

SEC CHARGES FORMER PANASONIC EXECUTIVES

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Washington D.C. — The Securities and Exchange Commission today charged two former senior executives of the U.S. subsidiary of Panasonic Corp. with knowingly violating the books and records and internal accounting controls provisions of the federal securities laws and causing similar violations by the parent company.

According to the SEC's order against Paul A. Margis, then-CEO and president of Panasonic Avionics Corp., Margis used a third party to pay over \$1.76 million to several consultants, including a government official who was offered a lucrative consulting position to assist Panasonic Avionics in obtaining and retaining business from a state-owned airline. Panasonic Avionics falsely recorded these payments, and Margis circumvented company procedures for engaging the consultants, who provided few, if any services. Margis also made materially false or misleading statements to Panasonic Avionics' auditor regarding the adequacy of Panasonic Avionics' internal accounting controls and accuracy of the company's books and records.

According to the SEC's order against Takeshi "Tyrone" Uonaga, then-CFO of Panasonic Avionics, Uonaga caused Panasonic Corp. to improperly record \$82 million in revenue based on a backdated contract and made false representations to Panasonic Avionics' auditor regarding financial statements, internal accounting controls, and books and records.

"Holding individuals accountable, particularly senior executives, is critical," said Antonia Chion, Associate Director of the SEC's Enforcement Division. "Compliance starts at the top and senior executives who fail in their duty to comply with the federal securities laws will be held responsible."

The SEC's orders require Margis and Uonaga to pay penalties of \$75,000 and \$50,000, respectively. The order against Uonaga also suspends him from appearing or practicing before the Commission as an accountant, which includes not participating in the financial reporting or audits of public companies. The order permits Uonaga to apply for reinstatement after five years. Margis and Uonaga consented to the entry of their orders without admitting or denying the findings.

In April of this year, the Commission instituted a related settled cease-and-desist proceeding against Panasonic Corp. finding that it violated the anti-bribery, anti-fraud, books and records, internal accounting controls, and reporting provisions of the federal securities laws. The SEC's investigation was conducted by Anik Shah, Mark Yost, Gregory Bockin, and Sonali Singh, and supervised by Charles E. Cain, Ms. Chion, Stacy Bogert, and Kristen Dieter. The SEC appreciates the assistance of the Department of Justice Criminal Division's Fraud Section as well as the following regulators: Swiss Financial Market Supervisory Authority, Ontario Securities Commission, Securities and Commodities Authority of the United Arab Emirates, Financial Services Agency of Japan, Monetary Authority of Singapore, Securities Commission of Malaysia, Australian Securities & Investments Commission, and the Securities and Exchange Commission of Pakistan.