co. Incorporated Citigroup Global Markets Inc. f/k/a Solomon Smith Barney Inc. USB Warburg LLC U.S. Bancorp Piper Jaffray Inc.	4/28/03 (S)	Settled charges by New York State, NASD, NASAA, NYSE, and SEC relating to issuance of research reports not based on principles of fair dealing and good faith. The 10 firms will pay a total of \$875 million in penalties (\$387.5 million) and disgorgement (\$487.5 million).	SEC Press Release 2003-54

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Company/Individual/Event	Date Civil Action Filed (F) or Settled (S)	Charges	Source
Bear, Stearns & Co. Inc.	2/12/04 (S)	The NASD settled enforcement actions for failure to deliver mutual fund breakpoint discounts (volume discounts) during 2001 and 2002. The firm agreed to compensate customers for the overcharges and will pay a fine of \$280,469	SEC Press Release 2004-17
Bear Wagner Specialists LLC Fleet Specialist, Inc. LaBranche & Co., LLC Spear, Leeds & Kellogg Specialists LLC Van der Moolen Specialists USA, LLC	3/30/04 (S)	The SEC and the NYSE announced the initiation and settlement of enforcement actions against five NYSE specialist firms. Through particular transactions by certain of their registered specialists, the firms violated federal securities laws and exchange rules by executing orders for their dealer accounts ahead of executable public customer or “agency” orders and therefore improperly profited from trading opportunities. The firms will pay a total of \$241,823,257 in penalties and disgorgement.	SEC Press Release 2004-42
Brecek & Young Advisors, Inc.	2/12/04 (S)	The NASD settled enforcement actions for failure to deliver mutual fund breakpoint discounts (volume discounts) during 2001 and 2002. The firm agreed to compensate customers for the overcharges and will pay a fine of \$31,224.	SEC Press Release 2004-17
Bridgeway Capital Management John Noland Ryan Montgomery, president	9/15/04 (S)	The SEC settled enforcement proceedings against Bridgeway and John Noland Ryan Montgomery in connection with more than \$4.4 million in illegal performance-based fees that Bridgeway charged to three of its mutual funds. The settlement requires that Bridgeway reimburse the affected fund shareholders \$4,407,700, plus prejudgment interest of \$458,764, and that Bridgeway and Montgomery pay penalties of \$250,000 and \$50,000, respectively.	SEC Press Release 2004-131
CSFB (Credit Suisse First Boston) 	4/28/03 (S)	Settled charges by New York state, NASD, NASAA, NYSE, and SEC relating to issuance of fraudulent research reports and improper allocation of “hot” initial public offerings of stock. Paid fines totaling \$200 million.	SEC Press Release 2003-54
	1/22/02 (S)	Settled SEC and NASD charges relating to abusive allocations of shares in “hot” initial public offerings of stock by paying fines totaling \$100 million.	SEC Press Release 2002-14
CMS Energy Corporation (CMS) Terry Woolley, controller	3/17/04 (S)	The SEC settled a fraud enforcement action against CMS and Terry Woolley in connection with more than \$5 billion in deceptive round-trip energy trades that grossly inflated CMS’s reported revenues. CMS and Woolley agreed to cease and desist from committing or causing violations of the antifraud, reporting, books and records, and internal controls provisions of the federal securities laws. Woolley also agreed to pay a \$25,000 penalty.	SEC Press Release 2004-38

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Company/Individual/Event	Date Civil Action Filed (F) or Settled (S)	Charges	Source
Preston D. Hopper, chief accounting officer	3/17/04 (F)	The SEC filed a civil suit for fraud and other securities law violations.	
Tamela C. Pallas, chief executive of trading subsidiary			
CUC International Inc. and Cendant Corporation (CUC merged with HFS Incorporated on 12/17/1997 to form Cendant Corporation)			
Walter A. Forbes, CUC's chairman and CEO	2/28/01 (F)	The SEC charged that Forbes and Shelton directed a massive financial fraud while selling millions of dollars worth of the company's common stock.	SEC Litigation Release No. 16910
E. Kirk Shelton, CUC's president and chief operating officer			
Cosmo Corigliano, CUC's controller and CFO	5/14/04 (S)	Cosmo Corigliano and his spouse must transfer assets that have an aggregate value of at least \$14 million to a court-appointed receiver, as disgorgement of unjust enrichment from a long-running financial fraud that he helped supervise and direct during his time at CUC International Inc., the corporate predecessor of Cendant Corporation.	SEC Litigation Release No. 18711
Agnes T. Corigliano, relief defendant			
Mary Louise Scully, relief defendant			
Canadian Imperial Bank of Commerce (CIBC)			
Paul A. Flynn, managing director	2/03/04 (F)	The SEC charged Paul A. Flynn with fraud for his role in financing unlawful mutual fund trading.	SEC Press Release 2004-12
Frank Quattrone, investment banker	3/06/03 (F)	The NASD charged Quattrone with "spinning" initial public offering shares, that is, giving shares to executives in exchange for other investment banking business.	<i>Wall Street Journal</i> , 3/07/03, p. C1
Charles Schwab & Co., Inc.	9/14/04 (S)	The SEC settled enforcement proceedings against Charles Schwab & Co., Inc. The commission charged that Schwab allowed investment adviser customers to change mutual fund orders after the 4:00 p.m. Eastern time market close, creating the risk that such customers could unfairly capitalize on late-breaking news at the expense of other mutual fund investors. Schwab consented to the entry of an order that it cease and desist from such violations and pay a \$350,000 civil penalty.	SEC Press Release 2004-128

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Company/Individual/Event	Date Civil Action Filed (F) or Settled (S)	Charges	Source
Citigroup, Inc.	7/28/03 (S)	Settled charges by the SEC regarding Citigroup's role in Enron Corporations's manipulation of its financial statements and assistance it provided Dynegy Inc. in manipulation of that company's financial statements. Citigroup was ordered to pay \$120 million as disgorgement, interest, and penalty. Of that amount, \$101 million pertains to Citigroup's Enron-related conduct and \$19 million pertains to the Dynegy conduct.	SEC Press Release 2003-87
Columbia Management Advisors, Inc. Columbia Funds Distributor Inc.	2/24/04 (F)	The SEC charged that the firms allowed certain preferred mutual fund customers to engage in short-term and excessive trading, while at the same time representing publicly that it prohibited such trading.	SEC Press Release 2004-20
Peter Martin, national sales manager	2/9/05 (S)	The SEC settled an enforcement action against Columbia Management Advisors, Inc., Columbia Funds Distributor, Inc., and Martin, Gustafson, and Palombo for their role in connection with undisclosed market timing arrangements in Columbia funds. The Columbia entities will pay \$140 million, all of which will be distributed to investors harmed by the conduct. Martin will pay \$10,000 in disgorgement and a \$50,000 penalty, Gustafson and Palombo will each pay a \$100,000 penalty. Additionally, all three men will serve varying lengths of suspensions from associating with investment companies or acting as investment advisers. Tambone and Hussey were charged by the SEC with market timing arrangements that benefited the executives but were detrimental to long-term fund shareholders.	SEC Press Release 2005-15
Erik Gustafson, Columbia portfolio manager			
Joseph Palombo, chief operating officer			
James Tambone, co-president			
Robert Hussey, sales executive			
Computer Associates International, Inc.	9/22/04 (S)	The SEC announced securities fraud charges against Computer Associates International, Inc. and three of the company's former top executives. The SEC alleges that from 1998 to 2000, Computer Associates routinely kept its books open to record revenue from contracts executed after the quarter ended in order to meet Wall Street quarterly earnings estimates. Computer Associates agreed to settlements with the SEC and the Justice Department in which the company will pay \$225 million in restitution to shareholders and will make reforms to its corporate governance and financial accounting controls. Woghin agreed in a partial settlement to a permanent injunction and officer and director bar with monetary sanctions to be decided at a later point.	SEC Press Release 2004-134
Sanjay Kumar, CEO and chairman			DOJ Press Release 642 (9/22/04)
Stephen Richards, head of sales			
Steven Woghin, general counsel			

