

2. By capitalizing certain of the fraudulent expenses, Wells caused the Company to overstate its pretax earnings in the annual reports it filed with the Commission during this period by as much as 11 percent.

3. Wells signed these annual reports, knowing that they were materially false and misleading as a result of his scheme. He also signed multiple Sarbanes-Oxley certifications during this time, in which he certified that the Company's financial statements were materially accurate.

4. Defendant Wells has engaged in, and unless restrained and enjoined by this Court, will continue to engage in, acts and practices which constitute and will constitute violations of Sections 10(b) and 13(b)(5) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78j(b) and 78m(b)(5)], and Rules 10b-5, 13b2-1, 13b2-2 and 13a-14, promulgated under the Exchange Act [17 C.F.R. §§ 240.10b-5, 240.13b2-1, 240.13b2-2 and 240.13a-14], and aiding and abetting violations of Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(a), 78m(b)(2)(A) and 78m(b)(2)(B)], and Rules 12b-20, 13a-1 and 13a-13, promulgated under the Exchange Act [17 C.F.R. §§ 240.12b-20, 240.13a-1 and 240.13a-13].

JURISDICTION AND VENUE

5. The Commission brings this action pursuant to Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)].

6. The Court has jurisdiction of this action pursuant to Sections 21(d) and 27 of the Exchange Act [15 U.S.C. §§ 78u(d) and 78aa].

7. Defendant, directly and indirectly, has made use of the mails, the means and instruments of transportation and communication in interstate commerce, and the means and instrumentalities of interstate commerce, in connection with the transactions, acts, practices, and courses of business alleged in this Complaint.

8. Venue lies in this Court pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa] because UCI was based in this district, many of the acts described herein occurred within this district, and the defendant resides in this district.

THE DEFENDANT

9. Jerry F. Wells, Jr., 46, is a resident of Columbia, South Carolina. He was UCI's Executive Vice President and Chief Financial Officer between February 1995 and December 2008.

ISSUER INVOLVED

10. UCI is a Delaware corporation with its principal place of business in Columbia, South Carolina. The Company provides nonmedical management and administrative services for a network of freestanding medical centers located in South Carolina and Tennessee. Between 2003 and 2008, UCI reported total revenues between \$43.5 million and \$72.3 million. UCI's common stock is registered with the Commission pursuant to Section 12(g) of the Exchange Act. UCI is 70% owned by Blue Cross/Blue Shield of South Carolina.

FACTS

11. Between 2003 and 2008, Wells embezzled approximately \$2.97 million through a variety of measures. In some instances, he used UCI's corporate credit card to

pay personal expenses. He was able to do this because his name, along with that of the Company, was on the corporate credit card and the statements came directly to him. When Wells needed to make the payments for the corporate credit card, he instructed the company's accounts payable supervisor ("AP Supervisor") to issue a check to the credit card company for the amount due. The AP Supervisor then issued checks (signed by Wells) in the requested amounts—without question and without asking to see the credit card statements. To help conceal these improper expenditures, Wells also instructed the AP Supervisor to allocate the amounts of the credit card payments among multiple cost centers in UCI's accounting records. The AP Supervisor or other accounting staff then made the appropriate accounting entries.

12. Wells embezzled additional funds by preparing false expense reports and submitting them for reimbursement. The expense reports were not reviewed by any other officer or accounting personnel, the AP Supervisor paid them without question and without requiring Wells to submit supporting documentation. Similarly, Wells submitted unsupported check requests for non-business expenses, including construction work on Wells' personal residences and personal credit card accounts. Again, the AP Supervisor did not request documentation and processed the payments without question.

13. In many instances, Wells capitalized the expenses as fixed assets on the Company's balance sheet, rather than expensing them in their entirety as they were incurred. To justify capitalizing these expenses, Wells altered invoices from contractors performing work on his personal residences to suggest that the work was for one of

UCI's facilities. He also provided fraudulent work descriptions on the related check requests.

