

An hourglass-shaped graphic with a globe inside. The top bulb is dark blue, and the bottom bulb is light blue. The globe is a darker shade of blue. The hourglass is centered on the page.

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Report RL31866

Criminal Charges in Corporate Scandals

Mark Jickling, Government and Finance Division; Paul H. Janov, Knowledge Services Group

May 30, 2006

Abstract. Since the collapse of Enron Corp. in late 2001, there has been a series of scandals involving major U.S. corporations. Recurring elements in the scandals include improper or fraudulent accounting, self-enrichment by corporate officers, stock trading on inside information (insider trading), and the destruction or falsification of business records. A number of cases have resulted in criminal indictments, some followed by guilty pleas. This report tracks post-Enron criminal charges. Companies are listed alphabetically, and individuals who have been charged, indicted, or have pleaded guilty are identified.

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Criminal Charges in Corporate Scandals

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Criminal Charges in Corporate Scandals

Summary

Since the collapse of Enron Corp. in late 2001, there has been a series of scandals involving major U.S. corporations. Recurring elements in the scandals include improper or fraudulent accounting, self-enrichment by corporate officers, stock trading on inside information (insider trading), and the destruction or falsification of business records. A number of cases have resulted in criminal indictments, some followed by guilty pleas. This report tracks post-Enron criminal charges. Companies are listed alphabetically, and individuals who have been charged, indicted, or have pleaded guilty are identified. A longer list of companies with recent accounting problems (not all of which have resulted in criminal indictments) may be found in CRS Report RS21269, *Accounting Problems Reported in Major Companies Since Enron*, by Mark Jickling.

The 107th Congress responded to the series of corporate scandals that began with Enron by passing the Sarbanes-Oxley Act of 2002. That law created a new oversight body for corporate auditors, imposed new disclosure requirements on corporations, including a mandate that CEOs personally certify the accuracy of their firms' public financial reports, and increased criminal penalties for a number of offenses related to securities fraud. For a summary of the legislation, see CRS Report RL31554, *Corporate Accountability: Sarbanes-Oxley Act of 2002 (P.L. 107-204)*, by Michael V. Seitzinger and Elizabeth B. Bazan.

This report will be updated regularly.

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Criminal Charges in Corporate Scandals

Introduction

On July 30, 2002, President Bush signed into law the Sarbanes-Oxley Act of 2002, P.L. 107-204, which had its genesis early in 2002 after the declared bankruptcy of Enron Corporation. The act establishes a new regulator for corporate auditors, the Public Company Accounting Oversight Board, which is to be supervised by the Securities and Exchange Commission. The act restricts accounting firms from performing a number of other services for the companies they audit and requires new disclosures for public companies and the officers and directors of those companies. Other issues affected by the new legislation are securities fraud, criminal and civil penalties for violating the securities laws and other laws, blackout periods for insider trades of pension fund shares, and protections for corporate whistleblowers.

The ongoing criminal prosecutions are a complementary phase of the effort to improve corporate accountability. Many observers maintain that prosecution of individuals alleged to have abused the public trust, together with new legal and regulatory standards for corporate behavior, is crucial to restoring investor confidence in the fairness and transparency of the public securities markets. **Table 1** identifies firms and individuals associated with a number of high-profile cases against whom criminal charges have been filed by federal prosecutors since the collapse of Enron Corp. (although in some cases the alleged misconduct occurred before Enron's fall). In addition to newspaper sources, Department of Justice press releases have been cited where available. See [http://www.usdoj.gov/03press/03_1_1.html].

A few of these cases, as noted in the table, have also resulted in civil indictments. These post-Enron criminal charges are listed in CRS Report RL31961, *Civil Charges in Corporate Scandals*, by Mark Jickling and Paul H. Janov.

