

SEC Obtains Judgments against Stephen DiCarmine and Joel Sanders

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***Securities and Exchange Commission v. Steven H. Davis, et. al*, Civil Action No. 14-cv-01528 (VEC) (S.D.N.Y.)**

On April 18, 2018, a federal court entered judgments against former Dewey & LeBoeuf, LLP executives Stephen DiCarmine and Joel Sanders in an SEC enforcement action arising from their roles in a fraudulent \$150 million bond offering.

In 2014, the SEC filed suit against DiCarmine, Sanders, and others in federal district court in Manhattan. The SEC's complaint alleged that in 2008 and 2009, Sanders, then the chief financial officer of Dewey & LeBoeuf, in conjunction with other employees, devised a scheme, and directed his staff, to materially falsify the firm's financial statements in order to meet lender covenants. The SEC further alleged that DiCarmine, the firm's executive director, was aware of these efforts. In March 2010, Dewey & LeBoeuf conducted a \$150 million private placement of bonds. According to the SEC's complaint, Sanders defrauded investors in that offering by, among other things, providing a private placement memorandum to investors that incorporated the fraudulent financial statements. The SEC further alleged that Sanders and DiCarmine participated in a conference call where the firm's false financial information was provided to investors.

Sanders consented to the entry of a judgment permanently enjoining him from violating Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder and prohibiting him from acting as an officer or director of a public company. The judgment against Sanders also provides that the payment of disgorgement plus prejudgment interest, and the imposition of civil monetary penalties will be determined by the court at a later date upon motion of the Commission.

DiCarmine consented to the entry of a final judgment permanently enjoining him from violating Section 17(a)(2) of the Securities Act. The judgment orders him to pay a civil monetary penalty of \$35,000. The settlement resolves the SEC's case against DiCarmine.

The SEC staff in the New York Regional Office responsible for the investigation and the ongoing litigation includes William Finkel, Joseph P. Ceglie, Christopher Mele, Howard Fischer, and Thomas P. Smith, Jr. The case has been supervised by Sanjay Wadhwa.

For further information, see [Press Release 2014-45](#) (March 6, 2014), [Litigation Release No. 23443](#), and [Litigation Release No. 23475](#).