

[Securities Regulation Daily Wrap Up, ENFORCEMENT—S.D.N.Y.: Former Dewey & LeBoeuf execs fined \\$181K for cooking the books, \(Sept. 7, 2018\)](#)

Securities Regulation Daily Wrap Up

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By [Lene Powell, J.D.](#)

The SEC settled charges against three former executives of the now-defunct Dewey & LeBoeuf law firm for their involvement in a fraudulent bond offering that relied on materially misstated financial results. The Southern District of New York imposed a \$130,000 civil penalty and officer and director bar against former chairman Steven H. Davis, as well as disgorgement orders against the firm's former finance director and controller (*SEC v. Davis*, September 5, 2018, Caproni, V.).

False financial statements. The SEC [alleged](#) that Francis Canellas, Dewey's then director of finance, engaged in a scheme with Thomas Mullikin, the firm's controller, as well as the former chief financial officer, to falsify Dewey's financial statements and provide the false financial statements to investors. Dewey's financial results were materially misstated for 2008 and 2009, and these financial statements were incorporated into a private placement memorandum for a \$150 million bond offering in 2010 and provided to investors. Davis knew of the fraudulent adjustments and made key decisions concerning the offering, including approving the offering and signing off on the private placement memorandum.

The SEC previously obtained [consent judgments](#) against Dewey's former CFO Joel Sanders and executive director Stephen DiCarmine.

Sanctions. The following final judgments were entered:

- [Steven H. Davis](#) was required to pay a \$130,000 civil monetary penalty, enjoined from further violations, and prohibited from acting as an officer or director of a public company;
- [Francis Canellas](#) was enjoined from further violations pay \$43,178.82 in disgorgement and prejudgment interest.
- [Thomas Mullikin](#) was enjoined from further violations and required to pay \$8,635.78 in disgorgement and prejudgment interest.

The settlements resolve completely the cases against Davis, Canellas, and Mullikin.

The case is No. 14-01528 (VEC).

Attorneys: Howard A. Fischer for the SEC. Elkan Abramowitz (Morvillo Abramowitz Grand Iason & Anello PC) for Steven H. Davis. Brian P. Miller (Akerman LLP) for Joel Sanders.

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