On September 3, 2021, the Commission issued an 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. 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.

The Division of Enforcement now seeks the appointment of RCB Fund Services LLC (“RFS”) as the fund administrator and requests that the administrator’s bond be set at $62,314,211.31. RFS is included in the Commission’s approved pool of administrators.

Accordingly, IT IS HEREBY ORDERED that RFS is appointed as the fund administrator, pursuant to Rule 1105(a) of the Commission’s Rules on Fair Fund and Disgorgement Plans (“Commission’s Rules”), and shall obtain a bond in accordance with Rule 1105(c) of the Commission’s Rules, in the amount of $62,314,211.31.

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

Vanessa A. Countryman
Secretary

2 17 C.F.R. § 201.1105(a).
3 17 C.F.R. § 201.1105(c).