14. By directing the Company to capitalize these costs, rather than expensing them on UCI's income statement, Wells caused UCI to overstate (or understate) its earnings between 2003 and 2008 as follows:

Fiscal Year Ended Sep. 30	Reported (000's omitted)	Actual (000's omitted)	Percent Overstatement (Understatement)
2003	\$2,375	\$2,283	4.1%
2004	\$2,785	\$2,630	5.9%
2005	\$4,972	\$4,969	0.1%
2006	\$4,515	\$4,063	11.1%
2007	\$2,393	\$2,293	4.3%
2008	\$2,479	\$2,506	(1.1%)

15. Wells signed each of the Company's Forms 10-K for the 2003 through 2008 fiscal years. He also signed the Sarbanes-Oxley certifications that accompanied these annual reports. In these certifications, Wells represented that, to his knowledge, the annual reports did not contain any untrue statements of material facts. In connection with the audit of the Company's annual financial statements, Wells also signed multiple management representation letters to UCI's auditors. In these letters, Wells misrepresented that the Company's financial statements were prepared in conformity with GAAP.

16. Between 2003 and 2008, Wells also signed each of the quarterly reports that UCI filed with the Commission, and the accompanying Sarbanes-Oxley

certifications. The improperly capitalized expenses caused the Company to overstate its pretax earnings by as much as 15.6% in these quarterly reports.

17. In December 2008, the Company's outside auditor requested a meeting with the Company's Audit Committee to discuss concerns raised after he had reviewed certain charitable contributions that UCI had paid on behalf of Wells. After that meeting, UCI's Audit Committee instructed the auditor to test all of the Company's disbursements to its top three officers. After the testing revealed additional expenditures paid by UCI that appeared to be for Wells' personal expenses, the auditor asked Wells to provide additional documentation for these expenditures. Wells did not respond. On December 17, 2008, the Company's Board of Directors terminated Wells' employment.

CLAIMS FOR RELIEF

COUNT I

Violations of Section 10(b) of the Exchange Act [15. U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]

18. Paragraphs 1 through 17 are hereby realleged and are incorporated herein by reference.

19. Defendant Wells, from 2003 through 2008, in connection with the purchase or sale of securities described herein, by the use of the means and instrumentalities of interstate commerce and by use of the mails, directly and indirectly:

a) employed devices, schemes, and artifices to defraud;

b) made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and

c) engaged in acts, practices, and courses of business which would and did operate as a fraud and deceit upon the purchasers of such securities, all as more particularly described in the paragraphs above.

20. Defendant Wells knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes and artifices to defraud, made untrue statements of material facts and omitted to state material facts, and engaged in fraudulent acts, practices and courses of business. In engaging in such conduct, Defendant Wells acted with scienter, that is, with intent to deceive, manipulate or defraud or with a severe reckless disregard for the truth.

21. By reason of the foregoing, Defendant Wells, directly and indirectly, has violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

COUNT II

Aiding and Abetting UCI's Violations of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20, 13a-1 and 13a-13 thereunder [17 C.F.R. §§ 240.12-20, 240.13a-1, and 240.13a-13]

22. Paragraphs 1 through 17 are hereby realleged and are incorporated herein by reference.

23. Defendant Wells, from 2003 to 2008, aided and abetted UCI's violations of Sections 13(a) of the Exchange Act and Rules 12b-20, 13a-1, and 13a-13 thereunder,

which occurred when UCI filed periodic reports that contained material misstatements and financial statements that were not prepared in conformity with GAAP. Through the conduct described in the above paragraphs, Wells knowingly or recklessly substantially assisted UCI's violations of this section and rules.

24. By reason of the foregoing, Defendant Wells has aided and abetted violations, and, unless enjoined, will continue to aid and abet violations of, Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20, 13a-1, and 13a-13 thereunder [17 C.F.R. §§ 240.12-20, 240.13a-1, and 240.13a-13].

COUNT III

Aiding and Abetting UCI's Violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(b)(2)(A) and 78m(b)(2)(B)]

25. Paragraphs 1 through 17 are hereby realleged and are incorporated herein by reference.

26. Defendant Wells, from 2003 through 2008, aided and abetted UCI's violations of Sections 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)], which occurred when UCI failed to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflected the transactions and dispositions of its assets. Through the conduct described in the above paragraphs, Wells knowingly or recklessly substantially assisted UCI's violations of this section.