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Company/Individual/Event	Date Civil Action Filed (F) or Settled (S)	Charges	Source
Cresap, Inc.	2/12/04 (S)	The NASD settled enforcement actions for failure to deliver mutual fund breakpoint discounts (volume discounts) during 2001 and 2002. The firm agreed to compensate customers for the overcharges and will pay a fine of \$99,458.	SEC Press Release 2004-17
Datek Securities Corp.	1/24/02 (S)	Agreed to pay fines totaling about \$6.3 million to settle SEC securities fraud charges relating to abusive trading on the NASDAQ stock market.	<i>Wall Street Journal</i> , 1/25/02, p. C9
Sheldon Maschler, trader Jeffrey Citron, trader Aaron Elbogen, CEO Moishe Zelcer, compliance officer	1/14/03 (S)	The four agreed to pay fines totaling about \$53 million to settle SEC charges relating to abusive trading on the NASDAQ stock market.	<i>Wall Street Journal</i> , 1/15/03, p. C1
David Lerner Associates, Inc.	2/12/04 (S)	The NASD settled enforcement actions for failure to deliver mutual fund breakpoint discounts (volume discounts) during 2001 and 2002. The firm agreed to compensate customers for the overcharges and will pay a fine of \$32,711.	SEC Press Release 2004-17
Deutsche Bank Securities	12/03/02 (S)	Paid a \$1.65 million fine to settle SEC charges relating to failure to retain e-mail records.	SEC Press Release 2002-173
Dynergy Inc.	9/24/02 (S)	Settled SEC charges relating to improper and misleading accounting (relating to fictitious "round-trip" energy trades) by paying a \$3 million fine.	SEC Press Release 2002-140
	12/19/02 (S)	CFTC settled charges that Dynergy and West Coast Power manipulated the price of natural gas by reporting false price and volume information. Dynergy agreed to cease and desist from further violations and pay a \$5 million fine.	CFTC Release 4728-02
Gene S. Foster, vice president Jamie Olis, vice president Helen C. Sharkey, manager	6/12/03 (F)	Charged by the SEC with disregarding accounting advice from Dynergy's outside auditors, establishing secret side agreements to conceal their improper conduct, and concealing transaction details from the company, the company's auditors, and the investing public.	SEC Press Release 2003-72
Enron Corp.			

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Company/Individual/Event	Date Civil Action Filed (F) or Settled (S)	Charges	Source
Andrew Fastow, chief financial officer	10/02/02 (F) 1/14/04 (S)	Based on charges of violations of antifraud, record keeping, and internal controls provisions of securities laws, the SEC seeks disgorgement of ill-gotten gains, including compensation, civil money penalties, and a bar from serving as an officer or director of a public company. The commission settled its action in coordination with the Justice Department's Enron Task Force, which entered into a guilty plea with Fastow on related criminal charges. In resolving the parallel civil and criminal proceedings, Fastow has agreed to serve a 10-year sentence, to disgorge more than \$23 million, and to cooperate with the government's continuing investigation.	SEC Press Release 2002-143 SEC Press Release 2004-6
Michael J. Kopper, corporate official	8/21/02 (S)	To settle SEC charges of securities fraud, related to misleading accounting practices, Kopper agreed to disgorge and forfeit about \$12 million, and to be barred from serving as an officer or director of a public company.	SEC Press Release 2002-126
Hunter Shively, natural gas trading supervisor	3/13/03 (F)	The CFTC charged Shively and Enron with manipulating natural gas prices and operating an illegal futures exchange.	CFTC Release 4762-03
Richard A. Causey, chief accounting officer	1/22/04 (F)	Charged with violating, and aiding and abetting the violations of, the antifraud, periodic reporting, books and records, and internal controls provisions of the federal securities laws.	SEC Litigation Release No. 18551
Jeffrey K. Skilling, president, CEO, COO	2/19/04 (F)	Charged with violating, and aiding and abetting violations of, the antifraud, lying to auditors, periodic reporting, books and records, and internal controls provisions of the federal securities laws.	SEC Press Release 2004-18
Paula H. Rieker	5/19/04 (S)	The SEC charged Rieker with violating the antifraud provisions of the federal securities laws. Without admitting or denying the allegations, Rieker agreed to be barred from acting as an officer or director of a public company and will, subject to the approval of the U.S. District Court, pay disgorgement, prejudgment interest, and a civil penalty totaling \$499,333.	SEC Litigation Release No. 18717

Company/Individual/Event	Date Civil Action Filed (F) or Settled (S)	Charges	Source
Kenneth L. Lay, chairman and CEO	7/8/04 (F)	The SEC initiated civil charges against Lay for his role in a wide-ranging scheme to defraud by falsifying Enron's publicly reported financial results and making false and misleading public representations about Enron's business performance and financial condition.	SEC Press Release 2004-94
Enron Broadband Services, Inc.			
Kenneth D. Rice, CEO	3/12/03 (F) 5/01/03 (F, amended)	Charged with violating antifraud laws and personally reaping \$150 million in unlawful profits. The suit seeks disgorgement and civil money penalties.	SEC Press Release 2003-58
Joseph Hirko, CEO			
Kevin P. Hannon, chief operating officer			
Rex Shelby, vice president			
F. Scott Yeager, vice president			
Kevin A. Howard, executive			
Michael W. Krautz, executive			
Fidelity Brokerage Services, LLC	8/3/04 (S)	The SEC and the New York Stock Exchange announced the initiation and settlement of enforcement actions against Fidelity Brokerage Services, LLC, as a result of the alteration or destruction of documents in numerous Fidelity Brokerage branch offices. In settlement of these actions, Fidelity Brokerage will pay a total of \$2 million, consisting of a \$1 million civil penalty imposed by the SEC and a \$1 million fine imposed by the NYSE.	SEC Press Release 2004-103
Foreign Currency (forex) Futures Contracts	11/18/03 (F)	The U.S. Commodity Futures Trading Commission announced that it filed six separate federal injunctive actions, charging a total of 31 individuals and entities with engaging in fraud in the sale and solicitation of illegal foreign currency futures contracts. The CFTC actions resulted from participation in <i>Operation Wooden Nickel</i> , an undercover law enforcement sting run by federal enforcement personnel.	CFTC Release 4867-03 <i>New York Times</i> , 11/20/03, sec. C, p. 1 <i>Wall Street Journal</i> , 11/20/03, p. C1

