

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO**

Civil Action No.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION,
Plaintiff,

v.

DWIGHT J. GOSLEE AND
HARRY J. HILL,
Defendants.

COMPLAINT FOR CIVIL PENALTY AND DISGORGEMENT

Plaintiff, United States Securities and Exchange Commission (“Commission”), for its Complaint alleges as follows:

SUMMARY

1. This action arises from (1) the improper accounting for the reversal of prior period excess reserves in the third quarter of ConAgra Foods, Inc.’s (“ConAgra” or the “Company”) fiscal year (“FY”) 2001 by defendant Dwight J. Goslee (“Goslee”) which caused ConAgra’s financial statements in its Quarterly Report filed on Form 10-Q for the third quarter of FY 2001 to be materially false and misleading, and (2) the improper accounting for reductions to various reserves in FY 1999, 2000 and 2001 by defendant Harry J. Hill (“Hill”), which caused ConAgra to include financial statements that were materially false and misleading in the Company’s Quarterly Reports filed on Form 10-Q for the first, second and third quarters of FY 1999, in its Form 10-K for FY 1999, in its Quarterly Report filed on Form 10-Q for the third

quarter of FY 2000, in its Annual Report filed on Form 10-K for FY 2000, and in its Quarterly Report filed on Form 10-Q for the third quarter of FY 2001.

2. By engaging in the conduct described above, defendants Goslee and Hill violated Rule 13b2-1 of the Securities and Exchange Act of 1934 (“Exchange Act”) [17 C.F.R. § 240.13b2-1].

JURISDICTION AND VENUE

3. The Commission brings this action pursuant to the authority conferred upon it by Section 21(d)(3)(A) of the Exchange Act [15 U.S.C. § 78u(d)(3)(A)] to obtain a civil money penalty from defendants Goslee and Hill, and Section 21(d)(5) of the Exchange Act [15 U.S.C. § 78u(d)(5)] to obtain disgorgement, with prejudgment interest, against defendant Hill.

4. This Court has jurisdiction over this action pursuant to Sections 21 and 27 of the Exchange Act [15 U.S.C. §§ 78u and 78aa]. Venue lies in this Court pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa].

5. Defendants, directly and indirectly, have made use of the means or instruments of transportation or communication in interstate commerce, or of the mails in connection with the acts, practices and transactions alleged herein, certain of which occurred within the District of Columbia.

THE DEFENDANTS

6. Dwight J. Goslee, age 56, is a resident of Elkhorn, Nebraska. From 1992 to 1994, he was ConAgra’s Corporate Controller. From 1994 to 2001, he was a Vice President at ConAgra and held other senior management positions, including serving as the head of mergers and acquisitions. In around February 2001, Goslee was promoted to Executive Vice President of Operations and Control. In that position, he assumed supervisory responsibilities over

ConAgra's Corporate Controller's group and Internal Audit department. From May 2004 to October 2005, Goslee held the position of Executive Vice President for Strategic Development. On October 1, 2005, Goslee resigned from ConAgra, and since that time, he has served as a consultant to the Company. He was licensed as a Certified Public Accountant ("CPA") in Minnesota, however that license has lapsed.

7. Harry J. Hill, age 64, resides in Omaha, Nebraska. From 1983 until his retirement in 2004, Hill was employed as ConAgra's Director of Corporate Accounting. From 1994 to 2002, Hill reported directly to ConAgra's Controller, first to Kenneth W. DiFonzo, and then to Jay D. Bolding ("Bolding"). Hill was licensed as a CPA in Nebraska, but that license has expired.

OTHER RELEVANT ENTITY AND PERSONS

8. ConAgra is a Delaware corporation with headquarters in Omaha, Nebraska. ConAgra's common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act, and trades on the New York Stock Exchange. At all times relevant to this Complaint, ConAgra was a diversified international food company. ConAgra's fiscal year ends on the last Sunday in May of each year.

9. James P. O'Donnell ("O'Donnell"), age 59, is a resident of Omaha, Nebraska. O'Donnell joined ConAgra in 1978. From 1995 until he retired on April 30, 2004, he served as ConAgra's Executive Vice President and Chief Financial Officer. Since his retirement, O'Donnell has acted as a consultant to the Company.

