

UNITED STATES DISTRICT COURT
DISTRICT OF COLUMBIA

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

No. 1:11-cv-00672-ESH

SATYAM COMPUTER SERVICES
LIMITED

d/b/a

MAHINDRA SATYAM,

Defendant.

**PLAINTIFF SECURITIES AND EXCHANGE COMMISSION'S MOTION FOR AN
ORDER TO APPROVE PROPOSED DISTRIBUTION PLAN**

The plaintiff Securities and Exchange Commission (the "Commission") respectfully moves the Court to (i) approve the proposed distribution plan. An approved Distribution Plan is necessary for the Distribution Agent to identify harmed investors and ultimately distribute any funds from the Fair Fund to investors harmed by Defendants' misconduct.

I. BACKGROUND

By order dated April 6, 2011, the Court entered Final Judgment as to Defendant Satyam Computer Services Limited d/b/a Mahindra Satyam ("Satyam"). On April 22, 2011, Satyam paid \$10,000,000 in civil penalty to the Clerk of the Court pursuant to the Final Judgment.

Pursuant to an Order to Transfer Funds entered on December 8, 2011 (Dkt. # 6), the SEC transferred \$6,000,000 paid to the SEC by Defendant's independent auditors: Lovelock & Lewes; Price Waterhouse, Bangalore; Price Waterhouse & Co., Bangalore; Price Waterhouse, Calcutta; and Price Waterhouse & Co, Calcutta (collectively, "PW India" or "Respondents") pursuant to an Order issued in a related, public Administrative Proceeding against these Respondents to the Court Registry Investment System ("CRIS") of the District Court on January 23, 2012. *In the Matter of Lovelock & Lewes, et al.*, Exchange Act Release No. 64184 (April 5, 2011). The combined \$16,000,000 received from Satyam and PW India is referred to herein as the "Fair Fund."

By order dated September 27, 2016 (Docket # 9), the Court entered an order appointing Damasco & Associates ("Tax Administrator") to fulfill the tax obligations of the Fair Fund. On October 3, 2016, the Court entered an order creating the Fair Fund and appointing Rust Consulting as the Distribution Agent.

II. THE COURT SHOULD APPROVE THE DISTRIBUTION PLAN

The Commission seeks approval of its proposed Distribution Plan for the Fair Fund. The Distribution Plan provides for a distribution to Eligible Investors who were harmed by the Defendant's misconduct. Commission staff plans to distribute the Fair Fund, less any taxes and fees to the tax administrator and any other administrative expenses, on a pro rata basis to Eligible Recipients. A copy of the proposed Distribution Plan and accompanying Plan of Allocation is attached to this Motion as Exhibit A and Appendix 1, respectively.

III. LEGAL STANDARD FOR CONSIDERATION OF DISTRIBUTION PLAN

Generally, courts have broad discretion to approve plans to distribute funds collected in SEC enforcement actions. *SEC v. Wang*, 944 F.2d 80, 84 (2d Cir. 1991). In evaluating a

proposed distribution plan, a court should “decide whether, in the aggregate, the plan is equitable and reasonable.” *Id.* “Unless the consent decree specifically provides otherwise, once the District Court satisfies itself that the distribution of proceeds in a proposed Securities and Exchange Commission disgorgement plan is fair and reasonable, its review is at an end.” *Id.* at 85.

As the amount of money lost by Eligible Recipients is significantly more than the amount of funds that were collected for disbursement, the payments to investors will be calculated on a *pro rata* basis as described in the proposed methodology above. Any future payments paid pursuant to the Final Judgment will be added to the Fair Fund. The Commission believes that the proposed Distribution Plan for the Fair Fund should be approved as equitable and reasonable.

WHEREFORE, for all the foregoing reasons, the Commission respectfully requests that this Court enter the attached Proposed Order and grant such other relief as the Court deems just and proper.

Dated: April 23, 2019

Respectfully Submitted,

/s/ Keshia Ellis

Keshia Ellis

Trial Counsel

U.S. Securities and Exchange Commission

100 F St., N.E., S.P. III

Washington, D.C. 20549-5876

Ph: (202) 551-4406

Fx: (202) 772-9304

Email: Elliskw@sec.gov

Michigan Bar #P65146

Attorney for Plaintiff

CERTIFICATE OF SERVICE

I, Keshia W. Ellis, certify that on April 23, 2019, a copy of the foregoing Motion to Approve Proposed Distribution Plan and the Proposed Order was filed electronically. Notice of this filing will be sent by operation of the Court's electronic filing system to all parties indicated on the electronic filing receipt. Parties may access this filing through the Court's system.

/s/ Keshia Ellis
Keshia Ellis