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**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK**

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SECURITIES AND EXCHANGE COMMISSION, :
 :
 Plaintiff, :
 :
 -against- :
 : **04 Civ. 4087 (ILG)**
STEVEN WOGHIN, : **COMPLAINT**
 :
 Defendant. :
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Plaintiff Securities and Exchange Commission (“Commission”), for its Complaint against Steven Woghin (“Woghin” or the “Defendant”) alleges as follows:

PRELIMINARY STATEMENT

1. While Woghin served as Senior Vice President (“SVP”) and General Counsel at Computer Associates International, Inc. (“CA”), he participated in a widespread practice that resulted in the improper recognition of revenue by CA, one of the world’s largest software companies. During at least the Fourth Quarter of fiscal year (“FY”) 1998 through the Second Quarter of FY2001 (January 1, 1998 through September 30, 2000), CA prematurely recognized revenue from software contracts that had not yet been executed by both CA and its customer, in violation of Generally Accepted Accounting Principles (“GAAP”). Through the conduct of various senior executives and other employees, including Woghin, CA held its books open for

several days after the end of each quarter to improperly record in that quarter revenue from contracts that were not executed by customers or CA until several days or more after the expiration of the quarter (the “Extended Quarters Practice”). CA often concealed this practice by using licensing contracts that falsely bore preprinted signature dates for the last day of the quarter that had just expired, rather than the subsequent dates on which the contracts actually were executed.

2. Woghin, as SVP and CA’s General Counsel, furthered CA’s Extended Quarters Practice by (1) signing a Form S-4 and a Form S-4 amendment which CA filed with the Commission in February and March 2000, while Woghin knew, or recklessly disregarded the fact that, CA’s Form S-4 and amendment contained materially false and misleading information regarding CA’s prior revenue and earnings per share; (2) drafting a contract with misleading dates; and (3) allowing CA’s Legal Department to approve contracts obtained by the sales force while knowing, or recklessly disregarding the fact that, those contracts contained false and misleading signature dates and that revenue from such contracts would be recorded in the incorrect fiscal quarter.

3. As a result of this improper Extended Quarters Practice, CA made material misrepresentations and omissions about its revenue and earnings in Commission filings and other public statements from at least the Fourth Quarter of FY1998 through the Second Quarter of FY2001. For the First, Second, Third and Fourth Quarters of FY2000, respectively, CA inflated its properly recorded revenue by approximately 25%, 53%, 46%, and 22% by improperly including prematurely recognized revenue from contracts not executed by CA or CA’s customers by the quarter’s end. From the Fourth Quarter of FY1998 through the Second Quarter of FY2001, CA prematurely recognized over \$3.3 billion in revenue from at least 363 contracts that

CA's customer or CA signed after the quarter close. CA's reported revenues and earnings per share from the Fourth Quarter of FY1998 through the Fourth Quarter of FY2000 appeared to meet or exceed the consensus estimates of Wall Street analysts, but CA failed to disclose that those reported results improperly included prematurely recognized revenue and did not comply with GAAP. After CA substantially refrained from recognizing revenue prematurely from contracts that its customers had signed after quarter end during the First Quarter of FY2001, the company missed its earnings estimate and CA's stock price dropped over 43% in a single day. Until September 2000, CA continued to recognize revenue from contracts that CA signed after quarter end.

VIOLATIONS

4. By virtue of the conduct alleged in this Complaint: Woghin, directly or indirectly, singly or in concert, has engaged in acts, practices and courses of business that constitute violations of Section 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. § 77q(a); and Sections 10(b) and 13(b)(5) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §§ 78j(b), 78m(b)(5); and Rules 10b-5 and 13b2-1, 17 C.F.R. §§ 240.10b-5, and 240.13b2-1; and Woghin, pursuant to Section 20(e) of the Exchange Act, 15 U.S.C. § 78t(e), is also liable for aiding and abetting CA's violations of Sections 10(b), 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act, 15 U.S.C. §§ 78j(b), 78m(a), 78(m)(b)(2)(A) and 78(m)(b)(2)(B), and Rules 10b-5, 12b-20, 13a-1 and 13a-13, 17 C.F.R. §§ 240.10b-5, 240.12b-20, 240.13a-1, and 240.13a-13 thereunder.

5. Unless Woghin is permanently restrained and enjoined by this Court, he will again engage in the acts, practices, and courses of business set forth in this Complaint and in acts, practices, and courses of business of similar type and object. By this action, the Commission

seeks judgment, among other things: (a) permanently enjoining defendant Woghin from engaging in the acts, practices and courses of business alleged herein, pursuant to Section 20(b) of the Securities Act, 15 U.S.C. §77t(b), and Section 21(d) of the Exchange Act, 15 U.S.C. §78u(d); (b) requiring defendant Woghin to disgorge any and all ill-gotten gains together with prejudgment interest; (c) requiring Woghin to pay civil money penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d) and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3); and (d) barring defendant Woghin from serving as an officer or director of any publicly held company pursuant to Section 20(e) of the Securities Act, 15 U.S.C. § 77t(e), and Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2).

