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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,	:	
	:	
Plaintiff,	:	
	:	**04 Civ. 4088 (ILG)**
-against-	:	
	:	**COMPLAINT**
COMPUTER ASSOCIATES INTERNATIONAL, INC.	:	
	:	
Defendant.	:	

Plaintiff Securities and Exchange Commission ("Commission"), for its Complaint against Computer Associates International, Inc. ("CA" or "Defendant"), alleges as follows:

PRELIMINARY STATEMENT

1. CA, through various former senior executives and other employees, engaged in a widespread practice that resulted in the improper recognition of revenue by CA, one of the world's largest software companies. During at least the Fourth Quarter of Fiscal Year ("FY") 1998 through the Second Quarter of FY2001 (January 1, 1998 through September 30, 2000), CA prematurely recognized revenue from software contracts that had not yet been executed by both CA and its customer, in violation of Generally Accepted Accounting Principles ("GAAP"). Through the conduct of various executives and other employees, CA held its books open for

several days after the end of each quarter to prematurely record in that quarter revenue from contracts that were not executed by customers or CA until several days or more after the expiration of the quarter (the "Extended Quarters Practice"). CA often concealed this practice by using licensing contracts that falsely bore preprinted signature dates for the last day of the quarter that had just expired, rather than the subsequent dates on which the contracts actually were executed.

2. As a result of this improper Extended Quarters Practice, CA made material misrepresentations and omissions about its revenue and earnings in Commission filings and other public statements from at least the Fourth Quarter of FY1998 through the Second Quarter of FY2001. For the First, Second, Third and Fourth Quarters of FY2000, respectively, CA inflated its properly recorded revenue by approximately 25%, 53%, 46%, and 22% by improperly including prematurely recognized revenue from contracts not executed by CA or CA's customers by the quarter's end. From the Fourth Quarter of FY1998 through the Second Quarter of FY2001, CA prematurely recognized over $3.3 billion in revenue from at least 363 contracts that CA's customer or CA signed after the quarter close. CA's reported revenues and earnings per share from the Fourth Quarter of FY1998 through the Fourth Quarter of FY2000 appeared to meet or exceed the consensus estimates of Wall Street analysts, but CA failed to disclose that those reported results improperly included prematurely recognized revenue and did not comply with GAAP. After CA substantially refrained from recognizing revenue prematurely from contracts that its customers had signed after quarter end during the First Quarter of FY2001, the company missed its earnings estimate and CA's stock price dropped over 43% in a single day. Until September 2000, CA continued to recognize revenue from contracts that CA signed after quarter end.

VIOLATIONS

3. By virtue of the conduct alleged in this Complaint: CA, directly or indirectly, singly or in concert, has engaged in acts, practices and courses of business that constitute violations of Section 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. § 77q(a); and Sections 10(b), 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §§ 78j(b), 78m(a), 78(m)(b)(2)(A) and 78(m)(b)(2)(B); and Rules 10b-5, 12b-20, 13a-1, and 13a-13, 17 C.F.R. §§ 240.10b-5, 240.12b-20, 240.13a-1, and 240.13a-13 thereunder.

4. Unless CA is permanently restrained and enjoined by this Court, it will again engage in the acts, practices, and courses of business set forth in this Complaint and in acts, practices, and courses of business of similar type and object. By this action, the Commission seeks judgment, among other things: (a) permanently enjoining Defendant from engaging in the acts, practices and courses of business alleged herein, pursuant to Section 20(b) of the Securities Act, 15 U.S.C. §77t(b), and Section 21(d) of the Exchange Act, 15 U.S.C. §78u(d); and (b) granting such other relief as the Court deems just and proper.

JURISDICTION AND VENUE

5. The Commission brings this action pursuant to the authority conferred upon it by Section 20 of the Securities Act, 15 U.S.C. § 77t; and Section 21 of the Exchange Act, 15 U.S.C. § 78u, seeking to restrain and enjoin permanently the Defendant from engaging in the acts, practices, and courses of business alleged herein, and seeking civil penalties and other relief.