Table 1. List of Charges, Indictments, and Guilty Pleas in Corporate Scandals Since Enron

Company/Individual	Charged (C), Indicted (I), Guilty Plea (G), Acquitted (A)	Charges	Sources
Adelphia Communications			
John J. Rigas (chief executive officer)	9/23/02(C) 7/8/04 (G)	All charged with wire fraud, bank fraud, securities fraud, and conspiracy.	<i>New York Times</i> , 9/24/02, sec. C, p. 1, col. 5
Timothy Rigas (chief financial officer)	9/23/02 (C) 7/8/04 (G) 6/20/05 (G)	John Rigas and Timothy Rigas were found guilty of one count of conspiracy, 15 counts of securities fraud, and two counts of bank fraud. John Rigas was sentenced to 15 years in prison, and Timothy Rigas was sentenced to 20 years in prison.	<i>New York Times</i> , 7/9/04, sec. A, p. 1, col. 1 <i>New York Times</i> , 6/21/05, sec. C, p. 1, col. 6
Michael Rigas (executive vice president)	9/23/02 (C)	Michael Rigas was acquitted of conspiracy and wire fraud, but the jurors said they were still undecided on the securities fraud and bank fraud charges against him. The judge said he planned to give the jurors additional instructions to try to break the deadlock, but a mistrial was declared after the deadlock continued. It is not clear whether the government will schedule a new trial.	<i>New York Times</i> , 7/10/04, sec. C, p.1, col. 5
James R. Brown (vice president for finance)	9/23/02 (C) 9/14/02 (G)		<i>New York Times</i> , 9/24/02, sec. C, p. 1, col. 5, and 11/15/02, sec. C, p. 7, col. 1

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Company/Individual	Charged (C), Indicted (I), Guilty Plea (G), Acquitted (A)	Charges	Sources
Michael C. Mulcahey (director of internal reporting)	9/23/02 (C) 7/8/04 (A)	Michael C. Mulcahey was acquitted on all counts.	<i>New York Times</i> , 9/24/02, sec. C, p. 1, col. 5
Timothy Werth (director of accounting)	01/10/03 (G)	Securities fraud, wire fraud, and bank fraud	<i>New York Times</i> , 1/11/03, sec. C, p. 3, col. 1
Arthur Andersen			
David Duncan (former partner)	4/10/02 (G)	Obstruction of justice (related to Enron audit). Arthur Andersen (the firm) was convicted on the same charge in June 2002.	<i>New York Times</i> , 4/11/02, sec. A, p. 1, col. 2
Charter Communications			
Kent Kalkwarf (chief financial officer)	7/24/03 (I)	Conspiracy to commit wire fraud	<i>New York Times</i> , 7/25/03, sec. C, p. 3, col. 1
David Barford (chief operating officer)			
James Smith (senior vice president)			
David McCall (executive)	7/25/03 (G)	Conspiracy to commit wire fraud	<i>New York Times</i> , 7/26/03, sec. C, p. 2, col. 3

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Company/Individual	Charged (C), Indicted (I), Guilty Plea (G), Acquitted (A)	Charges	Sources
Credit Suisse First Boston			
Frank P. Quattrone (banker) http://wikileaks.org/wiki/CRS-RL31866	5/12/03 (I)	Obstruction of justice and destroying evidence	<i>New York Times</i> , 5/13/03, sec. C, p. 1, col. 2
	10/24/03	A federal judge declared a mistrial in the obstruction of justice trial of Frank P. Quattrone.	<i>New York Times</i> , 10/25/03, sec. A, p. 1, col. 1
	12/2/03	A federal judge set a March 22, 2004, date for the second trial of Frank P. Quattrone.	<i>New York Times</i> , 12/2/03, sec. C, p. 5, col. 1
	5/3/04 (G)	Quattrone was found guilty of trying to impede government investigations into how stock offerings were doled out to investors.	<i>New York Times</i> , 5/4/04, sec. A, p. 1, col. 6
	9/8/04	Quattrone was sentenced to 18 months in prison and fined \$90,300.	<i>New York Times</i> , 9/9/04, sec. A, p. 1, col. 1
Dynergy Inc.			
Gene S. Foster (vice president)	8/5/03 (G)	Conspiracy to commit securities fraud	<i>New York Times</i> , 8/6/03, sec. C, p. 4, col. 1
Helen C. Sharkey (accounting manager)			