JURISDICTION AND VENUE

6. The Commission brings this action pursuant to the authority conferred upon it by Section 20 of the Securities Act, 15 U.S.C. § 77t, and Section 21 of the Exchange Act, 15 U.S.C. § 78u, seeking to restrain and enjoin permanently the Defendant from engaging in the acts, practices, and courses of business alleged herein, and seeking civil penalties and other relief.

7. The Defendant, directly and indirectly, has used the means or instrumentalities of interstate commerce, or of the mails, or of the facilities of a national securities exchange, in connection with the transactions, acts, practices, and courses of business alleged herein.

8. Certain of these transactions, acts, practices and courses of business occurred in the Eastern District of New York, including conduct by the Defendant while at CA's corporate headquarters in Islandia, New York.

9. Accordingly, this Court has jurisdiction over this action, and venue is proper in this district, pursuant to Section 20 of the Securities Act, 15 U.S.C. § 77t; and Sections 21 and 27 of the Exchange Act, 15 U.S.C. §§ 78u and 78aa.

THE DEFENDANT

10. **Woghin**, 57, resides in Cold Spring Harbor, New York. Woghin joined CA's Legal Department in March, 1992. CA promoted Woghin to Vice President in 1993, and to SVP and General Counsel in February 1995, a position Woghin held until he was terminated by CA on April 8, 2004. Woghin worked in the Law Department of the U.S. Postal Service from 1971-1972, the Antitrust Division of the U.S. Department of Justice from 1972-1982 and was a Special Assistant U.S. Attorney in Alexandria, Virginia in 1982.

OTHER RELEVANT ENTITY

11. **CA** is a Delaware corporation headquartered in Islandia, New York. CA's fiscal year concludes at the end of each March, such that, for example, CA's FY2000 ended on March 31, 2000. According to CA's Form 10-K Annual Report for the fiscal year ended March 31, 2004 ("2004 10-K"), CA "design[s], market[s], and license[s] computer software products that allow businesses to efficiently run and manage critical aspects of their IT technology." CA is one of the largest computer software companies in the world; according to its 2004 10-K, more than 95% of the Fortune 500[®] companies use its software products. CA's common stock trades on the New York Stock Exchange and is registered pursuant to Section 12(b) of the Exchange Act, 15 U.S.C. §781(b).

CA'S ACCOUNTING FRAUD

12. Between at least the Fourth Quarter of FY1998 through the Second Quarter of FY2001, CA engaged in a widespread practice that allowed for the premature recognition of revenue from software licensing agreements. Pursuant to this practice, which is referred to in this Complaint as the "Extended Quarters Practice," CA personnel recorded, into the just-elapsed fiscal quarter, revenue from software contracts that were not finalized and signed by both CA

and its customers until days or weeks after that quarter ended. Reporting revenue in this fashion was improper because it violated GAAP, which required that license agreements be fully executed by both CA and its customers by quarter end before recognizing revenue. CA's reported revenue and earnings per share appeared to meet or exceed Wall Street analysts' expectations, when – in truth and fact – those results were based in part on revenue that CA recognized prematurely and in violation of GAAP. During at least the Fourth Quarter of FY1998 through the Second Quarter of FY2001, Woghin, as SVP and General Counsel, helped CA engage in these improper revenue recognition practices.

13. In 2003, CA announced that the Audit Committee of its Board of Directors was conducting an investigation into the timing of revenue recognition at the company. In a press release dated October 8, 2003, CA announced the preliminary results of that investigation.

Quoting the chair of the Audit Committee, that press release stated, among other things, that:

The Audit Committee's investigation is continuing, but we have determined that CA recognized certain revenue prematurely in the fiscal year ending March 31, 2000. The committee found that a number of software contracts in that fiscal year appear to have been signed after the end of the quarter in which revenues associated with such contracts had been recognized. Those revenues should have been recognized in the quarter in which the contract was signed.

In that same press release, CA announced that CA had asked for and received the resignations of those who, according to CA, "oversaw sales accounting during the relevant time."

14. On April 26, 2004, CA filed with the Commission a Form 8-K ("Form 8-K") stating, among other things that:

The Audit Committee's investigation found accounting irregularities that led to material misstatements of the Company's financial reports for fiscal years 2000 and 2001, and prior periods. The effect of prior period errors which have an impact on fiscal

year 2000 have been considered as part of this restatement. The Audit Committee believes that several factors contributed to the improper recognition of revenue in these periods, including a practice of holding the financial period open after the end of the fiscal quarters, providing customers with contracts with preprinted signature dates, late countersignatures by Company personnel, backdating of contracts, and not having sufficient controls to ensure the proper accounting under SOP 97-2. In addition, the Audit Committee found that certain former executives and other personnel were engaged in the practice of "cleaning up" contracts by, among other things, removing fax time stamps before providing agreements to the outside auditors. These same executives and personnel also misled the Company's outside counsel, the Audit Committee and its counsel and accounting advisers regarding these accounting practices.

