

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

NEWS RELEASE SUMMARY - May 4, 2009

San Diego, CA - United States Attorney Karen P. Hewitt announced that Jeremy Reeve Crook was sentenced in federal court in San Diego today by United States District Court Judge Thomas J. Whelan for his participation in a financial fraud at Peregrine Systems, Inc. ("Peregrine"), based on Crook's conduct while serving as Peregrine's Vice President for Europe, Middle East and Africa ("EMEA"). Judge Whelan ordered Crook to serve 27 months in custody for his conviction on one count of wire fraud and set a further hearing on restitution for June 8, 2009.

According to court records, Crook, a citizen of the United Kingdom, was indicted in October 2004 by a federal grand jury sitting in San Diego, California. He contested his extradition to the United States for several years but was ultimately extradited by the United Kingdom and arrived in the United States in September 2006. Crook entered a guilty plea to one count of wire fraud on January 26, 2009. At his plea hearing, Crook admitted to, among other things, scheming with Peregrine's Chief Executive Officer, Chief

Financial Officer, Executive Vice President of World Wide Sales, and others, to fraudulently record revenue on a £10 million transaction with British Telecom (“BT”). By fraudulently including this revenue in the December 2000 quarter, even though the deal closed in the subsequent fiscal period, the schemers made it appear that Peregrine had met financial targets set for it by Wall Street. Moreover, several times throughout 2001, BT exercised its right to cancel this contract with Peregrine. Each time, Crook and his co-schemers caused Peregrine to extend a cancellation provision in this contract, thereby avoiding a restatement that would disclose to investors Peregrine’s true financial condition. Crook admitted knowing that a Peregrine press release issued on April 4, 2001 misrepresented the company’s financial condition, based in part on this transaction with BT.

According to court documents, these misrepresentations caused the price of Peregrine’s stock to double over the ensuing weeks. On May 23, 2001, approximately six weeks after the issuance of this false press release, Crook exercised 50,000 Peregrine stock options and reaped approximately \$1,128,000 in gross profits.

Crook was the fourteenth person sentenced in connection with the federal criminal investigation of financial fraud at Peregrine. Those convicted of offenses related to their activities at Peregrine included the company’s former CEO, its CFO, its President and Chief Operating Officer, General Counsel, Controller, Treasurer, Assistant Treasurer, two Executive Vice Presidents of World Wide Sales, and now the former head of its EMEA division.

United States Attorney Hewitt said, “In this global economy, criminal activity does not recognize national borders. For that reason, the Department of Justice works with international law enforcement authorities to prosecute those who commit crimes against the United States from outside this country. Bringing this defendant to justice for the harms he caused to Peregrine shareholders depended upon the

cooperation of several authorities in the United Kingdom. I want to thank the U.K.'s Crown Prosecution Service, its Home Office, and the London City Police for their assistance in this matter.”

United States Attorney Hewitt also praised the Federal Bureau of Investigation for its sustained commitment to uncovering fraudulent activities related to Peregrine. U.S. Attorney Hewitt noted, “An investigation and prosecution of this size and scope could not have been accomplished without the tireless work of agents from the FBI’s Corporate Fraud Task Force. These dedicated agents conducted hundreds of interviews, reviewed thousands of pages of documents, and performed extensive forensic investigation over the past seven years. Those long hours and extraordinary efforts were essential to the successful prosecution of this serious corporate fraud. Those tempted to engage in sophisticated financial frauds should know that the U.S. Attorney’s Office and its law enforcement partners will aggressively pursue such violations, no matter how much time and effort is required.”

Finally, United States Attorney Hewitt thanked the United States Securities and Exchange Commission’s Division of Enforcement for its assistance, which began soon after revelations of Peregrine’s fraudulent activities came to light in May 2002.

DEFENDANT

CASE NUMBER: 04CR2605-W (4)

Jeremy Reeve Crook

SUMMARY OF CHARGE

Count 20: Wire Fraud - Title 18, United States Code, Section 1343.

INVESTIGATING AGENCY

Federal Bureau of Investigation