

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES ACT OF 1933**  
**Release No. 10692 / September 24, 2019**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 87069 / September 24, 2019**

**ACCOUNTING AND AUDITING ENFORCEMENT**  
**Release No. 4091 / September 24, 2019**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-19499**

**In the Matter of**  
  
**COMSCORE, INC.,**  
  
**Respondent.**

**ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 AND SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”) and Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Comscore, Inc. (“Comscore” or “Respondent”).

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds<sup>1</sup> that:

#### SUMMARY

1. This matter concerns a financial accounting and disclosure fraud committed by Comscore, a publicly-traded data services and measurement company, principally through the conduct of its former Chief Executive Officer, Serge Matta ("Matta"). From February 2014 through February 2016 (the "Relevant Period"), Comscore public filings materially overstated revenue by approximately \$50 million as result of a fraudulent scheme and improper accounting involving the manipulation of non-monetary and monetary contracts. Comscore's and Matta's actions enabled the company to artificially exceed its analysts' consensus revenue target in seven consecutive quarters. In addition, from April 2014 through February 2016, Comscore and Matta made false and misleading statements about two important performance metrics.

2. Comscore entered into non-monetary transactions ("NMTs") for the purpose of improperly increasing revenue recognition. Comscore valued these NMTs, which involved the exchange of data between Comscore and a counterparty, by assessing the fair value of the data it surrendered in each transaction. In negotiating certain of these arrangements, however, Matta included certain data that the counterparty did not ask for, want, need, or use. In addition, in communications with internal accountants and the independent auditor regarding the NMTs, Matta and other Comscore employees made false or misleading statements about the true purpose of the agreements, the commercial substance of the transactions, and the fair value of the assets. As a result, Comscore's revenue related to these transactions was overstated by over \$34.5 million during the Relevant Period.

3. Comscore also entered into certain monetary transactions that improperly increased revenue recognition. In two instances, Matta knew that contracts he negotiated were related and linked but he misrepresented or failed to disclose the true facts to Comscore's internal accountants and its independent auditor, which had the impact of overstating revenue by approximately \$12 million in 2015. In two other instances, Matta agreed to deliver data to a counterparty by the end of a quarter and then entered into undisclosed side agreements to deliver additional data after the quarter closed. Placing future data delivery obligations into a side agreement allowed Comscore to take the position that all data at issue had been delivered before the current quarter closed, thereby permitting Comscore to recognize all of the revenue associated with the transaction in that quarter rather than defer some or all of the revenue to subsequent quarters.

4. In addition, Comscore made false or misleading disclosures regarding two important performance metrics. In 2014 and 2015, Comscore disclosed inflated customer totals that falsely conveyed a consistent increase in the number of net new customers added. In fact, the

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<sup>1</sup> The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

number of net new customers was declining. Comscore disclosed these overstated numbers in its periodic filings with the Commission and Matta highlighted them during earnings calls with investors. Also, in the third and fourth quarters of 2015, Comscore disclosed misstated revenue growth percentages concerning one of its flagship data analytic products. Matta described this purported revenue growth in earnings calls. In fact, the product's revenue had been declining. In both instances, Matta directed or approved incremental changes within Comscore to the methodology by which the disclosed figures were calculated without disclosing those changes to investors.

5. In February 2016, after receiving a tip, Comscore's Audit Committee commenced an internal investigation. On March 23, 2018, Comscore, under new management, filed its Form 10-K for the year ended December 31, 2017, which included a restatement (the "Restatement"). The Restatement provided restated and corrected financial information for the years ended December 31, 2014 and 2013. The Restatement also stated that Comscore restated certain information for the quarters ended March 31, June 30, and September 30, 2015 and adjusted information previously furnished on Form 8-K for the year ended December 31, 2015. In total, Comscore reversed approximately \$50 million in revenue due to the improper conduct and accounting described herein. The Restatement also identified various material weaknesses in Comscore's internal control over financial reporting and acknowledged that prior senior management did not establish or maintain an acceptable corporate culture. Since February 29, 2016, when Comscore announced that its Audit Committee was conducting an internal investigation into potential accounting matters, Comscore has lost over 85% of its market capitalization.

