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## **Analysis Group Supports Marketing Expert in SEC's Landmark Accounting-Fraud Case Against Henry Yuen; Gemstar's Former Chairman and CEO Ordered to Pay \$22 Million Penalty**

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**Los Angeles, May 23, 2006** — In one of the largest civil penalties ever obtained by the SEC against an individual in an accounting-fraud case, a federal judge recently ordered Gemstar ex-CEO Henry Yuen to pay a \$22.3 million penalty for overstating Gemstar's revenue by more than \$225 million between 2000 and 2002. Mr. Yuen was alleged to have inflated Gemstar's revenue using tactics such as recording phantom revenue and booking "round-trip" transactions with no economic substance.

An Analysis Group team led by Managing Principal [Bruce Strombom](#) and Manager [Mark Gustafson](#) supported Analysis Group academic affiliate Gerald Tellis, University of Southern California marketing professor, whose report was filed in rebuttal to that of a defense expert. The team's work included analyzing hundreds of invoices for advertising on Gemstar's interactive programming guide (IPG) and demonstrating that the limited number of invoices executed as arm's length transactions were fundamentally different from the remaining invoices, for which there was no market justification.

At the direction of Professor Tellis, Analysis Group also analyzed the market for IPG advertising and, in contrast to the defense expert, determined that the market was in its infancy and unable to support the volume of transactions claimed by Yuen.

The ruling, widely covered in major media outlets, followed a four-year SEC investigation of Gemstar, an entertainment company that publishes *TV Guide* and holds patents on technology for interactive TV programming guides.

[Analysis Group](#) provides economic, financial, and business strategy consulting to law firms, corporations, and government agencies. The firm has more than 300 professionals, with offices in Boston, Chicago, Dallas, Denver, Los Angeles, Menlo Park, New York, San Francisco, Washington, and Montreal.

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