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Southern District of New York*

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**FORMER PRESIDENT AND CHIEF OPERATING OFFICER OF
MONSTER WORLDWIDE, INC. SENTENCED IN MANHATTAN
FEDERAL COURT TO TWO YEARS IN PRISON
FOR BACKDATING STOCK OPTIONS**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that JAMES J. TREACY, the former President and Chief Operating Officer of Monster Worldwide, Inc. ("Monster"), was sentenced today to two years on securities fraud and conspiracy charges related to the backdating of millions of dollars' worth of employee stock option grants. During his time at Monster, TREACY made more than \$2.9 million in salary and \$1.4 million in bonuses. From the illegal backdating scheme, he personally gained approximately \$6.3 million in illicit profits. In addition to the prison sentence, TREACY was ordered to pay restitution in the amount of \$6,332,995 and ordered to forfeit \$6,332,995.

TREACY was sentenced in Manhattan federal court by United States District Judge JED S. RAKOFF. In sentencing TREACY, Judge RAKOFF stated that Treacy "engaged in blatant misconduct to line his own pockets and the pockets of others over a period of years" and that "people making more money than the average Joe can imagine, who take advantage of their position to put even more, huge amounts of money into their pockets, cannot . . . go undeterred."

In May 2009, a federal jury in Manhattan found TREACY guilty of one count of securities fraud and one count of conspiracy to commit securities fraud, to file false statements with the United States Securities and Exchange Commission ("SEC"), to make false statements to auditors, and to falsify books and records.

According to the evidence at trial and statements made during today's sentencing proceeding:

The grant of stock options -- the right to purchase company stock at a specific price -- is a generally-accepted form of compensation for corporate employees. If a company issues stock options that are "in the money," that is, having an exercise price lower than the current market value of the stock, applicable accounting principles require the company to increase its compensation expenses and therefore reduce its earnings by the amount that the options are "in the money."

In an effort to grant "in the money" options without increasing Monster's compensation expenses, TREACY and other senior executives at Monster systematically backdated option grants between 1997 and 2003 by documenting them as though they had occurred on earlier dates when Monster's stock price was at or near a periodic low point. The resulting backdated options were thereby "in the money" at the moment they were issued, but because they appeared to have been issued at the fair market price on the earlier date that they were supposedly granted, the need to take a charge against Monster's earnings was fraudulently disguised.

As a result, Monster's public filings with the SEC between 1997 and 2005 understated the company's compensation expenses by over \$300 million. For example, Monster's Form 10-K for 2001 reported that Monster's net income was \$69,020,000. However, in 2006, after Monster correctly recorded the appropriate compensation expense for the backdated options, its actual net income for that period dropped to \$3,439,000. TREACY himself, while employed at Monster, received in excess of one million backdated options (adjusted for a stock split and a spin-off of a Monster division) on eight different grant dates. Between December 2005 and April 2006, just before the backdating scheme was disclosed, TREACY exercised approximately 745,000 of those options for a total, personal net gain of approximately \$6.3 million.

TREACY and his co-conspirators also made false and misleading statements about their options-grant practices to Monster's outside auditors. For example, TREACY signed management representation letters in which he falsely represented that Monster's financial statements were presented in conformity with Generally Accepted Accounting Principles and that there had been no fraud involving management or employees who had significant roles in internal controls.

TREACY, 51, resides in Glen Rock, New Jersey.

"Today's sentence brings to justice a corrupt corporate officer. Despite receiving a veritable king's ransom in lawful salary and cash bonuses, James Treacy still cooked the books to make millions more, illegally," said United States Attorney PREET BHARARA. "Frauds perpetrated by corrupt executives not only mislead shareholders but also degrade the investing public's trust in our financial markets."

Mr. BHARARA praised the investigative work of the United States Postal Inspection Service and the Criminal Investigators of the United States Attorney's Office. He also thanked the SEC for its assistance in this matter.

This case is being handled by the Office's Securities and Commodities Fraud Task Force. Assistant United States Attorney DEIRDRE A. McEVOY is in charge of the prosecution.

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