



## **SEC Doles Out \$83 Million from Gemstar Case**

**Monies from former CFOs, among others, will be returned to investors under Sarbox "Fair Funds" provision.**

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December 26, 2006

The Securities and Exchange Commission said shareholders who were harmed by fraudulent accounting and disclosure practices at Gemstar-TV Guide International will begin receiving about \$83 million in cash and stock under the "Fair Funds" provision of the Sarbanes-Oxley Act.

The funds include \$22.3 million recovered by the SEC as a result of enforcement actions it brought against Gemstar, four former Gemstar executives, as well as auditor KPMG.

The funds also include payments by Gemstar and KPMG to settle a related private class action lawsuit.

The "Fair Funds" provision authorizes the SEC to take civil penalties collected in enforcement cases and add them to disgorgement funds, providing greater compensation to investors harmed in such cases. Before the Sarbanes-Oxley Act, civil penalties obtained by the SEC were deposited in the US Treasury's general fund.

In making the announcement, SEC Chairman Christopher Cox stressed that no lawyers' fees will be deducted from the \$22.3 million recovered for investors in the form of penalties and disgorgement. "That is exactly what this important feature of the Sarbanes-Oxley Act intended," he added in a statement.

The SEC previously filed and settled actions against Gemstar and its former CFO, co-president, general counsel, and a divisional CFO, as well as against KPMG and four members of the KPMG audit engagement team.

The total sum does not include the \$22.3 million in disgorgement, penalties, and interest that United States District Judge for the Central District of California ordered former CEO and chairman Henry C. Yuen to pay after a three-week federal court trial in December 2005. The SEC noted that the money judgment against Yuen, who was also permanently barred from serving as an officer or director of a public company, remains outstanding.

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