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Company/Individual	Charged (C), Indicted (I), Guilty Plea (G), Acquitted (A)	Charges	Sources
Jamie Olis (director for tax planning) <small>https://www.wikileaks.org/wiki/CRS-RL31866</small>	8/5/03 (I) 3/25/04 (G)	Conspiracy to commit securities fraud A federal judge sentenced Jamie Olis to more than 24 years in prison for his role in a secretive project to disguise Dynegy's financial difficulties. He had been found guilty in November 2003.	<i>New York Times</i> , 8/6/03, sec. C, p. 4, col. 1 <i>New York Times</i> , 3/26/04, sec. C, p. 2, col. 1
Enron Corp.			
Michael Kopper (finance executive)	8/21/02 (G)	Conspiracy to commit wire fraud and money laundering	<i>New York Times</i> , 8/22/02, sec. A, p. 1, col. 6
Andrew Fastow (chief financial officer)	10/2/02 (C)	Charged with securities fraud, wire fraud, mail fraud, money laundering, and conspiracy	Department of Justice, 10/2/02, press release #568 ^a ;
	10/31/02 (I)	Indicted by a grand jury on 78 counts of fraud, money laundering, and conspiracy	10/31/02, press release #627;
	5/1/03 (I)	Charged with insider trading and tax fraud	5/1/03, press release #268
	1/14/04 (G)	Under the terms of a plea agreement, Fastow will cooperate fully with the government's investigation, serve a 10-year prison sentence on the two counts to which he's pleading guilty, and forfeit more than \$29 million. The remaining 96 criminal charges against Fastow from a May 2003 indictment are pending and will be dismissed if the government determines that Fastow has cooperated fully and truthfully.	1/14/04, press release #19
Timothy N. Belden (senior trader)	10/17/02 (G)	Pleaded guilty to engaging in a conspiracy that illegally manipulated the California power market	<i>New York Times</i> , 10/18/02, sec. C, p. 1, col. 5

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Company/Individual	Charged (C), Indicted (I), Guilty Plea (G), Acquitted (A)	Charges	Sources
Lawrence M. Lawyer (finance executive)	11/26/02 (G)	Pleaded guilty to filing a false income tax return and failing to report taxable income	Department of Justice, 11/26/02, press release #696
Jeffrey Richter (senior trader)	2/4/03 (G)	Pleaded guilty to manipulating the California power market	<i>New York Times</i> , 2/5/03, sec. C, p. 2, col. 4
Kevin Howard (Enron Broadband Services [EBS] vice president of finance)	3/12/03 (I) 5/1/03 (I)	Charged with securities fraud, wire fraud, conspiracy, and making false statements to FBI agents	Department of Justice, 3/12/03, press release #153
Michael Krautz (EBS senior director of accounting)	3/12/03 (I) 5/1/03 (I)		Department of Justice, 5/1/03, press release #268
Ben Gilsan (treasurer)	5/1/03 (I) 9/10/03 (G)	Securities fraud, insider trading, and tax fraud Pleaded guilty to conspiracy to commit wire and securities fraud and was sent to prison to serve a five-year sentence.	Department of Justice, 5/1/03, press release #268 Department of Justice, 9/10/03, press release #492
Dan Boyle (finance executive)	5/1/03 (I) 11/3/04 (G)	Securities fraud, insider trading, and tax fraud Convicted of conspiring to help Enron report bogus profits	Department of Justice, 5/1/03, press release #268 <i>New York Times</i> , 11/4/04, sec. C, p. 1, col. 5