10. Bolding, age 47, is a resident of Omaha, Nebraska. From January 1997 to March 1999, he was head of ConAgra's Internal Audit department. From March 1999 until approximately April 2004, he served as ConAgra's Corporate Controller. Until his resignation

on June 1, 2006, he held the position of Senior Vice President for Capital and Market Investment Effectiveness. He was licensed as a CPA licensed in Kansas and Tennessee; however, both licenses have lapsed.

11. Kenneth W. DiFonzo, age 55, a resident of Newport Beach, California, was ConAgra's Corporate Controller from May 1994 through February 1999. From February 1999 until May 2004, he held other senior positions with the Company. From May 2004 to September 2005, DiFonzo served in an advisory capacity at ConAgra regarding various operational/management issues. Since September 1, 2005, he has been a consultant to the Company. DiFonzo was a CPA licensed in Illinois, however his license has become inactive.

FACTS

ACCOUNTING AT CONAGRA DURING THE THIRD QUARTER OF FY 2001

A. Goslee Caused ConAgra to Improperly Account For the Reduction of At Least \$23.8 Million of Prior Period Excess Reserves

ConAgra Improperly Kept Prior Period Excess Reserves on Its Books

12. Paragraphs 1 through 11 above are re-alleged and incorporated herein by reference.

13. As outlined in Statement of Financial Accounting Standards ("SFAS") No. 5, Accounting for Contingencies, at paragraph 8, Generally Accepted Accounting Principles ("GAAP") require a reserve be created, and a charge to income be taken, if it is both probable that a liability has been incurred and the amount of the liability can be reasonably estimated. Conversely, when a liability is no longer probable and reasonably estimable, a reserve should be removed from the books and income should be increased. In addition, paragraph 14 of SFAS No. 5 specifically prohibits the accrual of "reserves for general contingencies" or for "[g]eneral or unspecified business risks."

14. In their year-end “Summary of Uncorrected Financial Statement Misstatements” for FY 2000, ConAgra’s outside auditor identified a potential overstatement of legal and environmental reserves in the range of about \$23.8 million to \$51.5 million. ConAgra’s attorneys and other Company personnel provided the outside auditor with the exposure estimates and reserve account balances used in making this calculation. The outside auditors informed O’Donnell and Bolding about this potential overstatement at the end of FY 2000 and provided them with the summary . Contrary to the requirements of SFAS No. 5, O’Donnell and Bolding declined to reduce any of the excess legal and environmental reserves at the end of FY 2000. These prior period excess reserves remained on ConAgra’s books in the first and second quarters of FY 2001.

Goslee Reduces ConAgra’s Prior Period Excess Reserves

15. On February 13, 2001, as ConAgra was approaching the end of its third quarter of FY 2001, the Company issued a press release, which it filed with the Commission on Form 8-K, in which it lowered its near-term earnings outlook due to “sharply higher energy costs and a slowing economy.” In this press release, ConAgra disclosed that it expected its earnings per share for the third quarter of FY 2001 to be in the range of \$0.18 to \$0.20. ConAgra’s stock price dropped almost 20% on the day after it issued this press release.

16. Also in the third quarter of FY 2001, after he assumed responsibility for accounting at ConAgra, Goslee learned that ConAgra’s outside auditors had identified legal and environmental reserves that were potentially overstated in the range of \$23.8 million to \$51.5 million at least as early as the end of FY 2000 and in the first two quarters of FY 2001. Goslee made the decision to reverse \$35 million of ConAgra’s excess legal and environmental reserves

to income for the third quarter of FY 2001. O'Donnell and Bolding were informed of Goslee's decision to reduce the excess legal and environmental reserves by \$35 million.

17. Paragraph 13 of Accounting Principles Board ("APB") Opinion No. 20, Accounting Changes, states that "[e]rrors in financial statements result from mathematical mistakes, mistakes in the application of accounting principles, or oversight or misuse of facts that existed at the time the financial statements were prepared." Paragraphs 36 through 38 of APB Opinion No. 20 require the correction of an error to be reported as a prior period adjustment where the correction has a material effect on current period income before the effect of the change or on the trend of earnings. In addition, paragraph 18 of APB Opinion No. 9, Reporting the Results of Operations, requires a prior period adjustment to be reflected by adjusting the opening balance of retained earnings in the current period, and accordingly, to be excluded from current period income.

