

**UNITED STATES OF AMERICA**  
before the  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
Release No. 60074 / June 9, 2009

**ACCOUNTING AND AUDITING ENFORCEMENT**  
Release No. 2986 / June 9, 2009

**ADMINISTRATIVE PROCEEDING**  
File No. 3-13508

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**In the Matter of**

**MICHAEL BEAULIEU (CPA),**

**Respondent.**

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: **ORDER INSTITUTING**  
: **ADMINISTRATIVE**  
: **PROCEEDINGS PURSUANT TO**  
: **RULE 102(e) OF THE**  
: **COMMISSION'S RULES OF**  
: **PRACTICE, MAKING**  
: **FINDINGS, AND IMPOSING**  
: **REMEDIAL SANCTIONS**  
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**I.**

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted against Michael Beaulieu ("Respondent" or "Beaulieu") pursuant to Rule 102(e)(3)(i) of the Commission's Rules of Practice.<sup>1</sup>

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the "Offer") which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III,

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<sup>1</sup> Rule 102(e)(3)(i) provides, in relevant part, that:

The Commission, with due regard to the public interest and without preliminary hearing, may, by order, ...suspend from appearing or practicing before it any...accountant...who has been by name...permanently enjoined by any court of competent jurisdiction, by reason of his or her misconduct in an action brought by the Commission, from violating or aiding and abetting the violation of any provision of the Federal securities laws or of the rules and regulations thereunder.

paragraph 3, below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Rule 102(e) of the Commission's Rules of Practice, Making Findings, and Imposing Remedial Sanctions ("Order"), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. Beaulieu, age 51, is a certified public accountant and was licensed to practice in the State of Massachusetts. He served as controller of Cardinal Health, Inc. ("Cardinal") from 1998 until January 2001, as the senior vice president of finance for Cardinal's Pharmaceutical Distribution and Provider Services and Medical Products and Services segments from January 2001 through January 2003, as Cardinal's chief financial officer of Healthcare Products and Services from January 2003 to January 2004, and as senior vice president of finance for Pharmaceutical Distribution and Provider Services from February 2004 until his resignation in March 2006.

2. Cardinal was, at all relevant times, an Ohio corporation with its principal place of business in Dublin, Ohio. Cardinal was, and continues to be, engaged in the business of developing and distributing health care and pharmaceutical products and services. At all relevant times, Cardinal's common stock was registered with the Commission pursuant to Section 12(b) of the Securities Exchange Act of 1934 ("Exchange Act"), and traded on the New York Stock Exchange.

3. On May 27, 2009, the Commission filed a complaint against Beaulieu in SEC v. Michael Beaulieu, et al., Civil Action No. 09-CV-4945, in the United States District Court for the Southern District of New York. On May 29, 2009, the court entered an order permanently enjoining Beaulieu, by consent, from future violations of Section 17(a) of the Securities Act of 1933 ("Securities Act"), Sections 10(b) and 13(b)(5) of the Exchange Act, and Rules 10b-5 and 13b2-1 thereunder, and aiding and abetting violations of Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act and Rules 12b-20, 13a-1, 13a-11, and 13a-13 thereunder. Beaulieu was also ordered to pay a \$50,000 civil money penalty.

4. The Commission's complaint alleged, among other things, that, at different times from at least September 2000 through at least March 2004, Beaulieu and other former senior accounting and finance officers of Cardinal engaged in a fraudulent earnings and revenue management scheme to inflate Cardinal's publicly reported operating revenue, earnings and growth trends. The Complaint alleged that Beaulieu engaged in a number of improper accounting and disclosure practices that materially misrepresented Cardinal's publicly reported revenue, earnings, and growth trends. These practices included, among other things: misclassifying bulk sales as operating revenue to overstate reported operating revenue; overstating quarterly earnings by selectively accelerating the recognition of cash discount income; and improperly establishing and/or

using a general reserve account and directing or approving the adjustment of various reserve accounts in a departure from generally accepted accounting principles (“GAAP”).

On October 26, 2004, as described in the Complaint, Cardinal restated its financial results for fiscal years 2000 to 2003 and for the first three quarters of fiscal year 2004. In its restatement, Cardinal disclosed, among other things, that it had improperly classified \$1.2 billion of bulk revenue as operating revenue and that Cardinal had an undisclosed practice of accelerating payment of vendor invoices at the end of certain reporting periods, which improved operating results for those periods. The restatement (as subsequently corrected) also reduced Cardinal’s net earnings by a cumulative total of \$65.9 million, due to Cardinal’s adjustments to reserves and other accruals, which were restated as a result of misapplications of GAAP, other errors or an absence of substantiation. In addition, Cardinal reversed, reclassified and recognized in a later period the \$22 million of expected litigation settlement proceeds it had previously recognized during the second quarter of fiscal year 2001 and the first quarter of fiscal year 2002.

#### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to accept Respondent Beaulieu’s Offer.

Accordingly, it is hereby ORDERED, effective immediately that:

A. Beaulieu is suspended from appearing or practicing before the Commission as an accountant.

B. After three years from the date of this order, Respondent may request that the Commission consider his reinstatement by submitting an application (attention: Office of the Chief Accountant) to resume appearing or practicing before the Commission as:

1. a preparer or reviewer, or a person responsible for the preparation or review, of any public company’s financial statements that are filed with the Commission. Such an application must satisfy the Commission that Respondent’s work in his practice before the Commission will be reviewed either by the independent audit committee of the public company for which he works or in some other acceptable manner, as long as he practices before the Commission in this capacity; and/or

2. an independent accountant. Such an application must satisfy the Commission that:

(a) Respondent, or the public accounting firm with which he is associated, is registered with the Public Company Accounting Oversight Board (“Board”) in accordance with the Sarbanes-Oxley Act of 2002, and such registration continues to be effective;

(b) Respondent, or the registered public accounting firm with which he is associated, has been inspected by the Board and that inspection did not identify any criticisms of or potential defects in the Respondent's or the firm's quality control system that would indicate that the Respondent will not receive appropriate supervision;

(c) Respondent has resolved all disciplinary issues with the Board, and has complied with all terms and conditions of any sanctions imposed by the Board (other than reinstatement by the Commission); and

(d) Respondent acknowledges his responsibility, as long as Respondent appears or practices before the Commission as an independent accountant, to comply with all requirements of the Commission and the Board, including, but not limited to, all requirements relating to registration, inspections, concurring partner reviews and quality control standards.

C. The Commission will consider an application by Respondent to resume appearing or practicing before the Commission provided that his state CPA license is current and he has resolved all other disciplinary issues with the applicable state boards of accountancy. However, if state licensure is dependent on reinstatement by the Commission, the Commission will consider an application on its other merits. The Commission's review may include consideration of, in addition to the matters referenced above, any other matters relating to Respondent's character, integrity, professional conduct, or qualifications to appear or practice before the Commission.

By the Commission.

Elizabeth M. Murphy  
Secretary