

**SEC ORDERS \$1.6 MILLION PENALTY, PLUS EXECUTIVE COMPENSATION
CLAWBACKS, FOR COMPANY THAT OVERSTATED EARNINGS (3-17171)**

March 15, 2016 – The Securities and Exchange Commission today charged a Massachusetts-based supply chain and logistics company, ModusLink Global Solutions, Inc., with improperly reporting millions of dollars in income over a five and one-half year period.

An SEC investigation found that, beginning no later than 2007 and continuing through the first half of 2012, ModusLink routinely received rebates from of its suppliers. Even though many of ModusLink’s clients had contracts which entitled the clients to receive the benefit of the rebates, ModusLink improperly retained millions of dollars in such rebates for itself. Separately, ModusLink also marked-up certain of its supplier costs, fraudulently inflating its billings for some clients. ModusLink’s internal accounting controls were not reasonably designed to prevent these improper business practices, which resulted in ModusLink materially overstating its net income numerous times in its publicly filed financial statements.

The SEC’s order finds that ModusLink violated the antifraud provisions in Sections 17(a)(2) and (3) of the Securities Act of 1933, as well as the reporting, books and records, and internal controls provisions of the Securities Exchange Act of 1934 and related rules, and that ModusLink’s CFO of its Supply Chain Business Unit, Catherine L. Venable, who was familiar with ModusLink’s client contracts, was a cause of ModusLink’s books and records violation when she prepared financial statements knowing that ModusLink was retaining certain rebates.

Without admitting or denying the findings, ModusLink and Venable agreed to settle the charges. ModusLink agreed to pay a \$1.6 million penalty and Venable agreed to pay a \$20,000 penalty. In addition, ModusLink’s former CEO, Joseph C. Lawler, and former CFO, Steven G. Crane, agreed to reimburse the company approximately \$123,000 and \$52,000, respectively, in bonus and stock-based compensation pursuant to Section 304 of the Sarbanes-Oxley Act of 2002, also on a neither admit nor deny basis. Neither Lawler nor Crane were charged with any misconduct.

The SEC’s investigation was conducted by Marc Jones, James R. Drabick, and Patrick Noone, with assistance from Ellen Moynihan, Amy Gwiazda, and Gretchen Lundgren, all from the Boston Regional Office. The investigation was supervised by Kevin B. Currid.

See also: [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](#)

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