18. At a minimum, \$23.8 million of the \$35 million of ConAgra's legal and environmental reserves that Goslee directed be reduced had been in excess since at least the end of FY 2000. Goslee knew, or should have known, that the accounting for this portion of the excess reserves reduction was not in accordance with SFAS No. 5 and improperly increased ConAgra's reported income before income taxes for the third quarter of FY 2001 by nearly 15%. The earnings estimates from the analysts covering ConAgra ranged from \$0.18 to \$0.21 earnings per share during that period. ConAgra's reported earnings of \$0.19 in earnings per share for the third quarter of FY 2001, met the consensus estimate of \$0.19 per share. Without the \$23.8 million reversal to income of the prior period excess reserves, ConAgra would have earned only \$0.16 per share.

19. Goslee knew, or should have known, that ConAgra should have treated the removal of the at least \$23.8 million of prior period excess reserves from its books as a correction of an error and reported the correction as a prior period adjustment because the \$23.8 million excess should have been reduced by no later than the end of FY 2000. Also, the \$23.8 million reduction was material to the Company's reported income before income taxes, net income, earnings per share and trend of earnings at least by the third quarter of FY 2001, if not earlier. As a result, the \$23.8 million prior period excess reserves reduction should have been excluded from ConAgra's reported income before income taxes, net income and earnings per share for the third quarter of FY 2001.

20. Goslee's decision to reverse the \$23.8 million of prior period excess reserves caused ConAgra to fail to make and keep books, records, and accounts which accurately and fairly reflected its transactions; circumvented any system of internal accounting controls that ConAgra had to provide reasonable assurances that, among other things, its transactions were recorded as necessary to permit preparation of financial statements in conformity with GAAP; and caused ConAgra's books, records or accounts to be falsified.

21. The Company's Form 10-Q for the third quarter of FY 2001, which was filed on April 11, 2001, disclosed that the Company's financial results were positively impacted by the \$35 million reserve reduction and negatively impacted, in part, by a significantly higher bad debt expense at its Agricultural Products subsidiary. The disclosure regarding the reserve reduction was misleading because ConAgra failed to disclose that at least \$23.8 million of these reserves were in excess in prior periods.

22. As a result of ConAgra's inaccurate accounting for, and improper disclosure about, the excess legal and environmental reserves reduction, ConAgra's Form 10-Q for the third

quarter of FY 2001 was materially inaccurate. Goslee reviewed ConAgra's Form 10-Q for the third quarter of FY 2001, including the disclosure related to the excess reserves reduction. O'Donnell and Bolding, among others, reviewed, and they both signed, the Form 10-Q. As a result, of the conduct described above, Goslee caused ConAgra to file a materially inaccurate Form 10-Q for the third quarter of FY 2001.

B. Hill Caused ConAgra to Improperly Account for Its Reductions of Various Reserves in FY 1999, FY 2000 and FY 2001

23. ConAgra acquired Beatrice Company ("Beatrice") in FY 1991. Prior to the acquisition, Beatrice estimated that it had hundreds of millions of dollars of liabilities arising from tax disputes with federal and state authorities. Beatrice recorded these tax liabilities as tax reserves on its books and ConAgra inherited these reserves as part of the acquisition. After the Beatrice acquisition, ConAgra increased the tax reserves it had inherited from Beatrice by adding tens of millions of dollars of post-acquisition interest.

24. Although ConAgra reduced the Beatrice reserves in years at various times prior to 1998, by no later than the end of FY 1998, ConAgra no longer had any probable and reasonably estimable tax liabilities that justified maintaining the remaining Beatrice acquisition-related tax and interest reserves on the Company's books. At that time, these reserves exceeded \$181 million. At various times during FY 1999, FY 2000 and FY 2001, at the request of either DiFonzo or Bolding, Hill completed and signed journal entries that improperly reversed to income or reallocated certain of the excess Beatrice acquisition-related tax and interest reserves. For example, during the first and second quarters of FY 1999, DiFonzo and Hill signed accounting journal entries improperly reducing the excess Beatrice-related post-acquisition interest reserves to offset, dollar-for-dollar, additional unrelated, unplanned-for and unreserved-

for inventory losses arising from ConAgra's attempted sale of meat and poultry into Russia, by over \$33 million.

