

SEC Charges CEO for Failing to Properly Disclose Executive Perks to Shareholders

May 24, 2017

A former CEO of a marketing company has agreed to settle charges by the U.S. Securities and Exchange Commission (the "SEC") that his executive perks were not properly disclosed to the company's shareholders. According to the SEC's order, annual filings disclosed that the company's CEO and chairman received an annual perquisite allowance of \$500,000 in addition to other benefits. However, the SEC's investigation discovered that the company paid for the CEO's personal use of private airplanes as well as charitable donations in his name, yacht and sports car expenses, cosmetic surgery, jewelry, medical expenses for family members, pet care, and a wide range of other perks that the company failed to properly disclose. The SEC alleged the CEO improperly obtained an additional \$11.285 million in perks beyond his disclosed benefits and the \$500,000 annual allowance. The CEO has since resigned and returned \$11.285 million to the company. The CEO consented to the SEC's order without admitting or denying the findings and agreed to pay \$1.85 million in disgorgement plus \$150,000 in pre-judgment interest and a \$3.5 million penalty. He also agreed to be barred from serving as an officer or director of a public company for five years. [View the SEC's order.](#)