



Halliburton Ex-CFO May Return to Court

Unable to reach agreement with regulators, the former finance chief is probably heading to trial over a failure to disclose a change in accounting practice.

[Stephen Taub](#), CFO.com

March 24, 2006

Unable to hammer out a deal with securities regulators, a former Halliburton Co. CFO accused of accounting violations will probably go to trial, according to *The Houston Chronicle*.

In August 2004, the Securities and Exchange Commission brought charges against the energy-services company, its former CFO Gary Morris, and its onetime controller Robert Muchmore Jr. for failure to disclose a change in the company's accounting practice related to cost overruns.

The change was made during Vice President Cheney's tenure as Halliburton's chief executive. The SEC had alleged that Morris and Muchmore were responsible for hiding a 1998 accounting change that should have been reported in Halliburton's public filings. The change resulted in a 46 percent overstatement of reported pretax income for 1998, according to the commission's complaint.

In a settlement with the SEC, the company and Muchmore agreed to shun future securities law violations. To settle civil charges for not fully cooperating with the commission's probe, Muchmore and Halliburton agreed to pay \$50,000 and \$7.5 million penalties, respectively.

For his part, Morris did not agree to settle. As a result, the SEC filed an enforcement action against the ex-CFO in U.S. District Court in Houston. In September 2005, a federal judge dismissed one of two civil charges leveled against Morris: the dropped allegation held that he helped the company put together financial reports that failed to promptly disclose a change in accounting procedures, according to several press reports.

Morris still faced judgment on the SEC's charge of negligence for allowing financial statements to be released without full accounting disclosure. Morris and the SEC were unable to settle the charge this month through a court-appointed mediator, according to the *Chronicle*. Because of that, his case will probably move to trial sometime in May, the paper reported.

© CFO Publishing Corporation 2006. All rights reserved.