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IN THE UNITED STATES DISTRICT COURT
DISTRICT OF UTAH, NORTHERN DIVISION

SECURITIES AND EXCHANGE COMMISSION,

COMPLAINT

PLAINTIFF,

v.

PAUL R. BECKWITH

Case: 1:10cv00162
Assigned To : Kimball, Dale A.
Assign. Date : 9/27/2010
Description: SEC v. Beckwith

DEFENDANT,

and

PAUL R. BECKWITH dba BECKWITH CPA'S

RELIEF DEFENDANT.

Plaintiff, Securities and Exchange Commission (the "Commission"), for its Complaint against Defendants alleges as follows:

INTRODUCTION

1. This matter involves the ongoing transfer of corporate funds by a controller from the subsidiary of a public company. Paul R. Beckwith ("Beckwith"), the controller of Theradoc, Inc. ("Theradoc"), a subsidiary of Hospira, Inc. ("Hospira") has been transferring funds from Theradoc's operating account since at least February of 2009. The last withdrawal occurred on September 15, 2010.

2. In 2009, Beckwith transferred at least \$1,850,000 from Theradoc's operating account to an account he controlled in the name of Beckwith CPA'S. Beckwith's pattern of transfers, as reflected by the bank records, show that Beckwith would withdraw the funds early in a month, and then repay the funds in their entirety by the end of the same month. After Theradoc's acquisition by a large public company, Beckwith continued the pattern until August of 2010.
3. Beckwith has now grown bolder. The bank records for Theradoc's operating account reflect that Beckwith has withdrawn \$1.3 million from the Theradoc account in the past six weeks, and not repaid those funds. It appears that the last withdrawal occurred on or about September 15, 2010.

JURISDICTION AND VENUE

4. This Court has subject matter jurisdiction by authority of Section 27 of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. §§ 78u and 78aa].
5. Defendant, directly and indirectly, has made use of the means and instrumentalities of interstate commerce and the mails in connection with the transactions, acts and courses of business alleged herein, certain of which have occurred within the District of Utah.
6. Venue for this action is proper in the District of Utah under Section 27 of the Exchange Act [15 U.S.C. § 78aa] because certain of the transactions, acts, practices, and courses of business alleged in this Complaint took place in this district and because the defendant resides in and transacts business in this district.
7. Defendant, unless restrained and enjoined by this Court, will continue to engage in the transactions, acts, practices, and course of business alleged

herein and in transactions, acts, practices, and courses of business of similar purport and object.

DEFENDANT

8. **Paul R. Beckwith**, age 37, is a resident of Layton, Utah. Beckwith has been employed by Theradoc since 2004. At the time of some of the conduct, Beckwith was the assistant controller of Theradoc. He has been licensed as a CPA in Utah since 2006.

RELIEF DEFENDANT

9. **Beckwith CPA'S** is a business name registered with the State of Utah. Paul Beckwith is the principal of Paul Beckwith CPA'S.

RELATED PARTIES

10. **Hospira, Inc.**, is a Delaware corporation headquartered in Lake Forest, Illinois. It is listed on the New York Stock Exchange. Hospira is a global specialty pharmaceutical and medication delivery company with worldwide sales of approximately \$3.9 billion. Hospira acquired Theradoc in December 2009 for a purchase price of \$63.3 million.
11. **Theradoc, Inc.**, is a Delaware corporation which is a wholly-owned subsidiary of Hospira, headquartered in Salt Lake City, Utah. Theradoc is a medication management systems company that develops hospital surveillance systems, primarily patient monitoring software systems.

FACTUAL STATEMENT

12. Beginning in at least February 2009, Beckwith began a scheme by systematically withdrawing funds from Theradoc's operating account and depositing them into an account under the name of Paul Beckwith CPA's.

13. At the beginning of the scheme, Beckwith would withdraw large sums of money (anywhere from \$100,000 to \$400,000 per transfer) in the beginning of each month, and then return the funds in the last few days of each month.
14. This conduct dates back to at least February 2009.

For example, on February 5 and 9, 2009, Beckwith withdrew \$200,000, then transferred \$400,000 back on February 25, 2009. This same pattern of conduct (with varying monthly amounts) continued until October, 2009.

During this time period Beckwith transferred a total of \$1,850,000.
15. Hospira acquired Theradoc in December 2009.
16. Beckwith resumed his activity in February 2010, following the same pattern.

From February 2010 until July 2010, Beckwith transferred approximately \$3 million into his Beckwith CPA'S account and then returned the funds each month.
17. Commencing on August 2, 2010, Beckwith changed his modus operandi. He withdrew \$1.1 million in August, and then, on August 31, 2010, returned only \$400,000.
18. In September 2010, he has made two withdrawals totaling \$600,000. Thus, Beckwith has now misappropriated at least \$1.3 million from the Theradoc operating account. Upon information and belief, the last withdrawal occurred on September 15, 2010.
19. All of the transfers from and to the Theradoc account were made without Hospira's knowledge or authorization.