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Company/Individual/Event	Date Civil Action Filed (F) or Settled (S)	Charges	Source
Franklin Advisers, Inc.	8/2/04 (S)	The SEC announced that Franklin Advisers, Inc., an investment adviser firm in the fourth largest U.S. mutual fund complex, has agreed to pay \$50 million and to undergo compliance reforms to settle charges that it permitted rapid in-and-out trading, known as market timing, in mutual funds that it managed, contrary to fund prospectus wording.	SEC Press Release 2004-102
	12/13/04 (S)	The SEC filed settled charges against Franklin Advisers, Inc. and Franklin Templeton Distributors, Inc. alleging that Franklin, without proper disclosure, used fund assets to compensate brokerage firms for recommending the Franklin Templeton mutual funds over others to their clients. This practice is known as compensating brokerage firms for "shelf space." As part of the settlement, Franklin agreed to pay \$1 in disgorgement and a \$20 million penalty as well as undergo certain compliance reforms.	SEC Press Release 2004-168
Fremont Investment Advisors	11/4/04 (S)	The SEC charged Fremont, Tengler, and Adams with market timing. It also charged Fremont for allowing mutual fund trades to be placed after the 4:00 p.m. market close. Fremont agreed to pay \$4.146 million, and Tengler agreed to pay \$127,000 and be suspended from the industry for six months to settle the Commission's fraud charges. The civil action against Adams is still open.	SEC Press Release 2004-153
Nancy Tengler, president and CEO	11/4/04 (S)		
Larry Adams, vice president	11/4/04 (F)		

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Company/Individual/Event	Date Civil Action Filed (F) or Settled (S)	Charges	Source
Gateway, Inc.	11/13/03 (S)	The SEC charged that Gateway, Inc., violated the antifraud, reporting, and record keeping provisions of the federal securities laws. Without admitting or denying the commission's findings, Gateway consented to cease and desist from committing or causing any violation or future violation of these provisions.	SEC Press Release 2003-157
Jeffrey Weitzen, CEO	11/13/03 (F)	The SEC charged that each engaged in a fraudulent earnings manipulation scheme to meet Wall Street analysts' expectations and that each made false statements and concealed from the investing public important information about the success of Gateway's personal computer business in the second and third quarters of 2000.	
John J. Todd, senior vice president, CFO			
Robert D. Manza, controller			
Gemstar-TV Guide International, Inc.			
Henry C. Yuen, CEO	6/19/03 (F)	Charged with securities fraud whereby the two overstated revenues and reported the inflated revenues to the investing public. The suit seeks antifraud injunctions, civil money penalties, disgorgement of ill-gotten gains, and a permanent bar from service as an officer or director of a public company.	SEC Press Release 2003-75
Elsie M. Leung, CFO			
Peter C. Boylan, co-president	1/5/04 (F)	The SEC charged that these executives participated in Gemstar's widespread and complex scheme to inflate its licensing and advertising revenue and to mislead investors about the company's true financial performance.	SEC Press Release 2004-1
Jonathan B. Orlick, general counsel	8/10/04 (S)	The SEC agreed to settle with Peter C. Boylan. As part of the settlement, Boylan will consent to a fraud injunction, without admitting or denying the allegations in the Commission's complaint, and will pay a total of \$600,000 in disgorgement and civil penalties.	SEC Litigation Release No. 18826
Craig Waggy, CFO			

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Company/Individual/Event	Date Civil Action Filed (F) or Settled (S)	Charges	Source
Goldman, Sachs	4/28/03 (S)	Settled charges by New York state, NASD, NASAA, NYSE, and SEC relating to issuance of research reports not based on principles of fair dealing and good faith. Paid fines totaling \$110 million.	SEC Press Release 2003-54
	12/03/02 (S)	Paid a \$1.65 million fine to settle SEC and NASD charges relating to failure to retain e-mail records.	SEC Press Release 2002-173
	9/04/03 (S)	Charged Goldman, Sachs willfully violated the provisions of the Exchange Act that prohibit fraud by broker-dealers and government securities dealers. Ordered Goldman, Sachs to disgorge \$1,742,642 in bond trading profits and prejudgment interest and to pay a penalty of \$5 million.	SEC Press Release 2003-107
John M. Youngdahl, vice president	9/04/03 (F)	SEC filed securities fraud charges alleging that he traded the 30-year bond using confidential information from the Treasury Department.	SEC Press Release 2003-107
	11/12/03 (S)	John M. Youngdahl settled the commission's pending insider trading charges against him. He will be permanently enjoined from committing securities fraud and will pay a civil penalty of \$240,000.	SEC Press Release 2003-155
H. D. Vest Investment Securities, Inc.	2/12/04 (S)	The SEC and the NASD settled enforcement actions for failure to deliver mutual fund breakpoint discounts (volume discounts) during 2001 and 2002. The firm agreed to compensate customers for the overcharges and will pay a fine of \$725,216.	SEC Press Release 2004-17
Halliburton Co.	8/3/04 (S)	The SEC announced enforcement proceedings against Halliburton, Muchmore, and Morris in response to Halliburton's failure to disclose a 1998 change to its accounting practice. As a result of that undisclosed change, Halliburton's public statements about its income in 1998 and 1999 were materially misleading. Halliburton and Muchmore agreed to settle the enforcement actions by consenting to a commission order to cease and desist from committing future securities law violations and agreed to pay penalties of \$7.5 million and \$50,000, respectively, in related civil action.	SEC Press Release 2004-104
Robert C. Muchmore, Jr., controller			
Gary V. Morris, CFO	8/3/04 (F)	The enforcement action against Morris is unsettled, and it has been filed in the U.S. District Court in Houston, Texas.	

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Company/Individual/Event	Date Civil Action Filed (F) or Settled (S)	Charges	Source
HealthSouth	3/18/03 (F)	SEC charges were based on overstatement of reported earnings by at least \$1.4 billion since 1999. Assets of CEO Richard Scrushy were frozen by court order.	SEC Press Release 2003-38
Richard Scrushy, CEO	3/19/03 (F)	Charged with accounting fraud by the SEC, which seeks monetary penalties and a bar from serving as an officer or director of a public company.	SEC Press Release 2003-34
Heartland Advisors, Inc.	12/11/03 (F)	Charged by the SEC with misrepresentations, mispricing, and insider trading in two Heartland Group high yield bond funds.	SEC Press Release 2003-171
William Nasgovitz, CEO			
Paul Beste, COO			
Jilaine Bauer, general counsel			
Kevin Clark, senior vice president			
Kenneth Della, treasurer			
Thomas Conlin, portfolio manager			
Greg Winston, portfolio manager			
Hugh Denison, associate director			
John Hammes, independent director			
Gary Shilling, independent director			
Allen Stefl, independent director			
Linda Stephenson, independent director			
FT Interactive Data Corp., independent pricing service			
Raymond Krueger, client			