25. In addition, from at least as early as the end of FY 1998 through the third quarter of FY 2001, ConAgra fraudulently and improperly used the Company's Estimated Liabilities account as a general, or "cookie jar," reserve which was not in conformity with GAAP. During this time period, ConAgra increased this reserve by millions of dollars by transferring into it miscellaneous excess reserves and accruals, and gains from the sale of certain ConAgra assets. In addition, at the same time, ConAgra improperly used this reserve to offset current period operating expenses.

26. By no later than the end of FY 1998, ConAgra no longer had any probable and reasonably estimable liabilities that justified maintaining the balance in the Estimated Liabilities account on its books. On several occasions in FY 1999, FY 2000 and FY 2001, at the request of either DiFonzo or Bolding, Hill completed journal entries that improperly reduced the balance in this account to income or to offset current period operating expenses. For example, in the first quarter of FY 1999, DiFonzo directed Hill to use the Estimated Liabilities account for claims arising out of a legal settlement for which no reserve had previously been created. DiFonzo and Hill signed a journal entry reducing the account by over \$9.6 million for the bulk of these expenses. Also, after the end of the third quarter of FY 2000, Bolding and Hill signed a journal entry offsetting \$6 million of unplanned-for and unreserved-for losses arising from a joint venture in South Africa in that quarter with a dollar-for-dollar reduction of the Estimated Liabilities account.

27. Finally, ConAgra recorded certain reserves in connection with a restructuring charge in FY 1996. In FY 1999, ConAgra transferred more than \$24.4 million of unused FY

1996 restructuring reserves from the books of certain of its subsidiaries to the ConAgra Corporate ledger. ConAgra, however, failed to remove these excess reserves from its books by the end of FY 1999 as required by SFAS No. 5. By no later than the end of FY 1999, at least \$24.4 million of the remaining FY 1996 restructuring reserves were no longer needed and should have been reversed.

28. In the fourth quarter of FY 2000, at Bolding's request, Hill drafted and signed the journal entry that improperly reduced over \$24.4 million of the excess FY 1996 restructuring reserves by lowering the Company's FY 2000 restructuring charge by an identical amount, and thus increased income by that amount.

29. Hill knew, or should have known, that ConAgra no longer had any probable and reasonably estimable liabilities that justified maintaining the remaining Beatrice acquisition related tax and interest reserves, the balance of the Estimated Liabilities account, and the at least \$24.4 million of the FY 1996 restructuring reserves on its books and that each of these journal entries was not in conformity with GAAP. For example, many of the journal entries reversing prior period excess reserves to increase current period income or decrease current period operating expenses were not in accordance with SFAS No. 5, APB Opinion No. 9 and APB Opinion No. 20. Also many of these journal entries had the effect of improperly increasing ConAgra's income before income taxes, net income and earnings per share.

30. Accordingly, as a result of the journal entries he made, Hill caused ConAgra to include financial statements that were materially false and misleading in the Company's Quarterly Reports filed on Forms 10-Q for the first, second and third quarters of FY 1999, in its Form 10-K for FY 1999, in its Quarterly Report filed on Form 10-Q for the third quarter of FY 2000, in its Annual Report filed on Form 10-K for FY 2000, and in its Form 10-Q for the third

quarter of FY 2001. Also, by signing the improper journal entries, Hill caused ConAgra to fail to make and keep books, records, and accounts which accurately and fairly reflected its transactions; circumvented any system of internal accounting controls that ConAgra had to provide reasonable assurances that, among other things, its transactions were recorded as necessary to permit preparation of financial statements in conformity with GAAP; and caused ConAgra's books, records or accounts to be falsified.

C. Hill Benefited from ConAgra's Improper Accounting

31. Hill received increased bonuses based on ConAgra's overstated FY 1999, FY 2000 and FY 2001 financial performance.

FIRST CLAIM

Goslee and Hill Violated Exchange Act Rule 13b2-1

32. Paragraphs 1 through 30 above are re-alleged and incorporated herein by reference.

33. Rule 13b2-1 of the Exchange Act [17 C.F.R. § 240.13b2-1] prohibits any person from, directly or indirectly, falsifying or causing to be falsified, any book, record or account subject to Exchange Act Section 13(b)(2)(A) [15 U.S.C. § 78m(b)(2)(A)]. Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)] requires reporting companies to make and keep books, records, and accounts which, in reasonable detail, accurately and fairly reflect their transactions and dispositions of their assets.