15. Also in the Form 8-K, CA announced that it was restating over \$2.2 billion in revenue that CA had improperly recognized in FY2000 and FY2001.

Improper Revenue Recognition at CA

16. During the time period relevant to this Complaint, which is from at least the Fourth Quarter of FY1998 through the Second Quarter of FY2001, CA derived its income primarily from licensing software and providing maintenance for that software. CA's software operated and maintained powerful "mainframe" computers, those generally used by businesses and other organizations. Prior to October 2000, CA's contract and licensing model involved entering into long-term licensing contracts, some as long as seven years in duration. Under that business model, customers paid an initial licensing fee for the software, plus subsequent licensing fees for the right to use the software in subsequent years. In addition, customers paid CA for ongoing maintenance such as technical support. Customers often entered into long-term contracts and spread out the licensing and maintenance fees over the term of the contract.

17. For contracts under its pre-October 2000 business model, GAAP allowed CA to recognize all the license revenue called for during the duration of the contract up front, during

the fiscal quarter in which the software was shipped and the contract was executed and final. SOP 97-2, which the American Institute of Certified Public Accountants adopted in October 1997,¹ requires the following before revenue can be recognized from a software sale:

- evidence of an arrangement;
- delivery;
- fixed and determinable fees; and
- ability to collect.

When a software company uses contracts requiring signatures by the software company and its customer, then SOP 97-2 provides that both signatures – the software company and the customer – are required as “evidence of an arrangement” before the software company may recognize revenue. During the period relevant to this Complaint, including but not limited to the Fourth Quarter of CA’s FY1998 through the Second Quarter of CA’s FY2001, all of CA’s license agreements required signatures by both CA and the customer.

18. During at least the Fourth Quarter of FY1998 through the Second Quarter of FY2001, CA violated GAAP, including SOP 97-2 and SOP 91-1, by recording into fiscal quarters that had expired software contracts that were not executed – and for which “evidence of an arrangement” did not exist – until a subsequent quarter. This Extended Quarters Practice resulted in CA’s premature recognition of revenue. As a consequence, CA made material misrepresentations and omissions of fact concerning CA’s revenues and earnings for the Fourth Quarter of FY1998 through the Second Quarter of FY2001 in various public documents and in connection with the

¹ SOP 97-2 was preceded by SOP 91-1 (software revenue recognition), which became effective for financial statements issued after March 15, 1992 (for fiscal years beginning after December 15, 1991). According to SOP 91-1, para. 50, a software company can only recognize revenue if there is persuasive evidence of an agreement, and evidence of an agreement is usually provided by a signed contract. Thus, in addition to being inconsistent with SOP 97-2, CA’s Extended Quarters Practice was inconsistent with SOP 91-1.

offer, purchase and sale of securities. CA's reported results for at least the Fourth Quarter of FY1998 through the Fourth Quarter of FY2000 appeared to meet or exceed the revenue and earnings estimates of outside analysts when, in fact, those reported results did not comply with GAAP and were false and misleading.

19. Specifically, the misrepresentations and omissions CA made about its revenue and earnings per share include the following:

a. In its Form 8-K, which was not an audited Restatement, CA admits that the Extended Quarters Practice resulted in CA prematurely recognizing substantial percentages of revenue for all quarters of FY2000 and the first two quarters of FY2001. Below is a chart which illustrates the impact of the premature revenue recognition in those fiscal quarters:

Fiscal Quarter	GAAP Value of Revenue Properly Recorded ²	GAAP Value of Contracts that CA Signed After Quarter End	GAAP Value of Contracts that Clients Signed After Quarter End	GAAP Value of Revenue Improperly Accelerated and Recorded	Percentage that Properly Recorded Revenue was Inflated by Improperly Accelerated Revenue
Q1 FY2000	\$977,165,281	\$122,230,689	\$122,604,030	\$244,834,719	25%
Q2 FY2000	\$1,047,256,904	\$90,099,723	\$467,643,373	\$557,743,096	53%
Q3 FY2000	\$1,239,902,741	\$170,450,718	\$401,646,541	\$572,097,259	46%
Q4 FY2000	\$1,748,131,031	\$179,493,620	\$199,375,348	\$378,868,969	22%
Q1 FY2001	\$1,135,600,000	\$126,740,000	\$15,660,000	\$142,400,000	13%
Q2 FY2001	\$1,462,040,000	\$214,720,000	\$4,240,000	\$218,960,000	15%

² The amounts in this column do not include the effect of rebooking revenue improperly accelerated in prior quarters.