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Company/Individual/Event	Date Civil Action Filed (F) or Settled (S)	Charges	Source
Homestore Inc.			
John Giesecke, Jr., CEO	9/25/02 (S)	SEC charged that Homestore's revenues were fraudulently overstated by 60% during 2001. The three individuals agreed to pay fines totaling about \$5 million, and were barred from serving as officers or directors of public companies.	SEC Press Release 2002-141
Joseph J. Shew, CFO			
John DeSimone, vice president			
Jeffrey Kalina, ^a senior manager	1/9/03 (S)	Charged by the SEC with financial fraud scheme. Agreed to settle with the commission and cooperate with the government in its investigation.	SEC Litigation Release No. 17924
Thomas Vo, ^a manager	9/18/03 (S)	The SEC charged the defendants variously with violating or aiding and abetting violations of numerous provisions of the federal securities laws.	SEC Press Release 2003-120
Sailesh Patel, ^a director of business development			
Jessica McLellan, ^a manager			
Sophia M. Kabler, senior vice president			
Adam S. Richards, manager of financial planning			
David Slayton, CFO of NameProtect, Inc.			
Brian Wiegand, CEO of NameProtect, Inc.			
Household International	3/19/03 (S)	The SEC charged Household International filing with false and misleading accounting statements regarding delinquent loans. Household agreed to cease and desist from these accounting practices.	SEC Press Release 2003-35

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Company/Individual/Event	Date Civil Action Filed (F) or Settled (S)	Charges	Source
i2 Technologies, Inc.	6/9/04 (S)	The SEC brought enforcement proceedings against i2 Technologies, Inc., for misstating approximately \$1 billion of software license revenues, including more than \$125 million of revenues it should never have recognized, over a nearly five-year period that ended in 2002. i2 agreed to settle the enforcement proceedings by consenting to a cease-and-desist order and to pay a \$10 million penalty in a related civil action filed in U.S. District Court. The entire penalty proceeds will be distributed to injured i2 shareholders.	SEC Press Release 2004-81
ICN Pharmaceuticals	12/29/02 (S)	SEC securities fraud charges were settled when ICN agreed to comply with detailed corporate governance and disclosure-related undertakings for a period of five years and to pay a \$1 million fine.	<i>Hepatitis Weekly</i> , 13/03/02, p. 21
ImClone Systems			
Samuel Waksal, CEO ^a	6/12/02 (F) 3/11/03 (S) 1/19/05 (S)	SEC charged Waksal with insider trading and sought disgorgement and a bar from serving as an officer or director of a public company. Waksal settled the suit by agreeing to pay about \$800,000 and submitting to the bar on being an officer/director. Without admitting or denying the allegations in the Commission's complaint, Samuel Waksal consented to pay a civil penalty of \$3,017,464 and is currently serving 87 months in federal prison in connection with the facts giving rise to the Commission's complaint in this action.	SEC Press Release 2002-87 SEC Press Release 2005-9
Jack Waksal	10/10/03 (F) 1/19/05 (S)	SEC charged Jack Waksal with trading ImClone Systems stock as a result of insider information provided by his son, Samuel Waksal. Without admitting or denying the allegations in the Commission's complaint, Jack Waksal consented to pay a disgorgement and prejudgment interest of \$2,019,030 and be permanently enjoined from violating the antifraud provisions of the federal securities laws.	SEC Litigation Release No. 18408 SEC Press Release 2005-9
InterBank Funding Corp.	7/23/02 (F)	The SEC filed fraud charges relating to the concealment of losses in a group of mutual funds.	<i>Wall Street Journal</i> , 7/24/02, p. C12
Simon A. Hershon, CEO			

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Company/Individual/Event	Date Civil Action Filed (F) or Settled (S)	Charges	Source
Invesco Funds Group, Inc. (IFG)	12/2/03 (F)	The SEC announced civil fraud charges against IFG and Cunningham. According to the charges, IFG and Cunningham fraudulently accepted investments by dozens of market timers in Invesco Mutual funds to enhance the management fees earned by IFG.	SEC Press Release 2003-167
Raymond R. Cunningham, CEO and president			
Timothy J. Miller, chief investment officer (IFG)	8/31/04 (S)	The SEC settled enforcement actions against Miller, Kolbe, and Legoski. The commission issued orders alleging that they violated federal securities laws by facilitating widespread market timing trading in certain Invesco funds in contravention of those funds' public disclosures. The commission ordered Miller, Kolbe, and Legoski to pay \$1 in disgorgement each and penalties in the amounts of \$150,000, \$150,000, and \$40,000, respectively, and prohibited them from associating with an investment adviser or investment company for a period to one year.	SEC Press Release 2004-123
Thomas A. Kolbe, national sales manager (IFG)			
Michael D. Legoski, assistant vice president (IFG)			
J. P. Morgan Chase & Co.	7/28/03 (S)	Settled charges by the SEC regarding its role in Enron Corp.'s manipulation of its financial statements. J.P. Morgan Chase was ordered to pay \$135 million as disgorgement, penalty, and interest.	SEC Press Release 2003-87
JB Oxford Holdings, Inc. (JBOH) National Clearing Corporation (NCC)	8/25/04 (F)	The SEC filed civil fraud charges against NCC, its parent company JBOH, and three executives for facilitating late trading and market timing by certain NCC customers. The SEC's complaint alleges that from June 2002 until September 2003, the defendants fraudulently facilitated thousands of market timing and late trades in over 600 mutual funds.	SEC Press Release 2004-119
James G. Lewis, president and COO (JBOH)			
Kraig L. Kibble, director of operations (NCC)			
James Y. Lin, vice president (NCC)			
Janus Capital Management LLC (JCM)	8/18/04 (S)	The SEC announced today a settled enforcement action against JCM for entering into undisclosed market timing agreements with certain investors. The commission ordered JCM to pay a disgorgement of \$50 million and civil penalties of \$50 million, for a total payment of \$100 million. JCM also consented to a cease-and-desist order and a censure, and agreed to undertake certain compliance and mutual-fund governance reforms.	SEC Press Release 2004-111

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Company/Individual/Event	Date Civil Action Filed (F) or Settled (S)	Charges	Source
KPMG	1/14/02 (S)	The SEC censured KPMG for violating auditor independence rules by serving as auditor for a company in which it had made substantial investments.	SEC Press Release 2002-4
KPMG	1/29/03 (F)	The SEC charged KPMG and four individuals with permitting Xerox Corp. to manipulate accounting practices to close a \$3 billion gap between actual operating results and the results reported in published accounting statements. The four individuals were at various times leaders of the team that performed the Xerox audit.	SEC Press Release 2003-16
Michael A. Conway, senior partner	4/19/05 (S)	The SEC announced that KPMG agreed to settle the SEC's charges against it in connection with the audits of Xerox Corp. from 1997 through 2000. KPMG will pay disgorgement of \$9,800,000, prejudgment interest thereon in the amount of \$2,675,000, and a \$10,000,000 civil penalty, for a total payment of \$22,475 million. The final judgment also orders KPMG to undertake a series of reforms designed to prevent future violations of securities laws.	SEC Press Release 2005-59
Joseph T. Boyle, managing partner	10/6/05 (S)		
Anthony P. Dolanski, partner	2/22/06 (S)		
Ronald A. Safran, partner		The SEC agreed to settle its charges against Michael A. Conway, Anthony P. Dolanski, and Ronald A. Safran. Safran and Conway will each pay a civil penalty in the amount of \$150,00, and Dolanski will pay a penalty in the amount of \$100,000. Additionally, Safran, Conway and Dolanski will be suspended from appearing or practicing before the SEC as accountants. Safran will be suspended with a right to reapply in three years, Conway in two, and Dolanski in one.	SEC Press Release 2006-23
Kirkpatrick, Pettis, Smith, Polian Inc.	2/12/04 (S)	The NASD settled enforcement actions for failure to deliver mutual fund breakpoint discounts (volume discounts) during 2001 and 2002. The firm agreed to compensate customers for the overcharges and will pay a fine of \$39,935.	SEC Press Release 2004-17
Kmart			
Joseph A. Hofmeister, vice president	2/26/03 (F)	The SEC charged the two with accounting fraud and seeks disgorgement of ill-gotten gains and money penalties.	<i>Wall Street Journal</i> , 2/27/03, p. A3
Enio A. Montini Jr., vice president			

