

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934  
Release No. 59278 / January 22, 2009

ACCOUNTING AND AUDITING ENFORCEMENT  
Release No. 2921 / January 22, 2009

ADMINISTRATIVE PROCEEDING  
File No. 3-13348

**In the Matter of**

**Catherine R. McEnroe,  
Noreen O’Loughlin and  
Martin R. von Ruden,**

**Respondents.**

**ORDER INSTITUTING CEASE-AND-DESIST  
PROCEEDINGS PURSUANT TO SECTION  
21C OF THE SECURITIES EXCHANGE ACT  
OF 1934, MAKING FINDINGS, AND  
IMPOSING A CEASE-AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Catherine R. McEnroe, Noreen O’Loughlin and Martin R. von Ruden (“Respondents”).

**II.**

In anticipation of the institution of these proceedings, Respondents have each submitted an Offer of Settlement (the “Offers”) 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 Respondents and the subject matter of these proceedings, which are admitted, Respondents consent to the entry of this Order Instituting Cease-and-Desist Proceedings, Making Findings, and Imposing a Cease-and-Desist Order Pursuant to Section 21C of the Securities Exchange Act of 1934 (“Order”), as set forth below.

### III.

On the basis of this Order and Respondents' Offers, the Commission finds<sup>1</sup> that:

1. Cablevision Systems Corporation ("Cablevision") is a Delaware corporation located in Bethpage, New York. Cablevision is a diversified entertainment and telecommunications company with a market capitalization of approximately \$8.05 billion in 2007 and 2007 annual revenues of \$6.484 billion. Cablevision's stock is registered under Section 12(b) of the Exchange Act and is listed on the New York Stock Exchange.

2. Rainbow Media Holdings, Inc. ("Rainbow"), during the relevant period, was a subsidiary of Cablevision that owned interests in and managed national and regional entertainment programming networks, the Madison Square Garden sports and entertainment business and cable television advertising sales companies. At all relevant times, the financial statements of Rainbow and its majority-owned business units were consolidated into Cablevision's financial reports.

3. AMC Networks, during the relevant period, was a business unit of Rainbow. It included at least two sub-units, including the television programming networks known as AMC (formerly known as American Movie Classics Company) and WE: Women's Entertainment ("WE").

4. Respondent Catherine R. McEnroe served as president of AMC Networks from April 1996 through June 2003, when she left Cablevision in connection with the matters described herein.

5. Respondent Noreen O'Loughlin served as Executive Vice President and General Manager of Marketing of AMC Networks from April 1998 to July 2000, and as Executive Vice President and General Manager of AMC from January 2002 through June 2003, when she left Cablevision in connection with the matters described herein.

6. Respondent Martin R. von Ruden served as Senior Vice President and General Manager of WE from 1998 until late 2000, and as Executive Vice President and General Manager of WE from late 2000 until June 2003, when he left Cablevision in connection with the matters described herein.

#### **Improper Prepays**

7. From at least 1999 through mid-2003, contrary to Generally Accepted Accounting Principles ("GAAP"), Cablevision recognized certain costs as current expenses when, in fact, the costs should not have been recognized in those periods. These improper "prepays," as the practice was referred to, occurred because employees prepared and submitted inaccurate and misleading invoices and other documents in order to accrue expenses earlier than when they in fact should have been accrued. These improperly recognized expenses were reflected in Cablevision's books, records and accounts and caused Cablevision to overstate expenses in

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<sup>1</sup> The findings herein are made pursuant to Respondents' Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

earlier fiscal periods and understate expenses in later periods. As a result, Cablevision's reports to the public and the Commission for the period 1999 through mid-2003 were inaccurate, causing Cablevision in 2004 to restate its financial statements for 2000 through the nine months ended September 30, 2003.

8. A large part of these improper prepaids occurred at business units of Cablevision's Rainbow subsidiary, namely AMC Networks and its sub-units AMC and WE. AMC Networks prematurely recognized, and caused Cablevision to improperly recognize, expenses totaling approximately \$12 million in both 1999 and 2000, \$10 million in 2001 and \$9 million in 2002.

9. While Respondents worked at AMC Networks or its sub-units, their subordinates used several different improper means to recognize expenses in a current period that properly should have been recognized in a later period. For example, the subordinates asked vendors to submit misdated invoices for vaguely defined services, which had not yet been rendered, and used these invoices to achieve early expense recognition and payment. These invoices were submitted to Cablevision's accounting department with Authorization for Payment Forms ("APF"), in some cases signed by Respondents, that inaccurately identified the expenses as current expenses. In addition, AMC Networks employees on occasion asked Cablevision's accounting department to send checks to the employees, ostensibly for delivery by the employee to the vendor. This practice permitted AMC Networks employees to hold payment until anticipated services were actually rendered, in violation of fundamental internal accounting controls. The purpose of these prepaid practices was to provide a "margin of error" each year for meeting AMC Networks' internally budgeted allowance for expenses.

10. Respondent McEnroe, while serving as President of AMC Networks, directed and was aware of improper prepaids and signed inaccurate APFs that caused improper prepaids. These prepaids resulted in Cablevision overstating expenses in earlier fiscal periods and understating expenses in later periods and rendered inaccurate Cablevision's financial reports to the Commission and the public for the years 1999 through mid-2003.

11. Respondent O'Loughlin, while serving as Executive Vice President and General Manager of Marketing of AMC Networks and as Executive Vice President and General Manager of AMC, directed and was aware of improper prepaids and signed inaccurate APFs that caused improper prepaids. These prepaids resulted in Cablevision overstating expenses in earlier fiscal periods and understating expenses in later periods and rendered inaccurate Cablevision's financial reports to the Commission and the public for the years 1999 through mid-2003.

12. Respondent von Ruden, while serving as Senior Vice President and General Manager of WE and as Executive Vice President and General Manager of WE, directed and was aware of improper prepaids and signed inaccurate APFs that caused improper prepaids. These prepaids resulted in Cablevision overstating expenses in earlier fiscal periods and understating expenses in later periods and rendered inaccurate Cablevision's financial reports to the Commission and the public for the years 1999 through mid-2003.

## **Violations**

13. Section 13(b)(5) of the Exchange act provides that no person shall knowingly circumvent or knowingly fail to implement a system of internal accounting controls, or knowingly falsify any book, record or account described in Section 13(b)(2) of the Exchange Act.

14. Exchange Act Rule 13b2-1 prohibits any person from, directly or indirectly, falsifying or causing to be falsified any book, record or account subject to Section 13(b)(2)(A) of the Exchange Act.

15. As a result of the conduct as found by the Commission, Respondents violated Section 13(b)(5) of the Exchange Act and Rule 13b2-1 thereunder.<sup>2</sup>

### **IV.**

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondents' Offers.

Accordingly, it is hereby ORDERED that pursuant to Section 21C of the Exchange Act, Respondents cease and desist from committing or causing any violations and any future violations of Section 13(b)(5) of the Exchange Act and Rule 13b2-1 thereunder.

By the Commission.

Elizabeth M. Murphy  
Secretary

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<sup>2</sup> This matter is related to a civil action, Securities and Exchange Commission v. Catherine McEnroe, Noreen O'Loughlin and Martin von Ruden, to be filed in United States District Court for the Eastern District of New York, in which Respondents have consented to pay civil penalties as follows: Respondent McEnroe - \$30,000, Respondent O'Loughlin - \$15,000, and Respondent von Ruden - \$15,000.