27. Defendant Wells, from 2003 through 2008, aided and abetted UCI's violations of Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. § 78m(b)(2)(B)], which occurred when UCI failed to devise and maintain a system of internal accounting controls

sufficient to provide reasonable assurances that: (i) transactions were executed in accordance with management's general or specific authorization; (ii) transactions were recorded as necessary to permit preparation of financial statements in conformity with GAAP or any other criteria applicable to such statements, and to maintain accountability for assets; (iii) access to assets was permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets was compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

28. By reason of the foregoing, Defendant Wells has aided and abetted violations, and, unless enjoined, will continue to aid and abet violations of, Section 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(b)(2)(A), 78m(b)(2)(B)].

COUNT IV

Violations of Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)] and Rule 13b2-1 [17 C.F.R. § 240.13b2-1] thereunder

29. Paragraphs 1 through 17 are hereby realleged and are incorporated herein by reference.

30. Section 13(b)(5) of the Exchange Act prohibits any person from knowingly circumventing or knowingly failing to implement a system of internal accounting controls or knowingly falsifying any book, record, or account required by Section 13(b)(2)(A) of the Exchange Act. Rule 13b2-1 prohibits any person from directly or indirectly falsifying or causing the falsification of any such books, records or accounts.

31. Through the conduct described above, Defendant Wells, directly and indirectly, has violated and, unless enjoined, will continue to violate 13(b)(5) of the Exchange Act [15 U.S.C. §§78m(b)(5)] and Rule 13b2-1 [17 C.F.R. § 240.13b2-1] thereunder.

COUNT V

Violations of Rule 13b2-2 [17 C.F.R. § 240.13b2-2]

32. Paragraphs 1 through 17 are hereby realleged and are incorporated herein by reference.

33. Defendant Wells, from 2003 through 2008, made or caused to be made material false or misleading statements, or omitted or caused another to omit a material fact necessary to make a statement not misleading to an accountant in connection with an audit or examination of financial statements or a document or report required to be filed with the Commission.

34. By reason of the foregoing, Defendant Wells, directly and indirectly, has violated and, unless enjoined, will continue to violate Rule 13b2-2 [17 C.F.R. § 240.13b2-2].

COUNT VI

Violations of Rule 13a-14 [17 C.F.R. § 240.13a-14]

35. Paragraphs 1 through 17 are hereby realleged and are incorporated herein by reference.

36. Defendant Wells knowingly signed certifications which were included in reports that UCI filed with the Commission pursuant to Section 13(a) of the Exchange

Act [15 U.S.C. §§78m(a)] which contained untrue statements of material fact,

37. By reason of the foregoing, Wells violated Rule 13a-14 [17 C.F.R. § 240.13a-14].

PRAYER FOR RELIEF

WHEREFORE, Plaintiff Commission, respectfully prays that the Court:

I.

Make findings of fact and conclusions of law in accordance with Rule 52 of the Federal Rules of Civil Procedure.

II.

Issue a permanent injunction enjoining Defendant and his agents, servants, employees, attorneys, and all other persons in active concert or participation with him who receive actual notice of the order by personal service or otherwise, from violating the provisions he is alleged above to have violated.

III.

Issue an Order pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)] permanently prohibiting Defendant Wells from acting as an officer or director of any issuer that has a class of securities registered with the Commission pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports with the Commission pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

IV.

Issue an Order that retains jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that may have been entered or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

V.

Grant such other and further relief as may be necessary and appropriate.

W. WALTER WILKINS
UNITED STATES ATTORNEY

By: s/Barbara M. Bowens
Barbara M. Bowens (#4004)
Assistant United States Attorney
1441 Main Street, Suite 500
Columbia, SC 29201

Local Counsel for Plaintiff Securities
and Exchange Commission

July 6, 2009

Alex Rue
Senior Trial Counsel
Georgia Bar No. 618950
Telephone (404) 842-7616
E-mail: rueba@sec.gov

Counsel for Plaintiff
Securities and Exchange Commission
3475 Lenox Road, N.E., Suite 1000
Atlanta, Georgia 30326-123
Telephone: 404-842-7600
Facsimile: 404-842-7679