6. Based on the foregoing and the conduct described herein below, Comscore violated Section 17(a) of the Securities Act and Sections 10(b), 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act and Rules 10b-5, 12b-20, 13a-1, 13a-11, and 13a-13 thereunder.

### **RESPONDENT AND RELEVANT PERSON**

7. **Comscore, Inc.** is a Delaware corporation based in Reston, Virginia. Comscore is a global information and analytics company that measures consumer audiences and advertising across media platforms. Comscore creates products by combining information about content and advertising consumption on digital platforms, televisions, and movie screens with demographics and other descriptive information. Comscore common stock is registered under Section 12(b) of the Exchange Act and traded on the NASDAQ Global Select Market at all times during the Relevant Period. Comscore merged with another company in January 2016. All senior management and directors who were with Comscore at the time of the conduct described herein are no longer with Comscore.

8. **Serge Matta**, age 45, resides in Vienna, Virginia. Matta served as Comscore's Chief Executive Officer from March 1, 2014 until August 5, 2016, after working at Comscore in various capacities for more than a decade. The Commission has instituted a separate proceeding against Matta related to these matters.

## FACTS

### *Focus on Meeting Revenue and Stock Price Targets*

9. During the Relevant Period, Comscore's former management became increasingly focused on meeting analysts' consensus revenue targets, a factor that reasonable investors consider important to their investment decisions. In 2013, 2014, and 2015, Comscore implemented incentive compensation plans for certain executives, including Matta, that were tied, in large part, to hitting revenue and adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) targets. In addition, in November 2014, Comscore implemented a special market-based equity award plan that would reward certain executives, including Matta, upon the achievement of pre-established stock price targets. Thereafter, Comscore management, and Matta in particular, closely tracked Comscore's internal revenue performance versus its revenue targets. For seven consecutive quarters during the Relevant Period, the revenue derived from NMTs negotiated by or at the direction of Matta made the difference between Comscore missing or hitting its revenue targets. In total, based on the conduct described herein, Comscore overstated revenues by approximately \$50 million and in amounts that were material to Comscore's reported revenues on an annual and quarterly basis.

### *Fraudulent Revenue Recognition Practices for Non-Monetary Transactions*

10. In its NMTs, Comscore and a counterparty would negotiate and agree to exchange sets of data without any cash consideration. In theory, each party was acquiring data it could use to build or enhance its products and services without having to pay any cash. As described below, even though no cash is changing hands, accounting principles generally accepted in the United States of America ("GAAP") permit revenue recognition for NMTs as long as, among other things, the fair value of the assets subject to the exchange is determinable within reasonable limits and the transaction is expected to have a significant impact on Comscore's future cash flows, also known as having "commercial substance."

11. Prior to the Relevant Period, Comscore had recognized revenue for one relatively small-value NMT. During the Relevant Period, however, the frequency and internally ascribed values of Comscore's NMTs increased. The NMTs were recorded in Comscore's books and records as if Comscore had negotiated and agreed to an exchange of assets of equivalent value. The actual substance of the NMTs, however, was significantly different. Comscore's NMTs often involved data exchanges where the contracts provided for Comscore to deliver substantially more data – including historical data – than counterparties wanted or intended to use. None of the counterparties recognized revenue on the NMTs, and were generally indifferent to Matta's including substantial amounts of additional data. Comscore and Matta – facing quarter-end shortfalls to analysts' revenue targets – used the NMTs as an opportunity to increase reported revenues, primarily by including such unwanted Comscore data in the contract or making unsupported, false, or misleading statements in an effort to support the fair values attributed to the transactions.

12. During the Relevant Period, Matta was the primary negotiator for and/or directed Comscore to execute the following NMTs:

- Company A transaction, effective December 20, 2013, valued by Comscore at \$21.2 million over a 3-year term;
- Amended Company A transaction, effective December 19, 2014, valued by Comscore at \$23.2 million over a 3-year term;
- Company B transaction, executed on June 30, 2015, valued by Comscore at \$8.8 million over a 2-year term;
- Company C transaction, executed on June 26, 2015, valued by Comscore at \$12 million over a 3-year term; and
- Company D transaction, executed on September 30, 2015, valued by Comscore at \$11.1 million over a 3-year term.