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Company/Individual/Event	Date Civil Action Filed (F) or Settled (S)	Charges	Source
Legg Mason Wood Walker, Inc.	2/12/04 (S)	The SEC and the NASD settled enforcement actions for failure to deliver mutual fund breakpoint discounts (volume discounts) during 2001 and 2002. The firm agreed to compensate customers for the overcharges and will pay a fine of \$2,315,467.	SEC Press Release 2004-17
Lehman Brothers Inc.	4/28/03 (S)	Settled charges by New York state, NASD, NASAA, NYSE, and SEC relating to issuance of research reports not based on principles of fair dealing and good faith. Paid fines totaling \$80 million.	SEC Press Release 2003-54
Lehman Brothers Inc.	2/12/04 (S)	The NASD settled enforcement actions for failure to deliver mutual fund breakpoint discounts (volume discounts) during 2001 and 2002. The firm agreed to compensate customers for the overcharges and will pay a fine of \$123,882.	SEC Press Release 2004-17
Lernout & Hauspie	10/10/02 (F)	SEC charged L&H with accounting fraud, related to overstatement of revenues by at least \$100 million.	<i>Boston Globe</i> , 10/11/02, p. E2
Linsco/Private Ledger Corp.	2/12/04 (S)	The SEC and the NASD settled enforcement actions for failure to deliver mutual fund breakpoint discounts (volume discounts) during 2001 and 2002. The firm agreed to compensate customers for the overcharges and will pay a fine of \$2,232,805.	SEC Press Release 2004-17
Lucent Technologies	2/27/03 (S)	Lucent settled an SEC investigation into its accounting practices with a consent agreement that did not require restatement of earnings or payment of a fine.	<i>Wall Street Journal</i> , 2/28/03, p. B7
	5/17/04 (S)	Lucent agreed to settle charges by the SEC of securities fraud, and violations of the reporting, books and records, and internal control provisions of the federal securities laws. Without admitting or denying the allegations, Lucent agreed to pay a \$25 million penalty for its lack of cooperation.	SEC Press Release 2004-67
Nina Aversano, officer	5/17/04 (F)	Securities fraud	SEC Press Release 2004-67
Jay Carter, officer			
Leslie Dorn, executive			
William Plunkett, executive	5/17/04 (S)	Plunkett agreed to pay a civil penalty of \$110,000 and to be permanently barred from acting as an officer or director of a public company.	

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Company/Individual/Event	Date Civil Action Filed (F) or Settled (S)	Charges	Source
John Bratten, executive	5/17/04 (F)	Securities fraud	
Deborah Harris, executive	5/17/04 (S)	Harris will pay a civil penalty of \$100,000 and has agreed to be barred from acting as an officer or director of a public company for five years.	
Charles Elliott, employee	5/17/04 (F)	Securities fraud	
Michelle Hayes-Bullock, employee	5/17/04 (S)	Securities fraud	
Vanessa Petrini, employee	5/17/04 (F)	Petrini will pay a civil penalty of \$60,000 and disgorge \$109,505.	
Marque Millennium Group, Inc.	12/15/03 (S)	The SEC charged Littell with defrauding investors and Meckel with failing reasonably to supervise Littell. Littell and Meckel each settled the actions without admitting or denying the commission's findings.	SEC Press Release 2003-172
Wilfred Meckel, principal			
Robert T. Littell, director of investments			
Martha Stewart Living Omnimedia			
Martha Stewart, chairman and CEO ^a	6/4/03 (F)	The SEC charged Stewart with illegal insider trading.	SEC Press Release 2003-69
Peter Bacanovic, stockbroker ^a	6/4/03 (F)	The SEC charged Bacanovic with securities fraud.	SEC Press Release 2003-69
Massachusetts Financial Services Co. (MFS)	2/5/04 (S)	The SEC charged MFS and its chief executive officer, John W. Ballen, and its president and chief equity officer, Kevin R. Parke, with violating federal securities laws by allowing widespread market timing trading in certain MFS mutual funds in contravention of those funds' public disclosures. The commission censured MFS and ordered it to pay \$225 million, consisting of \$175 million in disgorgement and \$50 million in penalties.	SEC Press Release 2004-14
John W. Ballen, CEO	2/5/04 (S)	The commission prohibited Ballen and Parke from serving as officers or directors of any investment adviser and from serving as employees, officers, or trustees of any registered investment company for three years. Additionally, each was ordered to pay a penalty of \$250,000 and to disgorge more than \$50,000 in ill-gotten gains derived from MFS's market timing practices.	SEC Press Release 2004-14
Kevin R. Parke, president and chief equity officer			

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Company/Individual/Event	Date Civil Action Filed (F) or Settled (S)	Charges	Source
Massachusetts Financial Services Co. (MFS)	3/31/04 (S)	The SEC announced a settled enforcement action against MFS related to the company's use of mutual fund assets to pay for the marketing and distribution of mutual funds in the MFS Fund Complex (MFS Funds). As part of the settlement, MFS agreed to a series of compliance reforms and to pay a penalty of \$50 million, which will be distributed to the MFS Funds.	SEC Press Release 2004-44
Merrill Lynch	4/28/03 (S)	Settled charges by New York state, NASD, NASAA, NYSE, and SEC relating to issuance of fraudulent research reports not based on principles of fair dealing and good faith. Paid fines totaling \$200 million.	SEC Press Release 2003-54
Henry Blodgett, managing director and senior research analyst	4/26/03 (S)	Charged by the SEC with issuing false research reports, Blodgett agreed to pay \$4 million and to be censured and barred from the securities industry for life.	SEC Press Release 2003-56
Robert S. Furst, senior executive	3/17/03 (F)	The four are charged by the SEC with aiding and abetting accounting fraud at Enron Corp., by engaging in fraudulent transactions designed to overstate Enron's earnings. Merrill Lynch (the firm) was also charged, but agreed to settle the charges by paying \$80 million in disgorgement and penalties.	SEC Press Release 2003-32
Schuyler M. Tilney, senior executive			
Daniel H. Bayly, senior executive			
Thomas W. Davis, senior executive			
Morgan Stanley	4/28/03 (S)	Settled charges by New York state, NASD, NASAA, NYSE, and SEC of making undisclosed payments for research reports. Paid fines totaling \$125 million.	SEC Press Release 2003-54
	12/03/02 (S)	Paid a \$1.65 million fine to settle SEC and NASD charges relating to failure to retain e-mail records.	SEC Press Release 2002-173
	11/17/03 (S)	Settled charges by the SEC that they failed to provide customers important information relating to their purchases of mutual fund shares. As part of the settlement, Morgan Stanley will pay \$50 million in disgorgement to certain Morgan Stanley customers and will place on its website disclosures regarding the purchase of different mutual fund share classes.	SEC Press Release 2003-159