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Company/Individual	Charged (C), Indicted (I), Guilty Plea (G), Acquitted (A)	Charges	Sources
Kenneth Rice (EBS chairman) <small>http://wikileaks.org/wiki/CRS-RL31866</small>	5/1/03 (I) 7/30/04 (G)	Securities fraud, wire fraud, and money laundering Pleaded guilty to securities fraud and agreed to cooperate fully with the government's ongoing criminal investigation into the collapse of Enron. As part of his plea, Rice has agreed to the forfeiture of approximately \$13.7 million to be used to compensate victims of the Enron fraud and to pay an additional fine of \$1 million.	Department of Justice, 5/1/03, press release #268 Department of Justice, 7/30/04, press release #525
Joseph Hirko (EBS president) Scott Yeager (EBS senior vice president) Rex Shelby (EBS senior vice president) Kevin Hannon (EBS chief operating officer)	5/1/03 (I) 8/31/04 (G)	Securities fraud, wire fraud, and money laundering Kevin Hannon pleaded guilty to conspiracy to commit securities and wire fraud. He faces a maximum sentence of five years in prison and a fine of \$250,000 and will forfeit approximately \$2.2 million to the government, to be used to compensate victims of the Enron fraud.	Department of Justice, 5/1/03, press release #268 Department of Justice, 8/31/04, press release #591
Lea Fastow (assistant treasurer)	5/1/03 (I) 5/6/04 (G)	Conspiracy to commit wire fraud, money laundering conspiracy, and filing false tax returns Lea Fastow was sentenced to one year in jail and a one-year period of supervised release to follow her term of incarceration after pleading guilty to one count of filing a false federal income tax return. Mrs. Fastow also relinquished any claim to almost \$30 million in forfeited funds seized by the Enron Task Force in May 2003 for the benefit of victims of fraud at Enron.	Department of Justice, 5/1/03, press release #268 Department of Justice, 5/6/04, press release #306

Company/Individual	Charged (C), Indicted (I), Guilty Plea (G), Acquitted (A)	Charges	Sources
John M. Forney (trader)	6/3/03 (C)	Charged with manipulating the California power market	<i>New York Times</i> , 6/4/03, sec. C, p. 6, col. 3
David Delainey (CEO of Enron North America and Enron Energy Services)	10/30/03 (G)	Pleaded guilty to a one-count indictment charging him with insider trading	Department of Justice 10/30/03 press release #594
Richard Causey (chief accounting officer)	1/22/04 (C)	Charged with five counts of securities fraud and one count of conspiracy to commit securities fraud	Department of Justice, 1/22/04, press release #36
	2/19/04 (C)	Charged in a superseding indictment with conspiracy to commit securities fraud, 20 counts of securities fraud, eight counts of wire fraud, and two counts of insider trading	Department of Justice, 2/19/04, press release #99
	12/28/05 (G)	Pleads guilty to securities fraud	Department of Justice, 12/28/05, press release #695
Jeffrey K. Skilling (CEO)	2/19/04 (C)	Charged with conspiracy to commit securities fraud, 20 counts of securities fraud, four counts of wire fraud, and 10 counts of insider trading	Department of Justice, 2/19/04, press release #99
	5/25/06 (G)	A federal jury convicted Skilling on 12 counts of securities fraud, one count of insider trading, and five counts of making false statements to auditors.	Department of Justice, 5/25/06, press release #328