Without the improper revenue recognized from these NMTs, Comscore would have missed quarterly analysts' consensus revenue targets each quarter beginning with the fourth quarter of 2013 and continuing through the second quarter of 2015, and would have had much larger revenue shortfalls in the third and fourth quarters of 2015.

*Matta included data in the NMTs that counterparties did not ask for, want, value, or use for the purpose of inflating Comscore's reported revenues.*

13. Comscore accounted for each NMT based on its determination of the fair value of the Comscore data provided to the counterparty. As part of the scheme, Matta increased the internally determined fair value – and thus the amount of revenue that Comscore would recognize – by including data in the NMT contracts that counterparties did not ask for, want, value, or use. Matta then misrepresented or omitted facts about the counterparties' interest in and business uses for Comscore's data in communications with internal accounting personnel and/or Comscore's independent auditor.

14. In Company C, for example, Matta added categories of data, including historical data, to the draft agreement. Company C initially objected to the addition of the data because it did not have a use for it, but ultimately accepted its inclusion in the agreement because, at least in part, no additional data or other consideration was being requested by Comscore in return. Matta directed Comscore to execute the agreement knowing that it included data Company C did not want or intend to use and that the unwanted data was only included by Comscore to inflate the revenue Comscore recognized from the transaction. Matta also made misrepresentations to Comscore's independent auditor about the fact that Company C wanted all of the data that Comscore had included in the agreement.

*Matta misrepresented the Company B NMT as a significant data exchange and made misrepresentations in response to concerns raised by accountants.*

15. In Company B, Matta not only included in the NMT data that Company B did not want or intend to use, but also misrepresented the overall substance of the transaction. While Company B intended the agreement to be an evaluation by Comscore of a sample of Company B's data, Matta drafted the agreement to appear to be a significant mutual exchange of 42 months of data. Specifically, Company B intended to give Comscore a small sample set of its data for Comscore to evaluate whether or not it could match that data to Comscore's demographic and other data. Similar to the Company C example above, Matta included significant amounts of Comscore data into the contract even though Company B did not ask for or intend to use any of the data. Company B told Matta that the data had very little value to it and, in fact, Company B never looked at the data Comscore delivered. Again, Matta directed the execution of the Company B NMT knowing that the agreement included data that Company B did not want or intend to use and that the additional data would be used to inflate the revenues recorded by Comscore. When asked later by Comscore's internal accountants and independent auditor, Matta made misrepresentations about the true nature of the agreement and Company B's interest in, and the importance Company B placed on, Comscore's data.

*The NMTs should not have been accounted for using fair value.*

16. ASC 845 provides accounting guidance for nonmonetary exchanges. Under ASC 845-10-30-1 through 30-3, the accounting for nonmonetary transactions is generally based on the fair values of the assets involved. However, pursuant to ASC 845-10-30-3, nonmonetary transactions should be measured based on the recorded amount of the assets transferred (less any indicated impairment) instead of fair value if, for example, the fair value of neither the assets transferred nor received is determinable within reasonable limits or the transaction lacks commercial substance. As described in more detail below, Comscore's conclusions that the NMTs had commercial substance and that the fair values of the data assets subject to the exchanges could be determined within reasonable limits were based on unsupported, false, or misleading statements or assumptions. As a result, the NMTs should not have been accounted for using fair value. Since the data transferred had recorded amounts of zero, no revenue should have been recognized for Comscore's NMTs during the Relevant Period.

#### NMTs Lacked Commercial Substance

17. ASC 845-10-30-4 states that a nonmonetary exchange has commercial substance if the entity's future cash flows are expected to significantly change as a result of the exchange. Matta knew that to recognize revenue on any NMT, Comscore had to demonstrate that the deal had commercial substance. With respect to four of the five NMTs, Matta made and/or directed others to make false and unsupported statements to internal accounting personnel and Comscore's independent auditor regarding the integration of the counterparty's data into Comscore products and the impact the counterparty's data was expected to have on Comscore's future cash flows. With respect to the fifth NMT, Company D, unsupported claims regarding data integration and

monetization were made by a mid-level and a senior-level employee. Absent the false and unsupported representations made by Matta and others, Comscore lacked sufficient evidence to support the commercial substance of the NMTs necessary for revenue recognition under GAAP.

