

NEWS RELEASE



***OFFICE OF THE UNITED STATES ATTORNEY
SOUTHERN DISTRICT OF CALIFORNIA
San Diego, California***

***United States Attorney
Karen P. Hewitt***

For Further Information, Contact: Media Liaison Debra Hartman (619) 557-5275

For Immediate Release

FOUR FORMER EXECUTIVES FROM PEREGRINE SYSTEMS, INC. SENTENCED

NEWS RELEASE SUMMARY - December 30, 2008

San Diego, CA - United States Attorney Karen P. Hewitt announced that four more executives from Peregrine Systems, Inc. ("Peregrine") were sentenced in federal court in San Diego this month by United States District Court Judge Thomas J. Whelan for their participation in a financial fraud at the company that ran from 1999 until May 2002.

Today, Judge Whelan ordered Berdj Joseph Rassam, Peregrine's former Controller, to serve 24 months in custody based on his conviction on one count of securities fraud. Rassam entered a guilty plea on February 27, 2007, at which time he admitted to, among other things, scheming with others to deceptively write off Peregrine's uncollectible accounts receivables by including them with unrelated acquisition and other expenses. Rassam admitted to knowing that these write offs would mislead securities analysts and the investing public as to the true status of Peregrine's financial condition.

Last week, on December 22, 2008, Judge Whelan ordered Andrew Vincent Cahill, Jr., Peregrine's former Executive Vice President of World Wide Sales, to serve 27 months in custody based on his conviction on one count of securities fraud. Cahill entered a guilty plea on February 27, 2007, at which time he admitted to, among other things, backdating a contract purporting to bind KPMG to purchase \$11.5 million of Peregrine software for resale to Morgan Stanley. Backdating this contract allowed Peregrine to inflate its revenue numbers and mislead Wall Street regarding its results for the fiscal quarter.

Judge Whelan ordered both Cahill and Rassam to serve two-year terms of supervised release following their release from prison, and set a hearing for February 23, 2009 to determine restitution. No fines were imposed because of the potentially large restitution order facing these two defendants. Cahill and Rassam were ordered to begin serving their sentences by March 20, 2009.

Also this month, Judge Whelan sentenced two former Peregrine treasury officials to terms of probation for their misrepresentations to financial institutions. On December 18, 2008, Judge Whelan ordered Ilse Cappel, former Assistant Treasurer, to serve a period of five years' probation based on her conviction on a charge of conspiracy to commit bank fraud. Cappel entered a guilty plea on November 22, 2002, at which time she admitted to, among other things, fabricating a \$19 million invoice from Peregrine to KPMG Consulting LLC, which she then sold to a financial institution. The financial institution did not suffer a loss, however, because Peregrine repurchased the fabricated invoice before the fraud was detected. Nonetheless, Cappel's conduct allowed Peregrine to present the public with inaccurate information about the financial condition of the company. Similarly, on December 23, 2008, Judge Whelan ordered John Burnham Benjamin, Peregrine's former Treasurer, to serve a period of five years' probation based on his conviction for conspiracy to commit wire fraud. Benjamin entered a guilty plea on October 13, 2004, at which time he admitted to, among other things, knowingly making materially false statements in order to convince a

financial institution to continue extending credit to Peregrine on a \$150 million line of credit. The financial institution did not suffer a loss because Benjamin caused Peregrine to repay this loan before the fraud was detected. Judge Whelan ordered Cappel and Benjamin each to pay a fine of \$7500.

Judge Whelan cited the cooperation of all four defendants with federal authorities following their guilty pleas as one reason for their substantially reduced sentences.

United States Attorney Hewitt praised the outstanding efforts of the Federal Bureau of Investigation's San Diego Division and thanked the United States Securities and Exchange Commission's Division of Enforcement for its assistance.

DEFENDANT

CASE NUMBER: 04CR2605-W (6)

Berdj Joseph Rassam

SUMMARY OF CHARGES

Count 2: Securities Fraud - Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5

DEFENDANT

CASE NUMBER: 04CR2605-W (3)

Andrew Vincent Cahill, Jr.

SUMMARY OF CHARGES

Count 2: Securities Fraud - Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5

DEFENDANT

CASE NUMBER: 04CR2658-W

John Burnham Benjamin

SUMMARY OF CHARGES

Count 1: Conspiracy to Commit Wire Fraud - Title 18, United States Code, Section 371

DEFENDANT

CASE NUMBER: 02CR3104-W

Ilse Cappel

SUMMARY OF CHARGES

Count 1: Conspiracy to Commit Bank Fraud - Title 18, United States Code, Section 371

INVESTIGATING AGENCIES

Federal Bureau of Investigation
United States Securities and Exchange Commission