Company/Individual	Charged (C), Indicted (I), Guilty Plea (G), Acquitted (A)	Charges	Sources
Kenneth L. Lay (chairman and CEO) http://wikileaks.org/wiki/CRS-RL31866	7/8/04 (C) 5/25/06 (G)	Charged with conspiracy to commit securities fraud, four counts of securities fraud, two counts of wire fraud, one count of bank fraud, and three counts of making false statements to a bank A federal jury convicted Lay on two counts of wire fraud and three counts of securities fraud. He was also convicted at a separate bench trial of one count of bank fraud and three counts of making false statements to banks.	Department of Justice, 7/8/04, press release #470 Department of Justice, 5/25/06, press release #328
Mark Koenig (executive vice president) http://wikileaks.org/wiki/CRS-RL31866	8/25/04 (G)	Koenig pleaded guilty to securities fraud . If he abides by the terms of his plea agreement, Koenig faces the statutory maximum sentence of 10 years in prison and a fine of \$1 million at this sentencing, which will be scheduled by the court at a later date.	Department of Justice 8/25/04, press release #581
Timothy Despain (assistant treasurer)	10/5/04 (G)	Despain pleaded guilty to one count of securities fraud and faces a maximum of five years in prison and a fine of \$250,000 or twice the loss.	Department of Justice, 10/5/04, press release #682
Christopher Calger (vice president)	7/14/05 (G)	Calger pleaded guilty to a charge of conspiracy to commit wire fraud.	Department of Justice, 7/14/05, press release #372

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Company/Individual	Charged (C), Indicted (I), Guilty Plea (G), Acquitted (A)	Charges	Sources
HealthSouth			
Weston Smith (chief financial officer)	3/19/03 (G)	Securities fraud and wire fraud	Department of Justice, 3/19/03, press release #165
William T. Owens (chief of financial operations)	3/26/03 (G)	Conspiracy to commit wire fraud and securities fraud	Department of Justice, 3/26/03, press release #180
Emery Harris (vice president of finance)	3/31/03 (G)	Conspiracy to commit wire fraud and securities fraud. Sentenced to a term of five months in prison on each count to run concurrently, three years of supervised release with five months of unsupervised home detention, and payment of a \$3,000 fine.	Department of Justice, 3/31/03, press release #198 Department of Justice, 12/10/03, press release #678
Kenneth Livesay (chief information officer)	4/3/03 (G)	Conspiracy to commit wire fraud and securities fraud and to falsify financial information	Department of Justice, 4/3/03, press release #205
Angela C. Ayers (vice president)	4/3/03 (G)	All charged with wire fraud and conspiracy to commit wire fraud and securities fraud. All sentenced to four years of probation with six months unsupervised home confinement and payment of a \$2,000 fine.	Department of Justice, 4/3/03, press release #205 Department of Justice, 12/10/03, press release #678
Cathy C. Edwards (vice president)	4/3/03 (G)		
Rebecca Kay Morgan (group vice president)	4/3/03 (G)		
Virginia B. Valentine (assistant vice president)	4/3/03 (G)		

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Company/Individual	Charged (C), Indicted (I), Guilty Plea (G), Acquitted (A)	Charges	Sources
Michael Martin (chief financial officer)	4/8/03 (C)	Conspiracy to commit wire fraud and securities fraud	Department of Justice, 4/8/03, press release #212
Malcolm McVay (treasurer)	4/21/03 (G)	Conspiracy to commit wire fraud and securities fraud	Department of Justice, 4/21/03, press release #245
Aaron Beam (chief financial officer)	4/24/03 (G)	Bank fraud	Department of Justice, 4/24/03, press release #255
Jason Brown (vice president of finance)	7/8/03 (G)	Conspiracy to commit securities fraud, falsifying books and records, and wire fraud	Department of Justice, 7/8/03, press release #401
Richard Botts (senior vice president)	7/31/03 (G)	Conspiracy to commit securities fraud, falsifying books, and mail fraud	Department of Justice, 7/31/03, press release #436
Will Hicks (vice president)	7/31/03 (G)	Conspiracy to make false statements to auditors and maintain false books and records	

