
Peregrine's Ex-CEO Pleads Guilty in Fraud

San Diego (March 15, 2007) - The former chief executive of bankrupted business software firm Peregrine Systems Inc. pleaded guilty to charges related to his role in a \$250-million accounting fraud at the company.

Stephen Parker Gardner appeared in San Diego federal court this week to change his not-guilty plea on one count each of conspiracy, securities fraud and obstruction of justice.

A 2004 indictment named Gardner and seven other former executives of Peregrine for backdating contracts and improperly recognizing revenue between 1999 and 2001 to keep the firm's stock price from falling, according to court documents.

Gardner joined Peregrine in 1997, became its chief executive in 1998 and was appointed to serve as chairman two years later. According to his plea agreement, Gardner negotiated a \$150 million corporate line of credit using false and misleading financial statements, gave misleading testimony under oath to Securities and Exchange investigators and exercised stock options worth \$14 million -- despite knowing that the stock price was inflated.

He will remain free on bond and may cooperate as part of a trial against the other defendants, which is scheduled to begin next month.

Gardner is the brother-in-law of New Mexico governor and Democratic presidential contender Bill Richardson, who was briefly a member of Peregrine's board of directors and has said that he first learned of the accounting problems in a newspaper account.

Peregrine filed for bankruptcy protection in 2002 and three years later, was bought by Hewlett-Packard Co. for \$425 million.

— WebCPA staff

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