



*United States Attorney  
Southern District of New York*

FOR IMMEDIATE RELEASE  
APRIL 30, 2008

CONTACT: U.S. ATTORNEY'S OFFICE  
YUSILL SCRIBNER,  
REBEKAH CARMICHAEL  
PUBLIC INFORMATION OFFICE  
(212) 637-2600

USPIS  
AL WEISSMAN  
PUBLIC INFORMATION OFFICE  
(212) 330-2270

**FORMER CHIEF OPERATING OFFICER AND PRESIDENT OF  
MONSTER WORLDWIDE, INC. CHARGED WITH SECURITIES  
FRAUD AND CONSPIRACY IN CONNECTION WITH  
BACKDATING OF STOCK OPTIONS**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, and RONALD J. VERROCHIO, the Inspector-In-Charge of the New York Division of the United States Postal Inspection Service, announced the unsealing today of an indictment charging JAMES J. TREACY, former Chief Operating Officer and President of recruitment services giant Monster Worldwide, Inc. ("Monster"), with securities fraud and conspiracy in connection with the backdating of millions of dollars' worth of employee stock option grants. The case was assigned to United States District Judge ROBERT L. CARTER. TREACY, 50, of Glen Rock, New Jersey, is expected to be arraigned in Manhattan federal court later today. According to the two-count Indictment:

TREACY conspired with other former senior executives at Monster to systematically backdate stock option grants to Monster employees between 1997 and 2003, in an effort to provide profitable options to employees without recording the required compensation expenses, thereby falsely inflating Monster's earnings. As a result, Monster's public filings with the United States Securities and Exchange Commission ("SEC") between 1997 and 2005 fraudulently understated the company's compensation expenses by a total of more than \$300 million.

Applicable accounting principles required Monster to increase its compensation expenses, and reduce its earnings accordingly, where employee stock options were issued "in the money" -- in other words, at a price lower than the fair market

value of the company's stock on the date of the grant. In an effort to grant "in the money" options without recording and reporting an appropriate compensation expense, TREACY and other senior executives at Monster backdated option grants by papering them as if they had occurred on dates in the past when Monster's stock price was at or near a periodic low point. The resulting backdated options were "in the money" as soon as they were issued, but fraudulently appeared to have been issued at the fair market price on the supposed date of the grant, and therefore appeared not to require a charge to Monster's earnings.

The co-conspirators backdated at Monster numerous employee stock option grants from 1997 to April 2003, including broad-based annual options grants to its employees in 1997, 1998, 1999, 2001 and 2002, and a number of "one-off" grants -- grants to new employees, or to current employees for the purposes of retention -- during the same period. None of the backdated grants resulted in a compensation expense, even though every one of them had an immediate compensatory component.

As a result, Monster's Form 10-K annual public filings with the SEC from 1997 to 2005 falsely understated the company's compensation expense, and also falsely claimed that the company followed applicable accounting principles regarding options grants. For example, Monster's Form 10-K for 2001 reported that Monster's net income was \$69,020,000, but after Monster belatedly recorded the appropriate compensation expense for the backdated option grants, the company's net income dropped to \$3,439,000. In all, the backdating scheme resulted in an understatement of compensation expense in the total amount of \$339 million, pre-tax, during the period 1997 through 2005.

TREACY and his co-conspirators also made false and misleading statements about their options grant practices to Monster's outside auditors. For example, TREACY signed management representation letters in which he falsely represented that Monster's financial statements were presented in conformity with Generally Accepted Accounting Principles and that there had been no fraud involving management or employees who had significant roles in internal controls.

While TREACY was employed by Monster, TREACY received in excess of one million options (adjusted for a stock split and a spin-off of a Monster division) on eight different grant dates. TREACY exercised approximately 745,000 of these options for a total gain of more than \$23 million, approximately \$13.5 million of which was derived from the in-the-money portion of backdated option grants.

The Indictment charges TREACY with one substantive

count of securities fraud and one count of conspiracy to commit securities fraud, make false statements in SEC filings, make false statements to auditors, and falsify corporate books and records.

If convicted, TREACY faces a total maximum prison sentence of twenty years on the substantive securities fraud count and five years on the conspiracy count. In addition, on each count, he faces a fine of the greater of \$250,000 or twice the gross pecuniary gain or loss from the offense.

Mr. GARCIA, a member of the President's Corporate Fraud Task Force, praised the investigative work of the United States Postal Inspection Service and investigators of the United States Attorney's Office, and thanked the SEC for its assistance.

Assistant United States Attorneys DEIRDRE A. McEVOY and JOSHUA GOLDBERG are in charge of the prosecution.

The charges contained in the Indictment are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

08-104

###