6. The Defendant, directly and indirectly, has used the means or instrumentalities of interstate commerce, or of the mails, or of the facilities of a national securities exchange, in connection with the transactions, acts, practices, and courses of business alleged herein.

7. Certain of these transactions, acts, practices and courses of business occurred in the Eastern District of New York, including conduct by the employees and executives of CA while at CA's corporate headquarters in Islandia, New York.

8. Accordingly, this Court has jurisdiction over this action, and venue is proper in this district, pursuant to Section 20 of the Securities Act, 15 U.S.C. § 77t; and Sections 21 and 27 of the Exchange Act, 15 U.S.C. §§ 78u and 78aa.

DEFENDANT

9. **CA** is a Delaware corporation headquartered in Islandia, New York. CA's fiscal year concludes at the end of each March, such that, for example, CA's FY2000 ended on March 31, 2000. According to CA's Form 10-K Annual Report for the fiscal year ended March 31, 2004 ("2004 10-K"), CA "design[s], market[s], and license[s] computer software products that allow businesses to efficiently run and manage critical aspects of their IT technology." CA is one of the largest computer software companies in the world; according to its 2004 10-K, more than 95% of the Fortune 500® companies use its software products. CA's common stock trades on the New York Stock Exchange and is registered pursuant to Section 12(b) of the Exchange Act, 15 U.S.C. §78l(b).

CA'S ACCOUNTING FRAUD

10. Between at least the Fourth Quarter of FY1998 through the Second Quarter of FY2001, CA engaged in a widespread practice that allowed for the premature recognition of revenue from software licensing agreements. Pursuant to this practice, which is referred to in this Complaint as the "Extended Quarters Practice," CA personnel recorded, into the just-elapsed fiscal quarter, revenue from software contracts that were not finalized and signed by both CA and its customers until days or weeks after that quarter ended. Reporting revenue in this fashion

was improper because it violated GAAP, which required that license agreements be fully executed by both CA and its customers by quarter end before recognizing revenue. CA's reported revenue and earnings per share appeared to meet or exceed Wall Street analysts' expectations, when – in truth and fact – those results were based in part on revenue that CA recognized prematurely and in violation of GAAP.

11. In 2003, CA announced that the Audit Committee of its Board of Directors was conducting an investigation into the timing of revenue recognition at the company. In a press release dated October 8, 2003, CA announced the preliminary results of that investigation. Quoting the chair of the Audit Committee, that press release stated, among other things, that:

> The Audit Committee's investigation is continuing, but we have determined that CA recognized certain revenue prematurely in the fiscal year ending March 31, 2000. The committee found that a number of software contracts in that fiscal year appear to have been signed after the end of the quarter in which revenues associated with such contracts had been recognized. Those revenues should have been recognized in the quarter in which the contract was signed.

In that same press release, CA announced that CA had asked for and received the resignations of those who, according to CA, "oversaw sales accounting during the relevant time," including CA's then-Chief Financial Officer.

12. On April 26, 2004, CA filed with the Commission a Form 8-K ("Form 8-K") stating, among other things that:

> The Audit Committee's investigation found accounting irregularities that led to material misstatements of the Company's financial reports for fiscal years 2000 and 2001, and prior periods. The effect of prior period errors which have an impact on fiscal year 2000 have been considered as part of this restatement. The Audit Committee believes that several factors contributed to the improper recognition of revenue in these periods, including a practice of holding the financial period open after the end of the

> fiscal quarters, providing customers with contracts with preprinted signature dates, late countersignatures by Company personnel, backdating of contracts, and not having sufficient controls to ensure the proper accounting under SOP 97-2. In addition, the Audit Committee found that certain former executives and other personnel were engaged in the practice of "cleaning up" contracts by, among other things, removing fax time stamps before providing agreements to the outside auditors. These same executives and personnel also misled the Company's outside counsel, the Audit Committee and its counsel and accounting advisers regarding these accounting practices.