34. As a result of the conduct described above, Goslee violated Exchange Act Rule 13b2-1 [17 C.F.R. § 240.13b2-1], when he directed the reduction of at least \$23.8 million of ConAgra's excess legal and environmental reserves in a manner not in conformity with GAAP. The resulting adjustments to ConAgra's reserve accounts and related books and records were

false because they did not accurately reflect changes in the Company's probable and reasonably estimable liabilities, or the Company's current period income before income taxes, net income, and earnings per share.

35. As a result of the conduct described above, Hill violated Exchange Act Rule 13b2-1 [17 C.F.R. § 240.13b2-1], when he completed journal entries reducing various ConAgra excess reserves in the first and second quarters of FY 1999, the third and fourth quarters of FY 2000, and the third quarter of FY 2001 in a manner not in conformity with GAAP. These journal entries, and the resulting adjustments to related accounts, books and records, were false because they did not accurately reflect changes in the Company's probable and reasonably estimable liabilities, or the Company's current period income before income taxes, net income and earnings per share.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court:

I.

Enter an order requiring defendants Goslee and Hill to pay civil money penalties for their unlawful acts pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)];

II.

Enter an order requiring defendant Hill to disgorge certain performance-based compensation he received based on ConAgra's inflated FY 1999, FY 2000 and FY 2001 earnings per share, together with prejudgment interest thereon;

III.

Retain jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and

decrees that may be entered, or to entertain any suitable application or motion for additional relief within the jurisdiction of the Court; and

IV.

Grant such other relief as the Court deems just and appropriate.

Dated: June 29, 2007

Respectfully submitted,

s/Polly A. Atkinson
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Arthur Lowry (Trial Counsel)
Antonia Chion
Christopher R. Conte
Daniel Chaudoin
Noel Gittens
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JS 44 (Rev. 11/04)

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

<p>I. (a) PLAINTIFFS</p> <p>Securities and Exchange Commission</p> <p>(b) County of Residence of First Listed Plaintiff _____ (EXCEPT IN U.S. PLAINTIFF CASES)</p> <p>(c) Attorney's (Firm Name, Address, and Telephone Number)</p> <p>Polly A. Atkinson, SEC, 1801 California St., Ste 1500. Denver, CO 80202 2656 302/844-1046</p>	<p>DEFENDANTS</p> <p>Dwight J. Goslee and Harry J. Hill</p> <p>County of Residence of First Listed Defendant <u>Douglas</u> (IN U.S. PLAINTIFF CASES ONLY)</p> <p>NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE LAND INVOLVED.</p> <p>Attorneys (If Known)</p> <p>See attached</p>
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<p>II. BASIS OF JURISDICTION (Place an "X" in One Box Only)</p> <p><input checked="" type="checkbox"/> 1 U.S. Government Plaintiff</p> <p><input type="checkbox"/> 2 U.S. Government Defendant</p> <p><input type="checkbox"/> 3 Federal Question (U.S. Government Not a Party)</p> <p><input type="checkbox"/> 4 Diversity (Indicate Citizenship of Parties in Item III)</p>	<p>III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)</p> <p>(For Diversity Cases Only)</p> <table style="width:100%;"> <tr> <td style="width:33%;">PTF</td> <td style="width:33%;">DEF</td> <td style="width:33%;">PTF</td> <td style="width:33%;">DEF</td> </tr> <tr> <td>Citizen of This State</td> <td><input type="checkbox"/> 1</td> <td>Incorporated or Principal Place of Business in This State</td> <td><input type="checkbox"/> 1</td> </tr> <tr> <td>Citizen of Another State</td> <td><input type="checkbox"/> 2</td> <td>Incorporated and Principal Place of Business in Another State</td> <td><input type="checkbox"/> 4</td> </tr> <tr> <td>Citizen or Subject of a Foreign Country</td> <td><input type="checkbox"/> 3</td> <td>Foreign Nation</td> <td><input type="checkbox"/> 5</td> </tr> <tr> <td></td> <td></td> <td></td> <td><input type="checkbox"/> 6</td> </tr> </table>	PTF	DEF	PTF	DEF	Citizen of This State	<input type="checkbox"/> 1	Incorporated or Principal Place of Business in This State	<input type="checkbox"/> 1	Citizen of Another State	<input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/> 4	Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 5				<input type="checkbox"/> 6
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IV. NATURE OF SUIT (Place an "X" in One Box Only)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES	
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	<p>PERSONAL INJURY</p> <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury	<p>PERSONAL INJURY</p> <input type="checkbox"/> 362 Personal Injury - Med. Malpractice <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability <p>PERSONAL PROPERTY</p> <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs. <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 <p>PROPERTY RIGHTS</p> <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark <p>SOCIAL SECURITY</p> <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) <p>FEDERAL TAX SUITS</p> <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609	<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input checked="" type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes
<p>REAL PROPERTY</p> <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	<p>CIVIL RIGHTS</p> <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	<p>PRISONER PETITIONS</p> <input type="checkbox"/> 510 Motions to Vacate Sentence <p>Habeas Corpus:</p> <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition	<p>LABOR</p> <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act		

