

NEWS

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FOR IMMEDIATE RELEASE
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Former Cendant Chairman Walter Forbes Convicted of Conspiracy
to Commit Securities Fraud and False Statements to SEC

(More)

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BRIDGEPORT, Conn. – Walter A. Forbes, the former chairman of Cendant Corp., was convicted today on three of four counts against him – including conspiracy to commit securities fraud and to make false statements to the Securities and Exchange Commission – in the third retrial against him for the massive accounting fraud at the company formerly known as Cendant, U.S. Attorney Christopher J. Christie announced.

The jury deliberated for two hours on Friday, all day Monday and returned its verdict at about 2:30 p.m. today in the trial before U.S. District Judge Alan H. Nevas. The jury found Forbes, 63, of New Canaan, Conn., guilty of the conspiracy count as well as two counts of making false statements to the SEC. The jury acquitted Forbes of one count of securities fraud.

The statutory maximum penalty for the conspiracy count is five years in prison and a \$250,000 fine. The maximum penalty on each of the false statement counts is 10 years in prison and a \$1 million fine. Forbes' co-defendant in the first trial, former Cendant Vice Chairman E. Kirk Shelton, was sentenced by another federal judge to 10 years in prison for much of the same conduct and ordered to pay \$3.275 billion in restitution to shareholders.

Judge Nevas scheduled sentencing for Forbes for Jan. 17. After the verdict, Judge Nevas increased bail for Forbes from \$1 million to \$1.2 million. The judge ordered that the new bail amount be secured by \$500,000 in cash or real estate. Judge Nevas also said that Forbes could not make any asset transfers valued at more than \$10,000 without the court's approval. (Evidence presented by the government at trial showed that Forbes made asset transfers before his first trial of more than \$25 million in real estate into his wife's name and in the names of his children.)

"We are gratified by today's verdict," Christie said. "The innocent victims of this \$14 billion fraud engineered by Walter Forbes have waited a very long time for justice to be done. This is a great day for those who believe that everyone in our society must be held accountable for their conduct."

"More than five-and-a-half years after his initial indictment and two mistrials, Walter Forbes was convicted for his lead role in a securities fraud resulting in multi-billion dollar losses to Cendant shareholders," said Leslie G. Wiser, the Special Agent in Charge of the FBI in Newark. "Although justice delayed is often justice denied, the investigative and prosecuting team, who dedicated themselves to obtaining justice for the stockholders and other victims in this case, would not be denied, and their efforts deserve the highest praise from the government and its citizens."

The case was prosecuted by Assistant U.S. Attorneys Michael Martinez and Craig

Carpenito.

It was the third trial for Forbes, who according to the government, conspired with Shelton, and others, in an accounting fraud that caused the company to lose \$14 billion in market value in a single day when the fraud was revealed to shareholders in April 1998.

Shelton was convicted on all counts against him on Jan. 4, 2005, at the conclusion of the first trial. The jury hung on all counts against Forbes. In a retrial of Forbes, which ended in February 2006, the jury again could not reach a verdict as to Forbes.

On Aug. 3, 2005, U.S. District Judge Alvin W. Thompson sentenced Shelton to 10 years in prison and ordered him to pay \$3.275 billion in restitution. Shelton remains free on bail as he appeals his conviction and sentence – arguments for which were, coincidentally, heard today before the 2nd Circuit Court of Appeals in New York.

The case was transferred to Connecticut by a District Judge in Newark, N.J. The first two trials were before Judge Thompson in Hartford, and the third trial was before Judge Nevas in Bridgeport.

Forbes and Shelton were charged with supervising a decade-long accounting scheme that inflated income at Cendant predecessor company CUC International and helped sustain increasing stock values at CUC and then Cendant. Forbes was chief executive officer of CUC and Shelton was president before CUC merged with Parsippany, N.J.-based HFS, Inc. to form Cendant in December 1997. Forbes became Chairman of the Board of Directors at Cendant and Shelton became the vice chairman of Cendant's Board.

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Defense Counsel:

Brendan V. Sullivan, Jr., Esq. and Barry Simon, Esq. Washington, D.C.