b. The greatest amount of prematurely recognized revenue as a result of the Extended Quarters Practice occurred in FY2000, particularly in the Third Quarter, followed by the Second, Fourth and First Quarters of that Fiscal Year. If CA had not improperly recognized revenue in each of those fiscal quarters, CA would not have met analysts' revenue and earnings estimates. The following is a chart which shows the impact of the Extended Quarters Practice on CA's earnings per share in the four quarters of FY2000 and the extent of the material misstatements and misrepresentations in the Forms 10-Q and Form 10-K that CA filed with the Commission which reported each quarterly result, and related public statements made by CA:

Quarter	Total Revenue Properly Recorded ³	Total Revenue Improperly Recorded	Analyst earnings per share ("EPS") Estimate	Announced EPS	EPS without Improper Revenue	Overstatement of EPS
Q1 FY2000	\$977 million	\$244 million	\$.47	\$.49 ⁴	\$.29	\$.20
Q2 FY2000	\$1.047 billion	\$557 million	\$.59	\$.60	\$.05	\$.55
Q3 FY2000	\$1.240 billion	\$572 million	\$.90	\$.91 ⁵	\$.31	\$.60
Q4 FY2000	\$1.748 billion	\$378 million	\$1.13	\$1.13 ⁶	\$.82	\$.31

c. In addition to misstating the results for the Fourth Quarter of FY2000, CA's Form 10-K for FY2000 also was inaccurate and misleading as it (a) repeated false statements about

³ The amounts in this column do not include the effect of rebooking revenue improperly accelerated in prior quarters.

⁴ In its Form 10-Q for the First Quarter of FY2000, CA represented that it had lost \$.80 per share on a diluted basis for that quarter. In its July 20, 1999 press release, CA represented that its first quarter operating earnings per share was \$.49 on a diluted basis, excluding certain amortization expenses and a \$646 million charge related to CA's purchase of another company.

⁵ In its Form 10-Q for the Third Quarter of FY2000, CA represented that its earnings per share for that quarter amounted to \$.72 on a diluted basis. In its January 26, 2000 press release, CA represented that its third quarter operating earnings per share was \$.91 on a diluted basis, excluding acquisition related amortization charges and a one-time non-cash asset write-down of \$37 million.

⁶ In its Form 10-K for FY2000, CA represented that its earnings per share for the Fourth Quarter of FY2000 amounted to \$.70 on a diluted basis. In its May 15, 2000 press release, CA represented that its fourth quarter operating earnings per share was \$1.13 on a diluted basis, excluding certain acquisition related amortization charges and a one-time non-cash charge.

quarterly results as reported in the Forms 10-Q for the First, Second and Third Quarters, including quarterly revenue and earnings per share; (b) contained false statements about the Company's revenue and earnings per share for the Fourth Quarter of FY2000; (c) contained false statements about the Company's annual revenue and earnings results; and (d) failed to disclose the Extended Quarter's Practice.

d. In CA's Form 10-K for FY2000, the Company listed the quarterly results for each of the four fiscal quarters. The results for each quarter include the revenue and earnings per share. For the First, Second and Third Quarter this information is the same as is listed in the Forms 10-Q that the Company filed, and, as discussed above, is inaccurate and misleading. The Company also listed quarterly results for the Fourth Quarter stated above. As discussed above this information is false and misleading.

e. CA also misstated the Company's annual earnings per share for FY2000. Because the \$378 million in contract revenue referenced above was not only improper revenue for the Fourth Quarter of FY2000, but also for FY2000 as a whole, CA's revenue for the year should have been listed as \$5.725 billion, not \$6.103 billion, an overstatement of over 6.6%. Without the improperly recognized revenue, CA's true diluted annual earnings per share would have been \$2.96 per share, not \$3.28 per share as announced.⁷ CA's improper revenue recognition resulted in an overstatement of \$0.32 per share, or 10.81%. Without the improperly recognized revenue, CA would have missed earnings estimates of \$3.28 per share.

f. In its Form 10-K for FY2000, CA also failed to make a statement necessary to make statements made not misleading. Specifically, CA failed to disclose that in order to

⁷ In its Form 10-K for FY2000, CA represented that its earnings per share for FY2000 amounted to \$1.25 on a diluted basis. In its May 15, 2000 press release, CA represented that its operating earnings per share for FY2000 was \$3.28 on a diluted basis, excluding certain amortization charges.

achieve its reported revenue results, CA had held open fiscal quarters, and its entire fiscal year had also been extended to allow for additional contracts.

g. Based on the substantial percentages of improperly recognized revenue in the First and Second Quarter of FY2001, CA's Forms 10-Q for each of those quarters and its Form 10-K for FY2001 were materially false and misleading.

h. CA's Extended Quarters practice also resulted in significant contracts being improperly recorded as revenue in fiscal quarters from the Fourth Fiscal Quarter of 1998 through each quarter of FY1999. Below is a chart showing the impact of CA's Extended Quarters practice in various fiscal quarters in FY1998 and FY1999.