V. ORIGIN (Place an "X" in One Box Only)

1 Original Proceeding

2 Removed from State Court

3 Remanded from Appellate Court

4 Reinstated or Reopened

5 Transferred from another district (specify)

6 Multidistrict Litigation

7 Appeal to District Judge from Magistrate Judgment

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):
17 CFR sec 240.13b2-1

Brief description of cause:
Monetary relief as defendants violated federal securities laws in scheme to falsely overstate public company's financial results

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23

DEMAND \$ _____

JURY DEMAND: Yes No

DATE: 6/29/07

SIGNATURE OF ATTORNEY OF RECORD: s/Polly A. Atkinson

FOR OFFICE USE ONLY

RECEIPT # _____ AMOUNT _____ APPLYING IFP _____ JUDGE _____ MAG. JUDGE _____

Attachment to Civil Cover Sheet

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INSTRUCTIONS FOR ATTORNEYS COMPLETING CIVIL COVER SHEET FORM JS 44**Authority For Civil Cover Sheet**

The JS 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

I. (a) Plaintiffs-Defendants. Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.

(b) **County of Residence.** For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the "defendant" is the location of the tract of land involved.)

(c) **Attorneys.** Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section "(see attachment)".

II. Jurisdiction. The basis of jurisdiction is set forth under Rule 8(a), F.R.C.P., which requires that jurisdictions be shown in pleadings. Place an "X" in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.

United States plaintiff. (1) Jurisdiction based on 28 U.S.C. 1345 and 1348. Suits by agencies and officers of the United States are included here.

United States defendant. (2) When the plaintiff is suing the United States, its officers or agencies, place an "X" in this box.

Federal question. (3) This refers to suits under 28 U.S.C. 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked.

Diversity of citizenship. (4) This refers to suits under 28 U.S.C. 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked. (See Section III below; federal question actions take precedence over diversity cases.)

III. Residence (citizenship) of Principal Parties. This section of the JS 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.

IV. Nature of Suit. Place an "X" in the appropriate box. If the nature of suit cannot be determined, be sure the cause of action, in Section VI below, is sufficient to enable the deputy clerk or the statistical clerks in the Administrative Office to determine the nature of suit. If the cause fits more than one nature of suit, select the most definitive.

V. Origin. Place an "X" in one of the seven boxes.

Original Proceedings. (1) Cases which originate in the United States district courts.

Removed from State Court. (2) Proceedings initiated in state courts may be removed to the district courts under Title 28 U.S.C., Section 1441. When the petition for removal is granted, check this box.

Remanded from Appellate Court. (3) Check this box for cases remanded to the district court for further action. Use the date of remand as the filing date.

Reinstated or Reopened. (4) Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.

Transferred from Another District. (5) For cases transferred under Title 28 U.S.C. Section 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.

Multidistrict Litigation. (6) Check this box when a multidistrict case is transferred into the district under authority of Title 28 U.S.C. Section 1407. When this box is checked, do not check (5) above.

Appeal to District Judge from Magistrate Judgment. (7) Check this box for an appeal from a magistrate judge's decision.

VI. Cause of Action. Report the civil statute directly related to the cause of action and give a brief description of the cause. **Do not cite jurisdictional statutes unless diversity.** Example: U.S. Civil Statute: 47 USC 553

Brief Description: Unauthorized reception of cable service

VII. Requested in Complaint. Class Action. Place an "X" in this box if you are filing a class action under Rule 23, F.R.Cv.P.

Demand. In this space enter the dollar amount (in thousands of dollars) being demanded or indicate other demand such as a preliminary injunction.

Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.

Date and Attorney Signature. Date and sign the civil cover sheet.