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Company/Individual	Charged (C), Indicted (I), Guilty Plea (G), Acquitted (A)	Charges	Sources
Richard M. Scrushy (CEO and chairman of the board) http://wikileaks.org/wiki/CRS-RL31866	11/4/03 (C) 9/29/04 (C) 6/28/05 (A)	Charged in an 85-count indictment stemming from a wide-ranging scheme to defraud investors, the public, and the U.S. government about HealthSouth's financial condition A federal grand jury returned a 58-count superseding indictment adding charges of obstruction of justice and perjury and consolidating some of the other charges from the initial indictment, which included conspiracy, mail, wire and securities fraud, false statements, false certifications, and money laundering. Richard M. Scrushy was acquitted on all 36 counts that he was charged with.	Department of Justice, 11/4/03, press release #603 Department of Justice, 9/29/04, press release #654 <i>New York Times</i> , 6/29/05, sec. A, p. 1, col. 1
Catherine Fowler (vice president)	11/24/03 (G)	Conspiring to mislead the auditors and to maintain false books and records	<i>New York Times</i> , 11/25/03, sec. C, p. 3, col. 1
Vincent Nico (vice president)	3/2/04 (G)	Wire fraud related to contracts with a hospital in Saudi Arabia	Department of Justice 3/2/04, press release #131
Thomas Carman (executive vice president)	3/2/04 (G)	Making a false statement to the FBI	Department of Justice 3/2/04, press release #131

Company/Individual	Charged (C), Indicted (I), Guilty Plea (G), Acquitted (A)	Charges	Sources
ImClone Systems			
Samuel Waksal (chief executive) ^a	8/7/02 (I) 10/15/02 (G)	Trading on inside information Sentenced to 87 months in prison and ordered to pay a \$3 million fine	<i>New York Times</i> 8/8/02, sec. A, p. 1, col. 1; 6/11/03, sec. C, p. 1, col. 5; 10/16/02, sec. C, p. 1, col. 2
Just for Feet, Inc.			
Adam Gilburne (executive)	5/12/03 (G)	Conspiracy to commit wire fraud and securities fraud	Department of Justice, 5/12/03, press release #283
Don-Allen Ruttenberg (executive vice president)	2/25/04 (G)	Conspiracy to commit securities fraud, wire fraud, and submitting false statements to the auditors of JFF	Department of Justice, 2/25/04, press release #110
Kmart			
Joseph A. Hofmeister (vice president)	2/26/02 (I)	Fraud, conspiracy, and making false statements	<i>New York Times</i> , 2/27/03, sec. C, p. 1, col. 5
Enio A. Montini Jr. (senior vice president)	2/26/02 (I)		

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Company/Individual	Charged (C), Indicted (I), Guilty Plea (G), Acquitted (A)	Charges	Sources
Martha Stewart Living Omnimedia			
Martha Stewart (chairman and CEO) ^a	6/4/03 (I) 3/5/04 (G) 7/16/04 (G)	Conspiracy, obstruction of justice, and securities fraud Found guilty of four counts of conspiracy, obstruction, and lying to federal investigators Sentenced to five months in prison plus five months of home confinement	<i>New York Times</i> , 6/5/03, sec. A, p. 1, col. 2 <i>New York Times</i> , 3/6/04, sec. A, p. 1, col. 6 <i>New York Times</i> , 7/17/04, sec. A, p. 1, col. 2
Peter Bacanovic (securities broker)	6/4/03 (I) 3/5/04 (G)	Criminal charges, including perjury Criminal charges, including perjury	<i>New York Times</i> , 6/5/03, sec. A, p. 1, col. 2 <i>New York Times</i> , 3/6/04, sec. A, p. 1, col. 6
Merrill Lynch			
Douglas Faneuil (stockbroker)	10/2/02 (G)	Pleaded guilty to obstruction of justice related to insider trading of ImClone Systems	<i>New York Times</i> , 10/3/02, sec. C, p. 1, col. 2
Daniel Bayly (head of Global Investment Banking division)	9/17/03 (I)	Conspiracy to commit wire fraud and to falsify books and records	Department of Justice, 9/17/03, press release #510
James A. Brown (head of Merrill Lynch's Strategic Asset Lease and Finance group)	11/3/04 (C)	Convicted of conspiring to help Enron report bogus profits	<i>New York Times</i> , 11/4/04, sec. C, p. 1, col. 5
Robert S. Furst (Enron relationship manager for Merrill Lynch)			

