The Division of Enforcement (“Division”) has requested an extension of time until August 31, 2022 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 September 3, 2021, the Commission issued a Corrected 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”)¹ against The Kraft Heinz Co. (“KHC”) and Eduardo Pelleissone (collectively, the “Respondents”). In the Order, the Commission found that from the last quarter of 2015 to the end of 2018, KHC engaged in various types of accounting misconduct, including recognizing unearned discounts from suppliers and maintaining false and misleading supplier contracts, which improperly reduced the company's cost of goods sold and allegedly achieved “cost savings.” KHC, in turn, touted these purported savings to the market, which were widely

covered by financial analysts. The accounting improprieties resulted in KHC reporting inflated adjusted “EBITDA,” a key earnings performance metric for investors. According to the Order, KHC failed to design and maintain effective internal accounting controls for its procurement division. As a result, finance and gatekeeping personnel repeatedly overlooked indications that expenses were being improperly accounted for. In total, the Commission ordered the Respondents to pay $12,500.00 in disgorgement, $1,711.31 in prejudgment interest, and $62,300,000.00 in civil money penalties, for a collective total of $62,314,211.31, to the Commission. The Commission also created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the penalties paid, along with the disgorgement and interest paid, can be distributed to harmed investors (the “Fair Fund”).

The Fair Fund consists of the $62,314,211.31 paid by the Respondents. The Fair Fund has been deposited in an interest-bearing account at the U.S. Department of the Treasury’s Bureau of the Fiscal Service, and any accrued interest will be for the benefit of 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 August 31, 2022 to submit a Proposed Plan of Distribution is granted.

For the Commission, by the Division of Enforcement, pursuant to delegated authority.²

Vanessa A. Countryman
Secretary