18. For example, in connection with Company B and Company C, Comscore's former management represented that its quantitative projections of future cash flows were based on direct customer statements of interest in purchasing Comscore's Cross Media products that integrated the counterparty's data. Former management, including Matta, knew those representations were not accurate. Moreover, Comscore never integrated Company C's data into Comscore's Cross Media products. In connection with Company A, Matta had, and was aware of, concerns about the quality of Company A's data, which was problematic in terms of the successful integration of that data into Comscore's products, but did not share those concerns with internal accounting personnel and Comscore's independent auditor. As previously noted, Matta also knew that Company B only committed to deliver a small set of sample data for evaluation purposes, so he knew that the projection of Comscore's future cash flows from obtaining Company B's data was based upon future data deliveries that Company B had not yet agreed to make. Nevertheless, Matta made misrepresentations to both internal accountants and Comscore's independent auditor when explaining the purported use and significance of the Company B data.

#### Fair Value Not Determinable Within Reasonable Limits

19. Comscore's analysis of whether the fair value was determinable within reasonable limits was based on a flawed valuation process that relied on unsupported assumptions and/or contrived calculations. Because there were neither identical previous cash sales nor any other observable market for Comscore's data, for most of the data Comscore delivered in the NMTs Comscore attributed fair value to the data assets it gave up using best estimated selling price ("BESP") pursuant to ASC 605-25-30-2. Comscore had not previously sold the same data in the same way, thus the BESP process for the NMTs involved estimating fair value based on previous cash sales of purportedly similar data.

20. Matta knew that the ability to determine fair value within reasonable limits was essential for justifying revenue recognition on NMTs. Beginning with the Company A contract in 2013, Matta directed which prior cash contracts and more specifically which components of prior cash contracts Comscore accounting personnel should use in order to develop a BESP. The revenue accounting team was not able to independently identify any previous comparable cash sales and therefore relied on direction from Matta, who, in addition to being a senior executive, was generally viewed as having extensive product knowledge.

21. The contracts Matta identified were not reasonably comparable and should not have been used to support BESP, yet Matta directed internal accountants to use them and defended their use in meetings with internal accounting personnel and Comscore's independent auditor. As more NMTs were entered into, Comscore repeatedly included the same data categories as in the Company A transaction, which by that point was viewed internally as having an established

“value,” and therefore the same purportedly comparable contracts were used again and again to value new NMTs.

22. To support a fair value using contracts that were not reasonably comparable, Comscore engaged in a flawed and unreasonable valuation process. In essence, Comscore broke the relevant data down into underlying components or data attributes and then used bits and pieces of prior cash sales, sometimes involving unsupported assumptions and/or contrived calculations, to value those components or attributes. Comscore’s reliance on unsupported assumptions and/or contrived calculations to equate the value of the underlying attributes of one data category to that of a different data category was unreasonable.

23. In sum, based on the facts described above, Comscore improperly recognized revenue on these NMTs. In Comscore’s 2017 Form 10-K, all NMT revenue and expense previously reported or disclosed between 2013 and 2015 was reversed.

### ***Improper Accounting of Linked Transactions***

24. From mid-2014 through early 2015, Comscore negotiated a transaction whereby Company E, among other things, would acquire a percentage of Comscore stock (the “Capital Transaction”). Matta was concerned that the transaction would dilute Comscore’s earnings per share, a key measure featured in Comscore’s filings with the Commission, so he negotiated for a revenue guarantee to offset any dilution.<sup>2</sup> Company E agreed to guarantee Comscore a revenue stream of \$20.9 million, which was to be paid to Comscore through one of Company E’s wholly-owned affiliates in exchange for a discount to the fair market value of Comscore stock. The amount of the discount to fair market value that Company E received in acquiring Comscore stock virtually matched the revenue guaranteed to be paid to Comscore under the revenue guarantee.

25. Though Matta led the negotiation of the Capital Transaction and the revenue guarantee at the same time and with the same parties, he falsely represented to Comscore’s accounting personnel and the independent auditor that the transactions were separate. As a result, Comscore improperly recognized \$9.3M in revenue from the revenue guarantee in 2015. Had Comscore’s internal accountants and independent auditor known the truth, Comscore would not have recognized revenue under the revenue guarantee and would have instead accounted for it as part of the Capital Transaction.