Company/Individual	Charged (C), Indicted (I), Guilty Plea (G), Acquitted (A)	Charges	Sources
Mutuals.com			
Richard A. Sapio (CEO)	3/15/04 (C)	Charged with a scheme to defraud mutual fund shareholders in connection with market timing, a practice involving the short-term trading of mutual funds	<i>Wall Street Journal</i> , 3/16/04, sec. D, p. 9
Eric McDonald (president)			
Michele Leftwich (compliance officer)			
NatWest Bank			
Giles R. Darby (banker)	6/27/02 (C)	All three are British bankers charged with wire fraud in connection with Enron's off-the-books partnerships	<i>New York Times</i> , 6/28/02, sec. C, p. 1, col. 2 Department of Justice, 6/27/02, press release #377
David J. Bermingham (banker)	6/27/02 (C)		
Gary S. Mulgrew (banker)	6/27/02 (C)		
NewCom Inc.			
Sultan W. Khan (president and chief executive)	9/5/02 (I)	Fraud, money laundering, filing false statements, and conspiracy	<i>New York Times</i> , 9/6/02, sec. C, p. 4, col. 3
Asif M. Khan (executive vice president)	9/5/02 (I)		
Steven C. Veen (chief financial officer)	9/5/02 (I)		

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Company/Individual	Charged (C), Indicted (I), Guilty Plea (G), Acquitted (A)	Charges	Sources
Quaker Alloy			
Thomas W. Lambach (chief financial officer)	4/3/02 (G)	Wire fraud and conspiracy	Harrisburg (PA) <i>Patriot-News</i> , 4/4/02, p. B12
Joseph Stewart (human resource manager)	4/3/02 (G)		
Qwest Communications			
Grant Graham (chief financial officer)	2/25/03 (I)	Corporate accounting fraud A federal jury acquitted John Walker and Bryan Treadway of accounting fraud, found Grant Graham not guilty on three counts and deadlocked on the eight other counts facing him, and completely deadlocked on all counts against Tom Hall. Judge Robert Blackburn declared a mistrial on all deadlocked counts and scheduled a status conference for April 26.	Department of Justice, 2/25/03, press release #112 <i>New York Times</i> , 4/17/04, sec. C, p. 2, col. 5
Thomas Hall (senior vice president)	4/16/04		
John Walker (vice president)			
Bryan Treadway (assistant controller)			

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Company/Individual	Charged (C), Indicted (I), Guilty Plea (G), Acquitted (A)	Charges	Sources
Rite Aid			
Martin L. Grass (chairman and chief executive)	6/23/02 (G) 5/14/04 (G)	Various counts of securities fraud	<i>New York Times</i> , 6/22/02, sec. A, p. 1, col. 1; 6/6/03, sec. C, p. 3, col. 3; 6/18/03, sec. C, p. 12, col. 3; 6/26/03, sec. C, p. 6, col. 3; 10/18/03, sec. C, p. 2, col. 1 5/14/04, sec. C, p.10, col. 1 10/15/04, sec. C, p. 3, col. 1
Franklin Brown (chief counsel and vice chairman)	6/23/02 (G) 10/14/04 (G)	Grass signed a plea deal with prosecutors under which he will serve up to 10 years in prison , pay \$500,000 in fines, and forfeit \$3 million to the United States to ensure that he does not receive unjust enrichment	
Franklyn Bergonzi (chief financial officer)	6/23/02 (G)	Brown was sentenced to 10 years in prison	
Erik S. Sorkin (executive vice president)	6/23/02 (G)	Lying to the grand jury	
Timothy J. Noonan (president and chief operations officer)	7/10/02 (G)	Withholding information from the company's internal investigators	Lancaster (PA) <i>Intelligencer Journal</i> , 7/11/02, sec. Business, p. B-7
Philip Markovitz (senior vice president)	7/11/2003 (G)	Conspiracy to obstruct justice	<i>New York Times</i> , 7/11/03, sec. C, p. 12, col. 1