13. Also in the Form 8-K, CA announced that it was restating over $2.2 billion in revenue that CA had improperly recognized in FY2000 and FY2001.

Improper Revenue Recognition at CA

14. During the time period relevant to this Complaint, which is from at least the Fourth Quarter of FY1998 through the Second Quarter of FY2001, CA derived its income primarily from licensing software and providing maintenance for that software. CA’s software operated and maintained powerful “mainframe” computers, those generally used by businesses and other organizations. Prior to October 2000, CA’s contract and licensing model involved entering into long-term licensing contracts, some as long as seven years in duration. Under that business model, customers paid an initial licensing fee for the software, plus subsequent licensing fees for the right to use the software in subsequent years. In addition, customers paid CA for ongoing maintenance such as technical support. Customers often entered into long-term contracts and spread out the licensing and maintenance fees over the term of the contract.

15. For contracts under its pre-October 2000 business model, GAAP allowed CA to recognize all the license revenue called for during the duration of the contract up front, during the fiscal quarter in which the software was shipped and the contract was executed and final.

SOP 97-2, which the American Institute of Certified Public Accountants adopted in October 1997,[1] requires the following before revenue can be recognized from a software sale:

- evidence of an arrangement;
- delivery;
- fixed and determinable fees; and
- ability to collect.

When a software company uses contracts requiring signatures by the software company and its customer, then SOP 97-2 provides that both signatures – the software company and the customer – are required as "evidence of an arrangement" before the software company may recognize revenue. During the period relevant to this Complaint, including but not limited to the Fourth Quarter of CA's FY1998 through the Second Quarter of CA's FY2001, all of CA's license agreements required signatures by both CA and the customer.

CA Made Materially False Statements and Omissions in Filings With the Commission and in Public Statements

16. During at least the Fourth Quarter of FY1998 through the Second Quarter of FY2001, CA violated GAAP, including SOP 97-2 and SOP 91-1, by recording into fiscal quarters that had expired software contracts that were not executed – and for which "evidence of an arrangement" did not exist – until a subsequent quarter. This Extended Quarters Practice resulted in CA's premature recognition of revenue. As a consequence, CA made material misrepresentations and omissions of fact concerning CA's revenues and earnings for the Fourth Quarter of FY1998 through the Second Quarter of FY2001 in various public documents and in connection with the

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[1] SOP 97-2 was preceded by SOP 91-1 (software revenue recognition), which became effective for financial statements issued after March 15, 1992 (for fiscal years beginning after December 15, 1991). According to SOP 91-1, para. 50, a software company can only recognize revenue if there is persuasive evidence of an agreement, and evidence of an agreement is usually provided by a signed contract. Thus, in addition to being inconsistent with SOP

offer, purchase and sale of securities. CA's reported results for at least the Fourth Quarter of FY1998 through the Fourth Quarter of FY2000 appeared to meet or exceed the revenue and earnings estimates of outside analysts when, in fact, those reported results did not comply with GAAP and were false and misleading.

17. Specifically, the misrepresentations and omissions CA made about its revenue and earnings per share include the following:

a. In its Form 8-K, which was not an audited Restatement, CA admits that the Extended Quarters Practice resulted in CA prematurely recognizing substantial percentages of revenue for all quarters of FY2000 and the first two quarters of FY2001. Below is a chart which illustrates the impact of the premature revenue recognition in each fiscal quarter:

Fiscal Quarter	GAAP Value of Revenue Properly Recorded[2]	GAAP Value of Contracts that CA Signed After Quarter End	GAAP Value of Contracts that Clients Signed After Quarter End	GAAP Value of Revenue Improperly Accelerated and Recorded	Percentage that Properly Recorded Revenue was Inflated by Improperly Accelerated Revenue
Q1 FY2000	$977,165,281	$122,230,689	$122,604,030	$244,834,719	25%
Q2 FY2000	$1,047,256,904	$90,099,723	$467,643,373	$557,743,096	53%
Q3 FY2000	$1,239,902,741	$170,450,718	$401,646,541	$572,097,259	46%
Q4 FY2000	$1,748,131,031	$179,493,620	$199,375,348	$378,868,969	22%
Q1 FY2001	$1,135,600,000	$126,740,000	$15,660,000	$142,400,000	13%
Q2 FY2001	$1,462,040,000	$214,720,000	$4,240,000	$218,960,000	15%

b. The greatest amount of prematurely recognized revenue as a result of the

97-2, CA's Extended Quarters Practice was inconsistent with SOP 91-1.

Extended Quarters Practice occurred in FY2000, particularly in the Third Quarter, followed by the Second, Fourth and First Quarters of that Fiscal Year. If CA had not improperly recognized revenue in each of those fiscal quarters, CA would not have met analysts' revenue and earnings estimates. The following is a chart which shows the impact of the Extended Quarters Practice on CA's earnings per share in the four quarters of FY2000 and the extent of the material misstatements and misrepresentations in the Forms 10-Q and Form 10-K that CA filed with the Commission which reported each quarterly result, and related public statements made by CA:

Quarter	**Total Revenue Properly Recorded**[3]	**Total Revenue Improperly Recorded**	**Analyst earnings per share ("EPS") Estimate**	**Announced EPS**	**EPS without Improper Revenue**	**Overstatement of EPS**
Q1 FY2000	$977 million	$244 million	$.47	$.49[4]	$.29	$.20
Q2 FY2000	$1.047 billion	$557 million	$.59	$.60	$.05	$.55
Q3 FY2000	$1.240 billion	$572 million	$.90	$.91[5]	$.31	$.60
Q4 FY2000	$1.748 billion	$378 million	$1.13	$1.13[6]	$.82	$.31

c. In addition to misstating the results for the Fourth Quarter of FY2000, CA's Form 10-K for FY2000 also was inaccurate and misleading as it (a) repeated false statements about

2 The amounts in this column do not include the effect of rebooking revenue improperly accelerated in prior quarters.

3 The amounts in this column do not include the effect of rebooking revenue improperly accelerated in prior quarters.

4 In its Form 10-Q for the First Quarter of FY2000, CA represented that it had lost $.80 per share on a diluted basis for that quarter. In its July 20, 1999 press release, CA represented that its first quarter operating earnings per share was $.49 on a diluted basis, excluding certain amortization expenses and a $646 million charge related to CA's purchase of another company.

5 In its Form 10-Q for the Third Quarter of FY2000, CA represented that its earnings per share for that quarter amounted to $.72 on a diluted basis. In its January 26, 2000 press release, CA represented that its third quarter operating earnings per share was $.91 on a diluted basis, excluding acquisition related amortization charges and a one-time non-cash asset write-down of $37 million.

6 In its Form 10-K for FY2000, CA represented that its earnings per share for the Fourth Quarter of FY2000 amounted to $.70 on a diluted basis. In its May 15, 2000 press release, CA represented that its fourth quarter operating earnings per share was $1.13 on a diluted basis, excluding certain acquisition related amortization charges and a one-time non-cash charge.

quarterly results as reported in the Forms 10-Q for the First, Second and Third Quarters, including quarterly revenue and earnings per share; (b) contained false statements about the Company's revenue and earnings per share for the Fourth Quarter of FY2000; (c) contained false statements about the Company's annual revenue and earnings results; and (d) failed to disclose the Extended Quarter's Practice.

d. In CA's Form 10-K for FY2000, the Company listed the quarterly results for each of the four fiscal quarters. The results for each quarter include the revenue and earnings per share. For the First, Second and Third Quarter this information is the same as is listed in the Forms 10-Q that the Company filed, and, as discussed above, is inaccurate and misleading. The Company also listed quarterly results for the Fourth Quarter stated above. As discussed above this information is false and misleading.