Fiscal Quarter	GAAP Value of Revenue Properly Recorded ⁸	GAAP Value of Contracts that CA Signed After Quarter End	GAAP Value of Contracts that Clients Signed After Quarter End	GAAP Value of Revenue Improperly Accelerated and Recorded	Percentage that Properly Recorded Revenue was Inflated by Improperly Accelerated Revenue
Q4 FY1998	\$1,419,690,000	\$0	\$47,310,000	\$47,310,000	3%
Q1 FY1999	\$912,140,000	\$67,890,000	\$66,970,000	\$134,860,000	15%
Q2 FY1999	\$922,760,000	\$221,990,000	\$71,250,000	\$293,240,000	32%
Q3 FY1999	\$975,230,000	\$316,110,000	\$69,660,000	\$385,770,000	40%
Q4 FY1999	\$1,282,290,000	\$300,020,000	\$46,690,000	\$346,710,000	27%

As with FY2000, the improper revenue recognized by CA in the above-referenced fiscal quarters in FY1998, FY1999, and FY2001 caused CA's Forms 10-Q and Forms 10-K which corresponded to those reporting periods to be materially false and misleading.

⁸ The amounts in this column do not include the effect of rebooking revenue improperly accelerated in prior

i. In addition, CA repeated the misstatements it made in its Commission filings by incorporating them by reference in a Form S-4, filed on February 22, 2000, and an amended Form S-4, filed on March 13, 2000, regarding CA's acquisition of another public company ("Acquired Company"). Each of the Forms S-4 stated that they incorporated by reference, among other things, CA's Form 10-K for FY1999 and Forms 10-Q for the quarters ending June 30, 1999, September 30, 1999 and December 31, 1999, thus repeating by reference the false statements specified above.⁹

20. The premature recognition of revenue at CA during at least the Fourth Quarter of FY1998 through the Second Quarter of FY2001 was the result of a systemic, intentional practice by certain CA personnel. To implement and conceal this Extended Quarters Practice, CA personnel employed a variety of improper techniques, many of which rendered the company's books and records false and misleading. Indicia of this are:

a. Some employees at CA called the Extended Quarters Practice the "35-day month" practice, because generally most quarters were extended by at least 3 business days, although some quarterly extensions lasted longer.

b. Sometimes, CA had its customers execute contracts bearing pre-printed dates from the just expired quarter even though the customer did not actually sign the contract until days or weeks into the new quarter.

quarters.

⁹ CA also filed two Forms S-8 which repeated by reference the misstatements made in the Forms 10-Q for the quarters ending September 30, 1999 and December 31, 1999. The first such Form S-8, filed with the Commission on February 28, 2000, concerned the year 2000 employee stock purchase plan; the second, filed March 21, 2000, concerned stock incentive plans that had existed at several companies that CA had acquired. Each of these Forms S-8 incorporated by reference its Form 10-K for FY1999, all filings made under Section 13(a) of the Exchange Act since March 31, 1999 (which includes the Forms 10-Q for the quarters ending June 30, 1999, September 30, 1999 and December 31, 1999, and future filed periodic reports including the FY2000 and FY2001 Forms 10-K and the Forms 10-Q for the quarters ending June 30, 2000 and September 30, 2000), thus repeating the false statements contained in those filings.

c. Other times, even when the customer signed the contract before quarter end, CA did not execute the contract until the following quarter.

21. CA substantially stopped prematurely recognizing revenue for software contracts signed after quarter end by CA's customers during the First Quarter of FY2001 (quarter ended June 30, 2000). That quarter, CA missed its Wall Street earnings estimates. CA issued a press release on July 3, 2000 stating that it would miss the analysts' estimates, specifically citing the fact that the company did not complete several large contracts that they had hoped to conclude before the close of the quarter. This was only the second time in CA's then recent history that CA missed Wall Street's estimates. The next trading day, July 5, 2000, CA's stock dropped over 43% from \$51.12 to \$28.50 as the market reacted to the news. Subsequent days of trading brought negligible gains.

22. CA continued to prematurely recognize revenue from contracts that CA signed after quarter end (although, with a few exceptions, the customer did sign contract by quarter end) for the first two quarters of FY2001, after which that practice substantially stopped.

23. CA profited from its accounting fraud by inflating its stock price when it acquired another public company in a stock swap merger.

DEFENDANT'S ROLE IN CA'S ACCOUNTING FRAUD

24. During the period relevant to this Complaint, including but not limited to CA's FY1998 through 2001, Woghin was SVP and General Counsel at CA. As SVP and General Counsel, Woghin helped CA further CA's Extended Quarters Practice by (1) signing a Form S-4 and a Form S-4 amendment that CA filed with the Commission in February and March 2000, while Woghin knew, or recklessly disregarded the fact that, CA's Form S-4 and amendment contained materially false and misleading information regarding CA's prior revenue and

earnings per share; (2) approving backdated contracts, including drafting a contract with misleading dates; and (3) allowing CA's Legal Department to approve contracts obtained by the sales force while knowing, or recklessly disregarding the fact that, those contracts contained false and misleading signature dates and that CA would recognize revenue from those contracts in the incorrect fiscal quarter.