Company/Individual	Charged (C), Indicted (I), Guilty Plea (G), Acquitted (A)	Charges	Sources
Tyco International			
L. Dennis Kozlowski (chairman and chief executive)	9/12/02 (I) 6/17/05 (G)	Grand larceny, enterprise corruption, falsifying records. Kozlowski was also indicted June 4, 2002, for sales tax evasion, as was Swartz on February 19, 2003. L. Dennis Kizlowski and Mark H. Swartz were convicted on fraud, conspiracy, and grand larceny charges.	<i>New York Times</i> , 9/13/02, sec. A, p. 1, col. 3; 6/5/02, sec. C, p. 1, col. 2; 2/20/03, sec. C, p. 6, col. 3 6/18/05, sec. A, p. 1, col. 6
Mark H. Swartz (chief financial officer)	9/12/02 (I) 6/17/05 (G)		
Mark Belnick (general counsel)	9/12/02 (I) 2/3/03 (I) 7/16/04 (A)	Falsifying records Indicted on three additional charges A jury acquitted Belnick of charges that he stole millions of dollars from Tyco in the form of unauthorized bonuses and loans. He still faces charges brought forth by the SEC.	<i>New York Times</i> , 9/13/02, sec. A, p. 1. col. 3; <i>New York Times</i> , 2/4/03, sec. C, p. 1., col. 2 <i>New York Times</i> , 9/16/04, sec. C, p. 1, col. 2

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Company/Individual	Charged (C), Indicted (I), Guilty Plea (G), Acquitted (A)	Charges	Sources
Westar Energy, Inc.			
David C. Wittig (CEO)	12/4/03 (I)	Conspiracy to defraud, circumventing internal accounting controls, falsifying books and records, wire fraud, submitting false statements, and engaging in monetary transactions derived from an unlawful activity	Department of Justice, 12/4/03, press release #663
Douglas T. Lake (executive vice president)	9/12/05 (G)	David C. Wittig was found guilty of 39 counts and Douglas T. Lake was found guilty of 30 counts of conspiracy, wire fraud, circumventing internal controls, and money laundering.	<i>New York Times</i> , 9/13/05, sec. C, col. 4, p. 12
WorldCom			
Scott Sullivan (chief financial officer)	8/27/02 (I) 3/2/04 (G)	Numerous counts of securities fraud and conspiracy Pleaded guilty	Department of Justice, 8/27/02, press release #494 <i>New York Times</i> , 3/3/04, sec. A, p. 1, col. 5
Buford Yates, Jr. (director of general accounting)	8/27/02 (I) 10/7/02 (G)	Securities fraud	Department of Justice, 8/27/02, press release #494; <i>New York Times</i> , 10/8/02, sec. C, p. 9, col. 1
David Myers (former controller)	9/26/02 (G)	Securities fraud	<i>New York Times</i> , 9/27/02, sec. C, p. 2, col. 3

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Company/Individual	Charged (C), Indicted (I), Guilty Plea (G), Acquitted (A)	Charges	Sources
Betty Vinson (an executive in the General Accounting Department)	10/10/02 (G)	Securities fraud and conspiracy	<i>New York Times</i> , 10/11/02, sec. C, p. 10, col. 1
Troy Normand (an executive in the General Accounting Department)	10/10/02 (G)		
Bernard J. Ebbers (chief executive)	3/2/04 (I) 3/15/05 (G)	Accounting fraud Ebbers was found guilty of securities fraud, conspiracy, and seven counts of filing false reports with regulators. Each count carries a sentence of 5 to 10 years.	<i>New York Times</i> , 3/3/04, sec. A, p. 1, col. 5 <i>New York Times</i> , 3/16/05, sec. A, p. 1, col. 1

Note: A few of these cases have also resulted in civil indictments.

http://wikileaks.org/wiki/CRS-20