26. In the fourth quarter of 2015, Matta manipulated the negotiations related to a series of transactions between Comscore, Company F, and Company G (collectively, the “Triangle Transactions”) to increase Comscore’s revenue. As part of the Triangle Transactions, which were all signed on December 31, 2015, Company F agreed to purchase \$2.95 million of data from Comscore, Company F agreed to purchase \$3.05 million of data from Company G, and Company G agreed to purchase \$5.75 million of data from Company F. At the time the Triangle Transactions were being negotiated, Comscore and Company G had entered into a definitive

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<sup>2</sup> The Capital Transaction would result in additional Comscore shares outstanding, which in turn would, without a corresponding increase in revenue, reduce Comscore’s earnings per share.



merger agreement, which eventually closed in January 2016 and resulted in Matta having knowledge of and influence over Company G's negotiations with Company F. Matta also had side communications with Company F's CEO, with whom he had a close business relationship, in which they negotiated over the details of the Comscore/Company F transaction as well as the terms of the transactions between Company F and Company G. In particular, Matta and Company F's CEO negotiated the price Company F would pay Comscore in contemplation of the pricing of Company F's transactions with Company G. Matta then orchestrated the transactions such that Company F would pay Comscore \$2.95 million by the end of the year and Company F would receive a net \$2.7 million from the Company F/Company G transactions – specifically, Company G agreed to pay Company F \$5.75 million prior to the effective date of the merger and Company F agreed to pay Company G \$3.05 million after the effective date of the merger.

27. In sum, Matta's conduct in the negotiations resulted in this series of transactions being, in effect, part of a single arrangement that should have been accounted for as such. Comscore recognized \$2.95 million in revenue in the fourth quarter of 2015 when, in reality, the Triangle Transactions net out to only \$250,000 in favor of Comscore. Had Matta disclosed the linked nature of these contracts to accounting personnel, Comscore would have recognized no revenue in the fourth quarter of 2015, and only the net amount of \$250,000 in a later period.

#### ***Comscore's Use of Undisclosed Side Agreements***

28. In the third quarter of 2014 and the first quarter of 2015, Comscore negotiated two contracts with Company F for the sale of historical data. In each instance, Matta entered into undisclosed side agreements with Company F whereby Matta agreed to provide data and/or services outside the terms of the written contracts. These side agreements allowed Matta to hide from internal accountants and the independent auditor future data delivery obligations, thereby permitting Comscore to recognize all revenue from the contracts in the quarter they were signed rather than having to defer some or all of the revenue to future quarters. Matta signed management representation letters provided to Comscore's independent auditor in each of those quarters falsely stating that he had no knowledge of side agreements.

29. In September 2014, Company F agreed to purchase eCommerce data from Comscore. Company F made it clear that it needed both historical data and ongoing monthly data updates. Matta agreed to provide the monthly updates in return for a revenue sharing provision, but on the condition that the monthly updates not be included in the contract because Comscore's accountants had advised him that these terms would impact revenue recognition. On September 30, 2014, Comscore executed a contract to sell two years of historical data to Company F for \$700,000. Subsequently, pursuant to the side agreement, Comscore delivered to Company F ten months of updated data. Without the \$700,000 in revenue from this contract, Comscore would have missed its consensus revenue target for the third quarter of 2014.

30. Similarly, in March 2015, Company F agreed to purchase Ad Exposure data from Comscore for \$500,000. Company F specified that it needed "matched" data – meaning that a

third party would match Comscore's panelists to Company F's panelists.<sup>3</sup> This process, however, takes time and Matta was informed by Comscore's internal accountants that revenue recognition would be deferred until the match was completed. Matta then informed Company F's CEO that he was taking the "match" language out of the written contract because it impacted revenue, but that Comscore would still deliver the matched data. Comscore then recognized \$500,000 in revenue in March 2015 based on the altered contract, and subsequently delivered both matched data and four months of monthly updated data that was not provided for under the terms of the contract.