Woghin Signed the False and Misleading Form S-4 and Form S-4 Amendment

25. Woghin signed a Form S-4, dated February 22, 2000, and a Form S-4 amendment, dated March 13, 2000, that CA filed with the Commission in connection with CA's acquisition of the Acquired Company. As described above, CA's Form S-4 and amendment were materially false and misleading as they incorporated by reference CA's Form 10-K for FY1999 and Forms 10-Q for the First, Second and Third Quarters of FY2000. At the time Woghin executed the Form S-4 and amendment in February and March 2000, he knew, or recklessly disregarded, that CA engaged in the Extended Quarters Practice and that its previously filed financials, as incorporated into the Form S-4 and amendment, were materially false and misleading.

26. The inaccuracies in the Form S-4 and amendment that Woghin signed allowed CA to conceal from the shareholders of the Acquired Company that CA met its prior quarterly results by employing the Extended Quarters Practice. Had the Form S-4 and amendment accurately disclosed the Extended Quarters Practice, CA's stock price would have been lower and, under the terms of the merger agreement, the shareholders of the Acquired Company could have received greater compensation in the form of a more favorable exchange ratio in the stock-for-stock transaction with CA.

Woghin Drafted At Least One Backdated Contract and Participated in Approving Other Backdated Contracts

27. In January 2000, CA signed a contract with Company 1, but included language to create the mistaken impression that the contract was signed by the parties on December 31, 1999. CA improperly recognized \$180 million of GAAP revenue in the Third Quarter of FY2000 from this contract. Unlike nearly all other CA contracts, the Company 1 contract does not contain signature dates; instead, that contract contains a preprinted statement above the signature lines stating that “the parties hereto have duly executed this December 31, 1999 Amendment.” In fact, both CA and Company 1 did not execute that contract until at least January 6, 2000. Woghin participated in creating this misleading contract by creating a draft of the contract on January 6, 2000 that CA subsequently tendered to Company 1. That draft contained materially false and misleading preprinted execution dates of December 31, 1999.

28. CA’s contract with Company 2, which bears September 30, 1999 signature dates for both parties, was backdated and resulted in CA improperly recognizing \$65 million of GAAP revenue in the Second Quarter of FY2000. The contract between Company 2 and CA was not signed until October 6, 1999 because Company 2 employees refused to sign the contract until after CA signed a separate agreement. Woghin executed that separate agreement on October 6, 1999. Woghin received a letter dated October 7, 1999 from the General Counsel of Company 2 stating, “In conformance with the signed documents exchanged by facsimile last night, enclosed are five originals of the [separate agreement] and two originals of the [software contract].” Woghin subsequently returned to Company 2 a copy of the software contract, on which CA had also backdated its signature.

29. Woghin was also involved in a transaction concerning another backdated contract. On October 1, 1999, Woghin received an email concerning CA's contract with Company 3. The email stated in part, "[p]lease rest assured that we will do all possible to resolve this [contract] so that it is closed in Q2," referring to CA's second fiscal quarter, which ended on September 30, 1999. Woghin responded later that same day stating, "Let me know if I can assist in any way."

Woghin Allowed His Legal Department to Approve Backdated Contracts

30. As General Counsel, Woghin oversaw an entire department at CA that participated in the Extended Quarters Practice. The Legal Department had a "flat" reporting structure until FY2001 with all attorneys, both transactional and litigation, reporting directly to Woghin. CA executives would not sign a contract until it had been approved by the Legal Department, nor would CA's Finance Department recognize revenue from a contract until an attorney from the Legal Department had approved the contract. In most instances, an attorney from the Legal Department would indicate his review and approval on the standard cover form accompanying the contract.

31. The Legal Department experienced a surge of contracts to approve towards the end of fiscal quarters and in the days following the end of fiscal quarters because CA concluded most of its contracts during those periods. Attorneys worked longer hours during those periods than they did during the rest of the quarter. The attorneys working long hours on these contracts after quarter end knew that these backdated contracts needed to be approved so that CA could recognize the revenue from them in the prior quarter. As General Counsel, Woghin knew, or was reckless in not knowing, that attorneys worked long hours in the days after each quarter end to approve backdated contracts that CA improperly recorded in the prior quarters.

32. Attorneys who reported directly to Woghin in the Legal Department worked with CA salespeople to negotiate contract language with CA's customers after the close of the quarter, knowing that CA recognized revenue from those contracts in the prior quarter. These attorneys were often informed as to when the quarter was closing by employees from CA's Sales, Global Sales Operations, or Finance Departments. The attorneys kept Woghin apprised, via email, that contract negotiations continued after the end of fiscal quarters.