20. Upon transferring the misappropriated funds to his Beckwith CPA'S account, Beckwith then makes further transfers from that account into his personal checking and savings accounts.
21. Beckwith then makes a further transfer of the funds, in varying amounts, to an account maintained at a national broker-dealer for his personal use.
22. In addition to making the withdrawals, Beckwith has provided false reconciliation records to Hospira's internal accounting department. Beckwith generated false reconciliation spreadsheets that do not reflect the withdrawals and deposits.
23. Beckwith provided Hospira's accountants with bank records that deleted the records of the withdrawals and deposits. Upon comparing the records provided by Beckwith with the actual records from the bank account, Hospira concluded that the bank account statements provided to Hospira had been altered.
24. By falsifying the reconciliation records, Beckwith failed to implement and maintain an adequate system of internal controls for Theradoc and its parent company Hospira, resulting in significant internal controls deficiencies at Theradoc.
25. Because Hospira has not fully integrated Theradoc's financial accounting system into its own, Hospira lacked effective oversight and monitoring of the financial reporting and accounting functions of Theradoc.

26. Even if Hospira had integrated Theradoc's financial accounting system into its own, Beckwith deliberately falsified Theradoc's books and records and intentionally circumvented existing internal controls in order to hide his theft.
27. By providing false reconciliation records to Hospira, Beckwith has knowingly caused Hospira's books and records to be false.

FIRST CAUSE OF ACTION

Circumventing Internal Accounting Controls—Section 13(b)(5) of the Exchange Act and Rule 13b2-1 Thereunder

28. Paragraphs 1 through 27 are re-alleged and incorporated herein by reference.
29. By engaging in the conduct described above, Defendant Paul R. Beckwith, directly or indirectly, knowingly circumvented or failed to implement a system of internal accounting controls and knowingly falsified a book, record or account described in Rule 13b2-1 of the Exchange Act [17 C.F.R. § 240.13b2-1].
30. By reason of the foregoing, Defendant Paul R. Beckwith violated and, unless restrained or enjoined, will continue to violate Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)] and Rule 13b2-1 thereunder [17 C.F.R. § 240.13b2-1].

SECOND CAUSE OF ACTION

Inaccurate Books and Records---Aiding and Abetting Violations of Section 13(b)(2)(A) of the Exchange Act

31. The Commission realleges and incorporates by reference the allegations contained in Paragraphs 1 through 30, above.
32. Based on the conduct described above, Hospira violated Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)], which obligates issuers of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] to make or keep books, records or accounts, which, in reasonable detail,

accurately and fairly reflect the transactions and dispositions of the issuer's assets.

33. By engaging in the conduct described above, defendant Paul R. Beckwith knowingly provided substantial assistance to Hospira's failure to make and keep books, records and accounts, which, in reasonable detail, accurately and fairly reflected the transactions and dispositions of Hospira's assets.
34. By reason of the foregoing, defendant Paul R. Beckwith aided and abetted, and unless restrained and enjoined will continue to aid and abet, violations of 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)].

THIRD CAUSE OF ACTION

Unjust Enrichment

35. As a result of the unlawful conduct of Defendants, the Relief Defendant Beckwith CPA'S has thus been unjustly enriched, and it would be unjust and inequitable for it to retain those funds and/or property.

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that this Court:

I

Issue findings of fact and conclusions of law that the Defendant committed the violations charged herein;

II

Issue in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure an order that permanently restrains and enjoins Defendant, and their officers, agents, servants, employees, attorneys, and accountants, and those persons in active concert or participation with any of them, who receive actual notice of the order by personal service or otherwise, and each of them, from engaging in transactions, acts, practices, and courses of business described herein, and from engaging in conduct of similar purport and object in violation of Section 13(b)(5) of the Exchange Act and Rule 13b2-1

thereunder and from aiding and abetting violations of Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)].

III

Issue, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, an order that permanently restrains and enjoins Defendant and Relief Defendant, and their officers, agents, servants, employees, attorneys, and accountants, and those persons in active concert or participation with any of them, who receive actual notice of the order by personal service or otherwise, and each of them, from: (A) transferring, changing, wasting, dissipating, converting, concealing, or otherwise disposing of, in any manner, any funds, assets, claims, or other property or assets owned or controlled by, or in the possession or custody of these Defendants and/or Relief Defendants; and (B) transferring, assigning, selling, hypothecating, or otherwise disposing of any assets of Defendants.

IV

Issue in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure an order that permanently restrains and enjoins Defendant and Relief Defendant, and each of them, and their officers agents, servants, employees, attorneys, and accountants, and those persons in active concert or participation with any of them, who receive actual notice of the order by personal service or otherwise, and each of them, from destroying, mutilating, concealing, transferring, altering, or otherwise disposing of, in any manner, books, records, computer programs, computer files, computer printouts, correspondence, including e-mail, whether stored electronically or in hard-copy, memoranda, brochures, or any other documents of any kind that pertain in any manner to the business of the Defendants.

V

Enter an order directing Defendants, and each of them, to pay civil money penalties pursuant to Section 20(d) of the Securities Act and Section 21(d)(3) of the Exchange Act.

VI

Enter an order directing Defendants to disgorge all ill-gotten gains received during the period of violative conduct and pay prejudgment interest on such ill-gotten gains.

VII

Declare and impose a constructive trust on all property received by Relief Defendant, and require it to disgorge the property they obtained from Defendant as a result of the illegal conduct alleged herein.

VIII

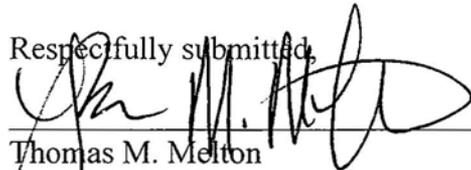
Grant such further equitable relief as this Court deems just, appropriate, and necessary.

IX

Retain jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered, or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.

Dated this 27th day of September 2010.

Respectfully submitted,



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Securities and Exchange Commission