e. CA also misstated the Company's annual earnings per share for FY2000. Because the $378 million in contract revenue referenced above was not only improper revenue for the Fourth Quarter of FY2000, but also for FY2000 as a whole, CA's revenue for the year should have been listed as $5.725 billion, not $6.103 billion, an overstatement of over 6.6%. Without the improperly recognized revenue, CA's true diluted annual earnings per share would have been $2.96 per share, not $3.28 per share as announced.[7] CA's improper revenue recognition resulted in an overstatement of $0.32 per share, or 10.81%. Without the improperly recognized revenue, CA would have missed earnings estimates of $3.28 per share.

f. In its Form 10-K for FY2000, CA also failed to make a statement necessary to make statements made not misleading. Specifically, CA failed to disclose that in order to

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[7] In its Form 10-K for FY2000, CA represented that its earnings per share for FY2000 amounted to $1.25 on a diluted basis. In its May 15, 2000 press release, CA represented that its operating earnings per share for FY2000 was $3.28 on a diluted basis, excluding certain amortization charges.

achieve its reported revenue results, CA had held open fiscal quarters, and its entire fiscal year had also been extended to allow for additional contracts.

g. Based on the substantial percentages of improperly recognized revenue in the First and Second Quarter of FY2001, CA's Forms 10-Q for each of those quarters and its Form 10-K for FY2001 were materially false and misleading.

h. CA's Extended Quarters practice also resulted in significant contracts being improperly recorded as revenue in fiscal quarters from the Fourth Fiscal Quarter of 1998 through each quarter of FY1999. Below is a chart showing the impact of CA's Extended Quarters practice in various fiscal quarters in FY1998 and FY1999.

Fiscal Quarter	GAAP Value of Revenue Properly Recorded[8]	GAAP Value of Contracts that CA Signed After Quarter End	GAAP Value of Contracts that Clients Signed After Quarter End	GAAP Value of Revenue Improperly Accelerated and Recorded	Percentage that Properly Recorded Revenue was Inflated by Improperly Accelerated Revenue
Q4 FY1998	$1,419,690,000	$0	$47,310,000	$47,310,000	3%
Q1 FY1999	$912,140,000	$67,890,000	$66,970,000	$134,860,000	15%
Q2 FY1999	$922,760,000	$221,990,000	$71,250,000	$293,240,000	32%
Q3 FY1999	$975,230,000	$316,110,000	$69,660,000	$385,770,000	40%
Q4 FY1999	$1,282,290,000	$300,020,000	$46,690,000	$346,710,000	27%

As with FY2000, the improper revenue recognized by CA in the above-referenced fiscal quarters in FY1998, FY1999, and FY2001 caused CA's Forms 10-Q and Forms 10-K which corresponded to those reporting periods to be materially false and misleading.

8 The amounts in this column do not include the effect of rebooking revenue improperly accelerated in prior quarters.

i. In addition, CA repeated the misstatements it made in its Commission filings by incorporating them by reference in a Form S-4, filed on February 22, 2000, and an amended Form S-4, filed on March 13, 2000, regarding CA's acquisition of another public company. Each of the Forms S-4 stated that they incorporated by reference, among other things, CA's Form 10-K for FY1999 and Forms 10-Q for the quarters ending June 30, 1999, September 30, 1999 and December 31, 1999, thus repeating by reference the false statements specified above.[9]

A Systemic and Intentional Practice

18. The premature recognition of revenue at CA during at least the Fourth Quarter of FY1998 through the Second Quarter of FY2001 was the result of a systemic, intentional practice by certain CA personnel. To implement and conceal this Extended Quarters Practice, CA personnel employed a variety of improper techniques, many of which rendered the company's books and records false and misleading. Indicia of this are:

a. Some employees at CA called the Extended Quarters Practice the "35-day month" practice, because generally most quarters were extended by at least 3 business days, although some quarterly extensions lasted longer.

b. Sometimes, CA had its customers execute contracts bearing pre-printed dates from the just expired quarter even though the customer did not actually sign the contract until days or weeks into the new quarter.