33. Despite documents and other facts that should have alerted Woghin that CA was prematurely recognizing revenue from contracts not yet signed by CA and its customers, Woghin knowingly, or recklessly: (1) allowed contracts that were being negotiated after the end of the quarter to retain false and misleading signature dates; and (2) took no steps to prevent the Finance and Sales Accounting Departments from prematurely recognizing revenue from contracts signed after quarter end.

34. Woghin received ill-gotten gains as a result of his fraudulent conduct through compensation that CA paid Woghin during the course of the improper revenue recognition.

Woghin Obstructed the Investigations by CA's Outside Counsel, CA's Audit Committee, the Commission and Other Government Agencies

35. In or about the beginning of 2002, the Commission staff, Federal Bureau of Investigation ("FBI") and United States Attorney's Office for the Eastern District of New York ("USAO") began investigations into CA's accounting practices, including whether CA prematurely recognized revenues from contracts during the late 1990s and thereafter. As part of his duties as General Counsel, Woghin coordinated CA's compliance with document and information requests by the Commission staff and from the FBI and USAO. Woghin frequently met and conferred with then Chief Executive Officer of CA, Sanjay Kumar ("Kumar") during

the course of the Commission's investigation. Among other things, Kumar instructed Woghin to meet with CA employees prior to their being interviewed by the government and by CA's outside counsel to coach employees on how to answer questions without disclosing the existence of the Extended Quarters Practice.

36. Woghin subsequently met with various CA employees and instructed them regarding the manner in which they should answer questions when they were interviewed by the government or CA's outside counsel. These instructions were intended by Woghin to cause CA employees he met to conceal the existence of the Extended Quarters Practice. Woghin's instructions had their intended effect, in that several individuals with whom Woghin met did in fact make statements to the government or CA's outside counsel that failed to acknowledge, and in some cases falsely denied, the existence of the Extended Quarters Practice. Woghin's purpose in causing CA employees falsely to deny knowledge of the Extended Quarters Practice to CA's outside counsel was to prevent the government from learning that the practice in fact existed.

FIRST CLAIM FOR RELIEF

Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a)

37. The Commission realleges and incorporates by reference herein each and every allegation contained in paragraphs 1 through 36.

38. Woghin, directly or indirectly, singly or in concert, by use of the means or instruments of transportation or communication in interstate commerce, or of the mails, in the offer or sale of CA's securities, knowingly or recklessly, has, (a) employed, is employing or is about to employ, devices, schemes and artifices to defraud; (b) made untrue statements of material fact, or has omitted to state material facts necessary in order to make statements made,

in light of the circumstances under which they were made, not misleading; and/or (c) engaged, is engaging and is about to engage in transactions, acts, practices and courses of business which operated or would have operated as a fraud or deceit upon purchasers of CA securities and upon other persons, including in CA's filings for FY1998 through FY2001, including the Forms 10-K for FY1999, FY2000, and FY2001, Forms 10-Q for FY1999 and FY2000, the Fourth Quarter of FY1998 and First and Second Quarters of FY2001, and Forms S-4 and S-8, and in other public statements.

39. By reason of the foregoing, Woghin, singly or in concert, directly or indirectly, has violated, and unless enjoined will again violate, Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

SECOND CLAIM FOR RELIEF

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

40. The Commission realleges and incorporates by reference herein each and every allegation contained in paragraphs 1 through 36.

41. Woghin, directly or indirectly, singly or in concert, by use of the means or instrumentalities of interstate commerce, or of the mails, or of the facilities of a national securities exchange, in connection with the purchase or sale of CA securities, knowingly or recklessly, has: (a) employed, is employing or is about to employ, devices, schemes and artifices to defraud; (b) made, is making or is about to make untrue statements of material fact, or has omitted, is omitting, or is about to omit to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading; and/or (c) engaged, is engaging and is about to engage in transactions, acts, practices and courses

of business which operated or would have operated as a fraud or deceit upon purchasers of CA securities and upon other persons, including in CA's filings for FY1998 through FY2001, including the Forms 10-K for FY1999, FY2000, and FY2001, Forms 10-Q for FY1999 and FY2000, the Fourth Quarter of FY1998 and First and Second Quarters of FY2001, and Forms S-4 and S-8, and in other public statements.

42. By reason of the foregoing, Woghin, singly or in concert, directly or indirectly, has violated, and unless enjoined will again violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5, thereunder.

THIRD CLAIM FOR RELIEF

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

43. The Commission realleges and incorporates by reference herein each and every allegation contained in paragraphs 1 through 36.

44. Exchange Act Section 13(b)(5) states that no person shall knowingly circumvent or knowingly fail to implement a system of internal accounting controls or knowingly falsify any book, record, or account described in Exchange Act Section 13(b)(2). Exchange Act Rule 13b2-1 prohibits any person from directly or indirectly, falsifying or causing to be falsified, an issuer's books and records.