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Company/Individual/Event	Date Civil Action Filed (F) or Settled (S)	Charges	Source
Mutuals.com, Inc. Richard Sapio, CEO Eric McDonald, president Michele Leftwich, compliance officer	12/4/03 (F)	Charged by the SEC with deceiving hundreds of mutual fund companies and their shareholders by improperly helping institutional brokerage customers and advisory clients carry out thousands of market timing trades and illegal late trades in shares of those mutual funds.	SEC Press Release 2003-169
NewCom			
Sultan Warris Khan, CEO Asif Mohammad Khan, vice president Steven Conrad Veen, CFO	6/09/02 (S)	The three paid fines and were barred from serving as directors or officers of public companies to settle SEC charges of securities fraud related to overstatement of revenues.	<i>Los Angeles Times</i> , 6/12/02, p. C4.
Nicor Energy, LLC			
Kevin M. Stoffer, president and CEO Andrew J. Johnson, director of financial services John Fringer, vice president John F. Weir, director of gas services	12/10/03 (F)	The SEC filed a civil enforcement action alleging that the executives inflated net income by \$11 million in 2001 by using an array of improper accounting tools for the express purpose of hitting earnings targets.	SEC Press Release 2003-170
Performance Specialist Group LLC. SIG Specialists, Inc.	7/26/04 (S)	The SEC found that between 1999 and 2003 the two firms, through particular transactions by certain of their registered specialists, violated federal securities laws by executing orders for their dealer accounts ahead of executable public customer orders. The firms will pay a total of \$5.2 million in penalties and disgorgement.	SEC Press Release 2004-99

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Company/Individual/Event	Date Civil Action Filed (F) or Settled (S)	Charges	Source
Pilgrim Baxter & Associates, Ltd.	11/20/03 (F) 6/21/04 (S)	Charged with fraud and breach of fiduciary duty in connection with market timing of the PBHG Funds. The SEC ordered Pilgrim Baxter & Associates (PBA) to pay \$90 million: \$40 million in disgorgement and \$50 million in civil penalties. PBA consented to a censure and an order to cease and desist, and further agreed to undertake a series of compliance and mutual fund governance reforms.	SEC Press Release 2003-161 SEC Press Release 2004-84
Gary L. Pilgrim, president, CIO	11/20/03 (F)	Charged with fraud and breach of fiduciary duty in connection with market timing of the PBHG Funds.	SEC Press Release 2003-161
Harold J. Baxter, CEO	11/17/04 (S)	The SEC ordered Baxter and Pilgrim each to pay \$80 million: \$60 million in disgorgement and \$20 million in civil penalties, which will be distributed to injured investors, along with the \$90 million that PBA paid.	SEC Press Release 2004-157
PIMCO Advisors Fund Management LLC (PAFM) PEA Capital LLC (PEA) PIMCO Advisors Distributors LLC (PAD)	5/6/04 (F) 9/13/04 (S) 9/15/04 (S)	Charged with defrauding PIMCO mutual fund investors, in connection with an undisclosed market timing arrangement with Canary Capital Partners LLC. The SEC settled charges that PAFM, PEA, and PAD defrauded investors in the PIMCO Funds: Multi-Manager Series (MMS) in connection with an undisclosed market timing arrangement. The PIMCO entities were ordered to pay \$50 million, consisting of \$10 million in disgorgement and a civil penalty of \$40 million. The commission's litigation in federal court continues against Stephen J. Treadway and Kenneth W. Corba.	SEC Press Release 2004-61 SEC Press Release 2004-127
Stephen J. Treadway, CEO of PAFM and PAD			
Kenneth W. Corba, CEO of PEA			
PNC Financial Services Group	7/18/02 (S)	Agreed to cease and desist from accounting improprieties resulting from transactions with special purpose entities (SPEs). Approximately \$762 million in bad loans and venture capital investments were transferred from PNC's books to SPEs. Concurrent with the SEC order, the Federal Reserve Bank of Cleveland executed a Written Agreement with PNC, relating to the same transactions.	SEC Press Release 2002-109
PricewaterhouseCoopers	7/17/02 (S)	PwC and its brokerage affiliate settled SEC charges relating to violations of auditor independence rules and agreed to a \$5 million fine.	SEC Press Release 2002-105

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Company/Individual/Event	Date Civil Action Filed (F) or Settled (S)	Charges	Source
Putnam Investment Management LLC	10/28/03 (F)	Engaged in securities fraud by failing to disclose to the funds or to the fund boards the potentially self-dealing transactions in fund shares by Scott and Kamshad.	SEC Press Release 2003-142
	11/13/03 (S)	Agreed to undertake significant and far-reaching reforms in corporate governance, compliance, and ethics. Putnam also agreed to a process for calculating and paying restitution for losses attributable to excessive short-term and market-timing trading by its employees. The amount of civil penalty and other monetary relief to be paid by Putnum remains open and will be determined at a later date.	SEC Press Release 2003-156
	4/8/04 (S)	The SEC announced the final settlement (which supplements a Commission Order entered on November 13, 2003) against Putnam. The firm has been ordered to pay a \$50 million civil penalty and \$5 million in disgorgement for violating federal securities laws by failing to disclose improper market timing trading by Putnam portfolio managers. All the money obtained by the commission will be distributed to investors harmed by the market timing trading.	SEC Press Release 2004-49
Justin M. Scott Omid Kamshad	10/28/03 (F)	The SEC complaint alleges that for their own personal accounts Scott and Kamshad engaged in excessive short-term trading of Putnam mutual funds for which they were portfolio managers, which violated their responsibilities to other fund shareholders.	SEC Press Release 2003-142
Qwest Communications	10/21/04 (S)	The SEC charged Qwest with securities fraud and other violations of the federal securities laws. Without admitting or denying the allegations in the complaint, Qwest consented to entry of judgment from violating the antifraud provisions of the federal securities laws and was directed to pay a civil penalty of \$250 million and \$1 disgorgement. The entire penalty amount will be distributed to defrauded investors.	SEC Press Release 2004-148
Joel Arnold, vice president	2/25/03 (F)	The eight individuals are charged by the SEC with engaging in civil fraud by inflating Qwest's revenues by about \$144 million in 2000 and 2001 through various deceptive accounting practices. The SEC seeks monetary penalties and/or bars from serving as officers or directors of public companies.	SEC Press Release 2003-25
Grant Graham, financial officer			
Thomas W. Hall, vice president			
Bryan Treadway, assistant controller			
John M. Walker, vice president			