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9 CA also filed two Forms S-8 which repeated by reference the misstatements made in the Forms 10-Q for the quarters ending September 30, 1999 and December 31, 1999. The first such Form S-8, filed with the Commission on February 28, 2000, concerned the year 2000 employee stock purchase plan; the second, filed March 21, 2000, concerned stock incentive plans that had existed at several companies that CA had acquired. Each of these Forms S-8 incorporated by reference its Form 10-K for FY1999, all filings made under Section 13(a) of the Exchange Act since March 31, 1999 (which includes the Forms 10-Q for the quarters ending June 30, 1999, September 30, 1999 and December 31, 1999, and future filed periodic reports including the FY2000 and FY2001 Forms 10-K and the Forms 10-Q for the quarters ending June 30, 2000 and September 30, 2000), thus repeating the false statements contained in those filings.

c. Other times, even when the customer signed the contract before quarter end, CA did not execute the contract until the following quarter.

When the Extended Quarters Practice Substantially Ended,
CA Missed Its Quarterly Estimates

19. CA substantially stopped prematurely recognizing revenue for software contracts signed after quarter end by CA's customers during the First Quarter of FY2001 (quarter ended June 30, 2000). That quarter, CA missed its Wall Street earnings estimates. CA issued a press release on July 3, 2000 stating that it would miss the analysts' estimates, specifically citing the fact that the company did not complete several large contracts that they had hoped to conclude before the close of the quarter. This was only the second time in CA's then recent history that CA missed Wall Street's estimates. The next trading day, July 5, 2000, CA's stock dropped over 43% from $51.12 to $28.50 as the market reacted to the news. Subsequent days of trading brought negligible gains.

20. CA continued to prematurely recognize revenue from contracts that CA signed after quarter end (although, with a few exceptions, the customer did sign contract by quarter end) for the first two quarters of FY2001, after which that practice substantially stopped.

21. CA profited from its accounting fraud by inflating its stock price when it acquired another public company in a stock swap merger.

CA Obstructed the Commission's Investigation

22. During the course of the Commission's investigation, which began in February 2002, both as an entity and through the conduct of specific then executives, CA obstructed the Commission staff's investigation. Notwithstanding several Commission document requests, CA, through certain executives and in-house counsel, withheld certain incriminating documents for

more than one year; such documents were responsive to the initial document request issued to CA by the Commission staff. In addition, certain CA senior executives made false statements directly to the staff. Other CA executives made false or misleading statements to CA's outside counsel while knowing that CA's outside counsel would pass on the false and misleading statements to the government.

FIRST CLAIM FOR RELIEF

Section 17(a) of the Securities Act,
15 U.S.C. § 77q(a)

23. The Commission realleges and incorporates by reference herein each and every allegation contained in paragraphs 1 through 22.

24. CA, directly or indirectly, singly or in concert, by use of the means or instruments of transportation or communication in interstate commerce, or of the mails, in the offer or sale of CA's securities, knowingly or recklessly, has, (a) employed, is employing or is about to employ, devices, schemes and artifices to defraud; (b) made untrue statements of material fact, or has omitted to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading; and/or (c) engaged, is engaging and is about to engage in transactions, acts, practices and courses of business which operated or would have operated as a fraud or deceit upon purchasers of CA securities and upon other persons, including in CA's filings for FY1998 through FY2001, including the Forms 10-K for FY1999, FY2000, and FY2001 and Forms 10-Q for FY1999 and FY2000 and the Fourth Quarter of FY1998 and the First and Second Quarters of FY2001, and Forms S-4 and S-8, and in other public statements.

