

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 102365 / February 6, 2025**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-22327**

_____	:	
<b>In the Matter of</b>	:	
	:	
<b>United Parcel Service, Inc.,</b>	:	<b>EXTENSION ORDER</b>
	:	
<b>Respondent.</b>	:	
_____	:	

The Division of Enforcement (“Division”) has requested an extension of time until January 27, 2026, to submit a Proposed Plan of Distribution under Rule 1101(a) of the Commission’s Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. § 201.1101(a).

On November 22, 2024, the Commission issued an Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (the “Order”)<sup>1</sup> against United Parcel Service, Inc. (the “Respondent” or “UPS”). The Commission found that UPS failed to adhere to the basic accounting principle that the “fair value” of an asset is the price that would be received to sell that asset in an orderly transaction between market participants. These failures resulted in material misrepresentations to investors regarding its earnings and other reported items and activities.

---

<sup>1</sup> Securities Act Rel. No. 11328 (Nov. 22, 2024).

According to the Order, in 2019, UPS's corporate strategy group conducted an analysis of UPS Freight ("Freight") and concluded Freight was likely to sell for only about \$350 million to \$650 million and reflected that the nearly \$500 million of goodwill associated with Freight was impaired. According to the Order, an impairment in that amount would have materially reduced UPS's earnings, goodwill balances, and shareowners' equity.

The Commission found, however, when conducting the goodwill impairment testing required by Generally Accepted Accounting Principles in 2019, that UPS ignored the company's own assessment of Freight's fair value. Instead, it relied on a valuation estimate of \$2 billion prepared by an external consultant to support the carrying value UPS had assigned to Freight without giving the consultant the information it needed to fairly value the business. The Commission found that UPS relied on this valuation and did not record a goodwill impairment.

According to the Order, in October 2020, UPS executed a non-binding term sheet with a prospective buyer to sell Freight for \$800 million subject to various adjustments that were likely to reduce the final price. Yet when conducting the goodwill impairment test for 2020, UPS did not consider this proposed transaction when valuing Freight. The Commission found that UPS again relied on the consultant's valuation of Freight of \$2 billion without informing the consultant of the terms of the sale transaction the company was pursuing.

In addition, the Commission found that, in 2019 and 2020, UPS made various disclosures regarding the amount of its earnings, goodwill balances, and shareowners' equity that were materially misleading. UPS failed to inform investors that these reported items were materially dependent on valuations for Freight that did not reflect the business's fair value and did not fairly align with information in the company's possession about the assumptions market participants would use in valuing Freight. Further, the Commission found that UPS made false and

misleading disclosures about its goodwill impairment testing. For example, in the third quarter of 2020, while UPS was in negotiations to sell Freight for hundreds of millions of dollars below its carrying value, the company falsely claimed in a Form 10-Q that there had been “no events or changes in circumstances” that would indicate Freight’s goodwill may be impaired.

According to the Order, in the fourth quarter of 2020, UPS finally concluded that Freight’s goodwill was impaired, and the company wrote off the goodwill after reaching an agreement to sell Freight for a net price of about \$650 million. The Commission found that the write-off reduced UPS’s fiscal year 2020 income from continuing operations by about 6%, its fiscal year 2020 net income by about 20%, its goodwill balances by about 13%, and its shareowners’ equity by about 32%.

The Commission found that, as a result of the conduct described in the Order, UPS violated Securities Act Sections 17(a)(2) and (3); Exchange Act Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) and Rules 12b-20, 13a-1, 13a-11, 13a-13, and 13a-15 thereunder.

The Commission ordered the Respondent to pay a \$45,000,000 civil money penalty to the Commission. The Commission also created a Fair Fund pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002 so the penalty collected can be distributed to harmed investors (the “Fair Fund”).

The Fair Fund consists of the \$45,000,000 collected from the Respondent. The Fair Fund has been deposited in a Commission-designated account at the U.S. Department of the Treasury, and any accrued interest will be added to the Fair Fund.

In its request for an extension of time, the Division states that additional time is needed to complete the fund administrator solicitation and appointment process, develop the distribution methodology, and prepare the proposed plan of distribution.

Accordingly, for good cause shown, IT IS HEREBY ORDERED that the Division's request for an extension of time until January 27, 2026, to submit a Proposed Plan of Distribution is granted.

For the Commission, by the Division of Enforcement, pursuant to delegated authority.<sup>2</sup>

Vanessa A. Countryman  
Secretary

---

<sup>2</sup> 17 C.F.R. § 200.30-4(a)(21)(i).