

## SEC Settles Spiegel Case

Washington (Nov. 6, 2006) - The Securities and Exchange Commission has filed and settled enforcement actions against former officers and directors of Spiegel Inc., the owner of catalogue retailers Spiegel, Eddie Bauer and Newport News.

The SEC filed settled charges against the former co-presidents of Spiegel Michael Moran and James Sievers, former chief executive Martin Zaepfel, former chief financial officer James Cannataro and former treasurer John Steele -- all in connection with the overstatement of the performance of Spiegel's credit card receivables portfolio.

Additionally, the SEC settled with the former chairman of Spiegel's board of directors, Michael Otto, and a former director, Michael Crusemann, and former chief executive Martin Zaepfel in connection with the decision to withhold Spiegel's required financial reports to avoid issuance by its outside auditor of a "going concern" opinion.

According to the SEC, Moran, Sievers, Zaepfel, Cannataro and Steele improperly increased inter-company fees between Spiegel's retail subsidiaries and Spiegel's bank subsidiary, which had the effect of hiding the deteriorating performance of the company's credit card receivables portfolio.

Without admitting or denying the allegations -- Moran, Sievers, Cannataro, Steele, Otto, Crusemann and Zaepfel have agreed to the issuance of an order of permanent injunction enjoining them from future violations of the federal securities laws. Moran, Sievers, Cannataro and Steele have consented to each pay a civil penalty of \$120,000; while Otto and Crusemann have consented to each pay a civil penalty of \$100,000. Zaepfel agreed to pay a civil penalty of \$170,000.

— WebCPA staff

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