25. By reason of the foregoing, CA, singly or in concert, directly or indirectly, has violated, and unless enjoined will again violate, Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

SECOND CLAIM FOR RELIEF

Section 10(b) of the Exchange Act,
15. U.S.C. § 78j(b), and Rule 10b-5,
17 C.F.R. § 240.10b-5, thereunder

26. The Commission realleges and incorporates by reference herein each and every allegation contained in paragraphs 1 through 22.

27. CA, directly or indirectly, singly or in concert, by use of the means or instrumentalities of interstate commerce, or of the mails, or of the facilities of a national securities exchange, in connection with the purchase or sale of CA securities, knowingly or recklessly, has: (a) employed, is employing or is about to employ, devices, schemes and artifices to defraud; (b) made, is making or is about to make untrue statements of material fact, or has omitted, is omitting, or is about to omit to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading; and/or (c) engaged, is engaging and is about to engage in transactions, acts, practices and courses of business which operated or would have operated as a fraud or deceit upon purchasers of CA securities and upon other persons, including in CA's filings for FY1998 through FY2001, including the Forms 10-K for FY1999, FY2000, and FY2001 and Forms 10-Q for FY1999 and FY2000 and the Fourth Quarter of FY1998 and the First and Second Quarters of FY2001, and Forms S-4 and S-8, and in other public statements.

28. By reason of the foregoing, CA, singly or in concert, directly or indirectly, has violated, and unless enjoined will again violate, Section 10(b) of the Exchange Act, 15. U.S.C. § 78j(b), and Rule 10b-5, 17 C.F. R. § 240.10b-5, thereunder.

THIRD CLAIM FOR RELIEF

Violations of Section 13(a) of the Exchange Act, 15 U.S.C. §78m(a), and Rules 12b-20, 13a-1, and 13a-13, and 17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13 thereunder

29. The Commission realleges and incorporates by reference herein each and every allegation contained in paragraphs 1 through 22.

30. Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-13 thereunder require issuers of registered securities to file with the Commission factually accurate annual and quarterly reports. Exchange Act Rule 12b-20 provides that in addition to the information expressly required to be included in a statement or report, there shall be added such further material information, if any, as may be necessary to make the required statements, in the light of the circumstances under which they are made not misleading.

31. By reason of the foregoing, CA violated Section 13(a) of the Exchange Act, 15 U.S.C. § 78m(a), and Rules 12b-20, 13a-1, and 13a-13, 17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13, thereunder.

FOURTH CLAIM FOR RELIEF

Violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act, 15 U.S.C. §§78m(b)(2)(A) and 78m(b)(2)(B)

32. The Commission realleges and incorporates by reference herein each and every allegation contained in paragraphs 1 through 22.

33. Section 13(b)(2)(A) of the Exchange Act, 15 U.S.C. § 78m(b)(2)(A) requires issuers to make and keep books, records and accounts which in reasonable detail, accurately and favorably reflect the transactions and dispositions of assets of the issuer.

34. Section 13(b)(2)(B) of the Exchange Act, 15 U.S.C. § 78m(b)(2)(B), requires, among other things, that issuers maintain a system of internal accounting controls that permit the preparation of financial statements in conformity with GAAP.

35. By reason of the foregoing, CA has violated sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act, 15 U.S.C. §§ 78m(b)(2)(A) and 78m(b)(2)(B).

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests a Final Judgment:

I.

Permanently enjoining CA, and its agents, servants, employees and attorneys and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from committing future violations of Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a); and Sections 10(b), 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act, 15 U.S.C. §§ 78j(b), 78m(a), 78m(b)(2)(A) and 78m(b)(2)(B) and Rules 10b-5, 12b-20, 13a-1 and 13a-13, 17 C.F.R. §§ 240.10b-5, 240.12b-20, 240.13a-1, and 240.13a-13 thereunder.

II.

Granting such other and further relief as the Court may deem just and proper.

Dated: New York, New York
September 21, 2004

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