

## Disgorgement Limited to Amount Attributable to Backdating

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The U.S. District Court for the Northern District of California found that disgorgement of an executive's profits from exercising backdated options should be limited to the portion of the profits attributable to the backdating, i.e., the "in the money" portion of the options at grant. The SEC had sought disgorgement of the total amount gained from the executive's exercise of options plus interest. The Court found that \$59,971 of the \$85,867 in profits from the exercised options related to the grant date selection and awarded prejudgment interest on this amount. *SEC v. Pattison*, No. C-08-4238 EMC (N.D. Cal. Feb. 23, 2011).