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Ex-Peregrine CEO pleads guilty in accounting scandal

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SAN DIEGO – The former chairman and chief executive of Peregrine Systems pleaded guilty Tuesday to three federal counts of conspiracy, securities fraud and obstruction of justice.

Stephen P. Gardner became the company's highest ranking executive to plead guilty in the financial accounting scandal, which triggered the San Diego software company's meltdown in 2002.

Gardner was among seven former Peregrine Systems executives and consultants who were scheduled to stand trial April 10 on an array of criminal charges.

Since Peregrine's financial statements came under scrutiny five years ago, nine other Peregrine executives and consultants have pleaded guilty to various federal charges, including securities fraud and conspiracy.

Investigators with the Securities and Exchange Commission first questioned the company's financial statements over apparent accounting irregularities in May 2002.

Gardner was named in a 70-count indictment in October 2004, accused of conspiring to inflate the company's revenue.

Prosecutors accused of the company of committing fraud in an elaborate ruse to make the company's finances appear better than they were.

During the company's bankruptcy reorganization in 2003, Peregrine disclosed that it had overstated its revenue by \$509 million and understated its losses by \$2.6 billion over a 33-month period that began in April 1999.

Federal authorities estimated that investors lost billions of dollars as a result.

The company emerged from bankruptcy in August 2003 and was acquired by Hewlett-Packard in 2005.

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