

Press Release

SeaWorld and Former CEO to Pay More Than \$5 Million to Settle Fraud Charges

Company, Two Former Executives Charged With Misleading Investors About the Impact of Documentary on Business

FOR IMMEDIATE RELEASE

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Washington D.C., Sept. 18, 2018 — The Securities and Exchange Commission today announced that SeaWorld Entertainment Inc. and its former CEO have agreed to pay more than \$5 million to settle fraud charges for misleading investors about the impact the documentary film *Blackfish* had on the company's reputation and business. SeaWorld's former vice president of communications also agreed to settle a fraud charge for his role in misleading SeaWorld's investors.

Blackfish criticized SeaWorld's treatment of its orcas (killer whales) and received significant media attention as the film became more widely distributed in the latter half of 2013. The SEC's complaint alleges that from approximately December 2013 through August 2014, SeaWorld and former CEO James Atchison made untrue and misleading statements or omissions in SEC filings, earnings releases and calls, and other statements to the press regarding *Blackfish*'s impact on the company's reputation and business. According to the SEC's complaint, on Aug. 13, 2014, when SeaWorld for the first time acknowledged that its declining attendance was partially caused by negative publicity, SeaWorld's stock price fell, causing significant losses to shareholders.

"This case underscores the need for a company to provide investors with timely and accurate information that has an adverse impact on its business. SeaWorld described its reputation as one of its 'most important assets,' but it failed to evaluate and disclose the adverse impact *Blackfish* had on its business in a timely manner," said Steven Peikin, Co-Director of the SEC Enforcement Division.

The SEC's complaint, filed in federal court in New York, charges SeaWorld and Atchison with violating antifraud provisions of the federal securities laws and charges SeaWorld with reporting violations. SeaWorld and Atchison have agreed to settle the SEC's charges without admitting or denying the allegations, with SeaWorld paying a \$4 million penalty and Atchison paying over \$1 million in penalty and disgorgement.

SeaWorld's former vice president of communications, Frederick D. Jacobs, agreed to settle a fraud charge and to pay disgorgement and prejudgment interest of approximately \$100,000. He was not assessed a penalty, reflecting his substantial assistance in the SEC's investigation. All of the settlements are subject to court approval.

The SEC's investigation was conducted by James Lyman and Lee Robinson and supervised by Ian Karpel and Kurt Gottschall of the Denver office.

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