Company/Individual/Event	Date Civil Action Filed (F) or Settled (S)	Charges	Source
Douglas K. Hutchins, director			
Richard L. Weston, vice president			
William L. Eveleth, vice president for finance			
Raymond James Financial Services, Inc.	2/12/04 (S)	The SEC and the NASD settled enforcement actions for failure to deliver mutual fund breakpoint discounts (volume discounts) during 2001 and 2002. The firm agreed to compensate customers for the overcharges and will pay a fine of \$2,595,129.	SEC Press Release 2004-17
Raytheon	11/25/02 (S)	Agreed to cease and desist from violations of the SEC's Regulation FD, which prohibits selective disclosure of financial results. The company was not fined.	<i>Boston Herald</i> , 11/26/02, p. 31
Reliant Resources	1/31/03 (S)	Agreed to a \$13.8 million fine to settle a FERC investigation into evidence that Reliant withheld power to drive up electricity prices in California on June 21 and 22, 2000.	<i>Orange County Register</i> , 2/11/02, p. OC Register 1
Rite Aid			
Martin Grass, CEO	6/21/02 (F)	The SEC filed charges of accounting fraud, based on massive overstatement of financial results from 1997 through 1999. The SEC seeks disgorgement of bonuses and civil penalties and a bar from serving as officers or directors of a public company.	<i>Los Angeles Times</i> , 6/22/02, p. A1.
Frank Bergonzi, CFO			
Franklin Brown, vice chairman			
Robertson Stephens	1/09/03 (S)	The SEC's charges relate to the allocation of stock in "hot" initial public offerings during 1999 and 2000. In exchange for receiving allocations (i.e., being allowed to buy offered shares), more than 100 customers paid millions of dollars in the form of excessive commissions. Robertson Stephens paid \$28 million to settle the charges.	SEC Press Release 2003-3
Paul Johnson, senior research analyst	1/09/03 (F)	Charged by the SEC with issuing fraudulent research reports and failing to disclose significant conflicts of interest.	
SWS Financial Services	2/12/04 (S)	The NASD settled enforcement actions for failure to deliver mutual fund breakpoint discounts (volume discounts) during 2001 and 2002. The firm agreed to compensate customers for the overcharges and will pay a fine of \$66,468.	SEC Press Release 2004-17

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Company/Individual/Event	Date Civil Action Filed (F) or Settled (S)	Charges	Source
Safety-Kleen			
Paul R. Humphreys, CFO	12/12/02 (F)	Charged by the SEC with financial fraud related to overstatement of net income by \$534 million between 1997 and 1999. Complaint seeks disgorgement and officer and director bars.	SEC Litigation Release No. 17891
William D. Ridings, controller			
Kenneth W. Winger, CEO			
Thomas W. Ritter, Jr., vice president	12/12/02 (S)	Enjoined from violating securities laws.	
Susan Moore, financial reporting manager		Agreed to cease and desist from violations of securities fraud and reporting laws.	
Salomon Smith Barney	4/28/03 (S)	Settled charges by New York state, NASD, NASAA, NYSE, and SEC relating to issuance of fraudulent research reports and improper allocation of "hot" initial public offerings of stock. Paid fines totaling \$400 million.	SEC Press Release 2003-54
	12/03/02 (S)	Paid a \$1.65 million fine to settle SEC and NASD charges relating to failure to retain e-mail records.	SEC Press Release 2002-173
Jack Grubman, managing director and research analyst	4/28/03 (S)	Charged by SEC, NASD, NYSE, and New York state with issuing fraudulent and misleading research reports; agreed to pay \$15 million fine.	SEC Press Release 2003-55
Schering-Plough Corp.	9/9/03 (S)	Charged by the SEC with violating the disclosure requirements of Regulation FD and Section 13(a) of the Securities Exchange Act of 1934. In settling the charges, Schering agreed to pay a \$1 million civil penalty and to cease and desist from committing such violations in the future.	SEC Press Release 2003-109
Richard J. Kogan, chairman of the board and CEO	9/9/03 (S)	Agreed to cease and desist from causing any violation of Regulation FD in the future and to pay \$50,000 as a civil penalty.	SEC Press Release 2003-109
Security Brokerage, Inc.	12/23/03 (F)	Charged by the SEC for participating in a scheme to defraud mutual fund shareholders through improper late trading and market timing principally through mutual funds managed by Alliance Capital Management and Massachusetts Financial Services.	SEC Press Release 2003-183
Daniel Calugar, president			

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Company/Individual/Event	Date Civil Action Filed (F) or Settled (S)	Charges	Source
Security Trust Company, N.A. Grant D. Seeger, CEO William A. Kenyon, president Nicole McDermott, senior vice president	11/25/03 (F)	Charged by the SEC with facilitating and participating in fraudulent mutual fund late trading and market timing schemes by a group of related hedge funds.	SEC Press Release 2003-164
Southwest Securities, Inc.	2/12/04 (S)	The NASD settled enforcement actions for failure to deliver mutual fund breakpoint discounts (volume discounts) during 2001 and 2002. The firm agreed to compensate customers for the overcharges and will pay a fine of \$36,971.	SEC Press Release 2004-17
Strong Capital Management, Inc. (SCM) Richard S. Strong, founder and majority owner Anthony J. D'Amato, executive vice president Thomas A. Hooker, compliance officer	5/20/04 (S)	Charged with allowing and, in the case of Strong, engaging in undisclosed frequent trading in Strong mutual funds in violation of fiduciary duties to the Strong funds and their investors. The settled order requires the payment of more than \$140 million in monetary remedies, and imposes regulated industry bars and other relief. Charged with aiding and abetting SCM's violations and is barred from association with any investment adviser, investment company, broker, or dealer. Charged with aiding and abetting SCM's and Strong's violations by failing, after he learned of Strong's frequent trading, to follow up on a directive to monitor the trading and ensure that it stopped. Hooker has been barred from association with any investment adviser or investment company.	SEC Press Release 2004-69
Sunbeam Corp.			
Al Dunlap, CEO Russell Kersh, CFO	9/03/02 (S)	To settle SEC accounting fraud charges, the two agreed to pay fines totaling \$700,000 and were barred from serving as officers or directors of public companies.	Knight Ridder Tribune News Service, 9/03/02

Company/Individual/Event	Date Civil Action Filed (F) or Settled (S)	Charges	Source
Symbol Technologies, Inc.	6/3/04 (S)	The SEC charged Symbol Technologies with securities fraud and related violations of the federal securities laws. Symbol agreed to settle the case without admitting or denying the allegations and will pay a \$37 million penalty for its conduct.	SEC Press Release 2004-74
Tomo Razmilovic, president and CEO	6/3/04 (F)	The defendants engaged in a fraudulent scheme to inflate revenue, earnings, and other measures of financial performance in order to create the false appearance that Symbol had met or exceeded its financial projections.	
Kenneth Jaeggi, senior management			
Brian Burke, senior management			
Michael DeGennaro, senior management			
Frank Borghese, senior management			
Christopher DeSantis, executive			
James Heuschneider, executive			
Gregory Mortenson, executive			
James Dean, executive			
Robert Donlon, executive			
Leonard Goldner, general counsel	Leonard Goldner manipulated stock option exercise dates to enable certain senior executives, including himself, to profit unfairly at the company's expense.		
TD Waterhouse Investor Services, Inc.	9/21/04 (S)	The SEC filed settled civil charges against TD Waterhouse Investor Services, Inc., for making undisclosed cash payments to three investment advisers to encourage them to use TD Waterhouse for their clients' brokerage business. In settling the matter, TD Waterhouse agreed to pay a \$2 million penalty, among other remedies. The commission also announced related fraud actions against the three investment advisers and their principals for their failures to disclose the cash payments. Two of the investment advisers, Kiely Financial Services and Rudney Associates, agreed to settle the charges without admitting or denying the findings.	SEC Press Release 2004-133
Kiely Financial Services, Inc., independent investment adviser			
Rudney Associates, Inc., independent investment adviser			
Brandt, Delly & Simmons, LLC, independent investment adviser			
Trump Hotels & Casino Resorts	1/16/02 (S)	Agreed to cease and desist from making misleading statements in pro forma accounting releases.	SEC Press Release 2002-6