45. By reason of the foregoing, Woghin has violated, and unless enjoined, will again violate 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.

FOURTH CLAIM FOR RELIEF

Aiding and Abetting Liability for CA's Violations of Sections 10(b), 13(a), 13(b)(2)(A), 13(b)(2)(B) of the Exchange Act, 15 U.S.C. 78j(b), 78m(a), 78m(b)(2)(A) and 78m(b)(2)(B), and Rules 10b-5, 12b-20, 13a-1, and 13a-13, and 17 C.F.R. §§ 240.10b-5, 240.12b-20, 240.13a-1, and 240.13a-13 thereunder

46. The Commission realleges and incorporates by reference herein each and every allegation contained in paragraphs 1 through 36.

47. CA, directly or indirectly, singly or in concert, by use of the means or instrumentalities of interstate commerce, or of the mails, or of the facilities of a national securities exchange, in connection with the purchase or sale of CA securities, knowingly or recklessly, has: (a) employed, is employing or about to employ, devices, schemes and artifices to defraud; (b) made, is making or is about to make untrue statements of material fact, or has omitted, is omitting, or is about to omit to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading; and/or (c) engaged, is engaging and is about to engage in transactions, acts, practices and courses of business which operated or would have operated as a fraud or deceit upon purchasers of CA securities and upon other persons. CA made untrue statements of material fact in, among other things, Commission filings in FY1998 through FY2001, including the Forms 10-K for FY1999, FY2000, and FY2001, Forms 10-Q for FY1999 and FY2000, the Fourth Quarter of FY1998 and First and Second Quarters of FY2001, and Forms S-4 and S-8, and in other public statements.

48. By reason of the foregoing, CA, singly or in concert, directly or indirectly, has violated Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5, thereunder.

49. Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-13 thereunder require issuers of registered securities to file with the Commission factually accurate annual and quarterly reports. Exchange Act Rule 12b-20 provides that in addition to the information expressly required to be included in a statement or report, there shall be added such further material information, if any, as may be necessary to make the required statements, in the light of the circumstances under which they are made not misleading.

50. By reason of the foregoing, CA violated Section 13(a) of the Exchange Act, 15 U.S.C. § 78m(a), and Rules 12b-20, 13a-1, and 13a-13, 17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13, thereunder.

51. Section 13(b)(2)(A) of the Exchange Act, 15 U.S.C. § 78m(b)(2)(A) requires issuers to make and keep books, records and accounts which in reasonable detail, accurately and favorably reflect the transactions and dispositions of assets of the issuer.

52. Section 13(b)(2)(B) of the Exchange Act, 15 U.S.C. § 78m(b)(2)(B), requires, among other things, that issuers maintain a system of internal accounting controls that permit the preparation of financial statements in conformity with GAAP.

53. By reason of the foregoing, CA has violated 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).

54. Pursuant to Section 20(e) of the Exchange Act, 15 U.S.C. § 78t(e), Woghin aided and abetted CA's violations of Sections 10(b), 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act, 15 U.S.C. §§ 78j(b), 78m(a), 78m(b)(2)(A) and 78m(b)(2)(B) and Rules 10b-5, 12b-20, 13a-1, and 13a-13, 17 C.F.R. §§ 240.10b-5, 240.12b-20, 240.13a-1, and 240.13a-13, and unless enjoined, will again violate these provisions of the Exchange Act and Rules thereunder. Woghin

knowingly provided substantial assistance to CA by, among other things, engaging in the conduct alleged in paragraphs 1 to 36 above.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests a Final Judgment:

I.

Permanently enjoining Woghin, and his agents, servants, employees and attorneys and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from (a) future violations of Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a); and Sections 10(b) and 13(b)(5) of the Exchange Act, 15 U.S.C. §§ 78j(b) and 78m(b)(5); and Rules 10b-5 and 13b2-1, 17 C.F.R. §§ 240.10b-5, 240.13b2-1; and (b) aiding and abetting CA's violations of Sections 10(b), 13(a) and 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act, 15 U.S.C. §§ 78j(b), 78m(a), 78m(b)(2)(A) and 78m(b)(2)(B) and Rules 10b-5, 12b-20, 13a-1 and 13a-13, 17 C.F.R. §§ 240.10b-5, 240.12b-20, 240.13a-1, and 240.13a-13 thereunder.

II.

Ordering Woghin to disgorge any and all the ill-gotten gains he received as a result of their violations of the federal securities laws, and to pay prejudgment interest on all such gains.

III.

Ordering Woghin to pay civil money penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3).

IV.

Permanently barring Woghin from serving as an officer or director of a publicly held company pursuant to Section 20(e) of the Securities Act, 15 U.S.C. § 77t(e), and Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2).

V.

Granting such other and further relief as the Court may deem just and proper.

Dated: New York, New York
September 21, 2004

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