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Company/Individual/Event	Date Civil Action Filed (F) or Settled (S)	Charges	Source
Tyco International			
L. Dennis Kozlowski, CEO	9/12/02 (F)	SEC filed civil fraud charges seeking restitution of compensation and loans and money penalties. The SEC charged that the three treated Tyco as their private bank, taking out hundreds of millions of dollars of loans and compensation without telling investors.	SEC Press Release 2002-135
Mark H. Swartz, CFO			
Mark A. Belnick, chief legal officer			
Frank E. Walsh, Jr., director	12/17/02 (S)	Charged with concealing a \$20 million finder's fee received from Tyco in connection with a 2001 merger. Walsh agreed to repay the \$20 million to settle the charge.	SEC Press Release 2002-177
UBS Financial Services Inc.	2/12/04 (S)	The SEC and the NASD settled enforcement actions for failure to deliver mutual fund breakpoint discounts (volume discounts) during 2001 and 2002. The firm agreed to compensate customers for the overcharges and will pay a fine of \$4,621,768.	SEC Press Release 2004-17
UBS Warburg	4/28/03 (S)	Settled charges by New York state, NASD, NASAA, NYSE, and SEC relating to issuance of research reports not based on principles of fair dealing and good faith, and for receiving undisclosed payments for research. Paid fines totaling \$80 million.	SEC Press Release 2003-54
United Currency Group, Inc (UCG)	11/19/03 (F)	The SEC filed a complaint that alleged that Adam Swickle conducted a fraudulent offering of United Currency Group, Inc.'s securities from May 2001 through December 2002 and raised approximately \$774,000 from 21 investors.	SEC Litigation Release No. 18471
Adam Swickle, CEO			
U.S. Bancorp Piper Jaffray	4/28/03 (S)	Settled charges by New York state, NASD, NASAA, NYSE, and SEC relating to issuance of research reports not based on principles of fair dealing and good faith, and for receiving undisclosed payments for research. Paid fines totaling \$32.5 million.	SEC Press Release 2003-54
	12/03/02 (S)	Paid a \$1.65 million fine to settle SEC and NASD charges relating to failure to retain e-mail records.	SEC Press Release 2002-173

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Company/Individual/Event	Date Civil Action Filed (F) or Settled (S)	Charges	Source
U.S. Foodservice (subsidiary of Royal Ahold)			
Michael Resnick, CFO Mark P. Kaiser, chief marketing officer Timothy J. Lee, executive vice president William Carter, vice president	7/27/04 (F)	The SEC alleges that Resnick, Kaiser, Lee, and Carter engaged in or substantially participated in a scheme to overstate the income of Royal Ahold by \$700 million or more for at least FY2001 and FY2002. The complaint alleges that they grossly inflated reported profits and induced numerous suppliers to submit false confirmations to the company's auditors in order to conceal their fraud.	SEC Press Release 2004-100
Van Wagoner Capital Management, Inc. (VWCM)	8/26/04 (S)	The SEC filed settled fraud charges against VWCM and Garrett Van Wagoner relating to their misstatement of the valuations of certain securities held by the Van Wagoner Funds. The settlement includes an \$800,000 penalty from Van Wagoner and VWCM, a seven-year prohibition on Van Wagoner's serving as an officer or director of a mutual fund, and a seven-year restriction on certain of Van Wagoner's activities with the investment adviser (VWCM).	SEC Press Release 2004-122
Garrett Van Wagoner, president			
Vivendi Universal, S.A. Jean-Marie Messier, CEO Guillaume Hannezo, CFO	12/23/03 (S)	Settled charges by the SEC that included false press releases, improper adjustments to earnings, and failure to disclose future financial commitments. Vivendi is required to pay a civil money penalty in the amount of \$50 million. Messier is required to relinquish his claim to a severance package of about \$38 million and to pay a civil money penalty of \$1 million. Hannezo is required to disgorge \$148,149 and pay a penalty of \$120,000.	SEC Press Release 2003-184
Wachovia Securities, LLC	2/12/04 (S)	The SEC and the NASD settled enforcement actions for failure to deliver mutual fund breakpoint discounts (volume discounts) during 2001 and 2002. The firm agreed to compensate customers for the overcharges and will pay a fine of \$4,844,465.	SEC Press Release 2004-17

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Company/Individual/Event	Date Civil Action Filed (F) or Settled (S)	Charges	Source
Waste Management Inc.			
Dean L. Buntrock, founder and CEO	3/26/02 (F)	The SEC charged the six with accounting fraud — a systematic scheme to falsify and misrepresent the company’s financial results between 1992 and 1997. The SEC seeks disgorgement of ill-gotten gains, money penalties, and bars the six from serving as officers or directors of a public company.	SEC Press Release 2002-44
Phillip B. Rooney, chief operating officer			
James E. Koenig, CFO			
Thomas C. Hau, controller			
Herbert Getz, general counsel			
Bruce D. Tobecksen, vice president			
West Coast Power	12/19/02 (S)	CFTC settled charges that West Coast and Dynegy manipulated the price of natural gas by reporting false price and volume information. West Coast agreed to cease and desist from further violations and to pay a \$5 million fine.	CFTC Release 4728-02
WorldCom (became MCI on 4/20/04)	6/26/02 (F) 5/19/03 (S)	The SEC charged that WorldCom overstated its earnings between 1999 and 2002 as a result of improper accounting practices. WorldCom agreed to pay a fine of \$500 million, pending bankruptcy court approval.	SEC Litigation Release 18147
David F. Myers, controller	9/26/02 (F)	Barred from serving as an officer or director of a public company; monetary penalties pending.	
Buford Yates, Jr., director of accounting	10/02/02 (F)	Barred from serving as an officer or director of a public company; suspended from practicing accounting before the SEC; monetary penalties pending.	
Betty Vinson, accountant	10/10/02 (F)	Suspended from practicing accounting before the SEC; monetary penalties pending.	
Troy M. Normand, accountant	10/10/02 (F)	Suspended from practicing before the SEC; monetary penalties pending.	
Scott D. Sullivan, CFO	3/2/04 (F)	Charged with engaging in a fraudulent scheme to conceal WorldCom’s poor financial performance.	

Company/Individual/Event	Date Civil Action Filed (F) or Settled (S)	Charges	Source
Xerox	4/11/02 (S)	Agreed to pay a \$10 million fine to settle SEC charges that it used fraudulent accounting to overstate its earnings between 1997 and 2000.	SEC Press Release 2002-52
Paul A. Allaire, CEO	6/5/03 (S)	The six defendants agreed to pay more than \$22 million in penalties, disgorgement, and interest, without admitting or denying the SEC's allegations of securities fraud and aiding and abetting Xerox's violations of the reporting, books and records, and internal control provisions of the federal securities laws.	SEC Press Release 2003-70
G. Richard Thoman, president			
Barry D. Romeril, CFO			
Philip D. Fishbach, controller			
Daniel S. Marchibroda, asst. controller			
Gregory B. Tayler, controller			

Source: The government agencies' press releases are accessible on their websites: SEC at [<http://www.sec.gov/news/press.shtml>], CFTC at [<http://www.cftc.gov/cftc/cftcpressoffice.htm>] and FERC at [<http://www.ferc.gov/press-room/press-releases.asp>].

Abbreviations: NASD (National Association of Securities Dealers), NYSE (New York Stock Exchange), and NASAA (North American Securities Administrators Association)

a. Cases also resulted in criminal indictments, some followed by guilty pleas.

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