### ***False and Misleading Disclosures Concerning Customer Totals***

31. In 2014 and 2015, Comscore disclosed its total number of customers and net new customers added in quarterly earnings calls. Comscore also disclosed its customer total in periodic filings with the Commission. The number of net new customers added per quarter was an important performance indicator for Comscore that analysts tracked and reported on. During this time, in an effort to conceal the fact that quarterly growth in Comscore's customer total had slowed or was declining, Matta approved and implemented multiple changes to the methodology by which the quarterly customer count was calculated. These changes were neither applied retroactively nor disclosed to the public.

32. Initially, Matta approved the incremental lowering – over at least four quarters – of the dollar threshold pursuant to which certain then existing customers were considered Comscore customers for purpose of the disclosure. When that dollar threshold reached the point where it could not be lowered any further, Matta approved adding different categories of agency end-users to the customer count over at least three different quarters. Prior to these changes, Comscore consistently counted only the agency as its client.

33. Matta implemented these changes to the customer count methodology to show a consistent net increase in Comscore's total customers. For seven of the eight quarters during 2014 and 2015, Comscore's disclosed net customers added was in the 40s – creating the illusion of a smooth and steady growth in its business. In fact, had the methodology remained consistent, Comscore's customer total would have shown a decline over the two-year period and been lower by hundreds of customers. By the end of 2015, Comscore's customer count total was overstated by more than 15%.

### ***False and Misleading Disclosures Concerning vCE Revenue***

34. Validated Campaign Essentials, or vCE, was a flagship product for Comscore. vCE analyzes and measures the success of advertising campaigns in real-time. Matta emphasized Comscore's vCE revenue growth in his public statements to analysts and investors. In Comscore's quarterly earnings call for the second, third, and fourth quarters of 2015, Matta told investors that Comscore would achieve \$100 million in annual vCE revenue by 2017. This optimistic picture was inconsistent with Comscore's internal reports. In reality, Comscore's vCE revenue had

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<sup>3</sup> In this context, a "panelist" is one of a collection of consumers who have agreed to provide certain demographic information and to allow some or all of their online activity to be tracked.

decreased in 2015 compared to 2014. Comscore and Matta knew that vCE revenue was declining, yet they disclosed in quarterly earnings calls that Comscore's year-over-year vCE revenue grew by 53% in the third quarter of 2015 and by 56% in the fourth quarter of 2015. These disclosures were false and misleading.

35. In an effort to conceal the decline in Comscore's vCE revenue, Comscore manipulated which sales were classified as vCE revenue. During 2015, at Matta's direction, Comscore picked a small number of high-dollar agreements, generally involving the delivery of historical data, and directed them to be re-classified as vCE even though they did not involve the sale of an actual vCE product or service. These additions were reflected in internal documents as "On Top Additions." While characterized as vCE for the purposes of Comscore's public disclosures, the transactions underlying the "On Top Additions" were not recorded under vCE SKUs in Comscore's general ledger. Thus, Comscore's vCE revenue disclosures were inconsistent with its own books and records. In sum, the entire amount of the disclosed 53% and 56% vCE revenue growth was attributable to the selected "On Top Additions" – and not the sale of vCE products or services.

### ***Materially Misstated Financial Statements and False and Misleading Disclosures***

36. Based on the foregoing, revenue was materially misstated in Comscore's financial statements filed with the Commission on Form 10-K for the years ended December 31, 2013 and December 31, 2014, and on Form 10-Q for the quarters ended March 31, June 30, and September 30, 2014, and March 31, June 30, and September 30, 2015. In addition, revenue was materially misstated in Comscore's February 17, 2016 earnings release for the year ended December 31, 2015 filed on Form 8-K. Comscore also made materially false and misleading statements regarding its customer count or vCE revenue growth in its quarterly earnings calls for the quarters ended March 31, June 30, and September 30, and December 31, 2014 and March 31, June 30, and September 30, and December 31, 2015.

### ***Failure to Maintain Effective Internal Control Over Financial Reporting***

37. During the Relevant Period, several material weaknesses in Comscore's internal control over financial reporting contributed to the material misstatements described above. As acknowledged in its Restatement, Comscore's ineffectual corporate culture resulted in, among other material weaknesses, sales practices designed to maximize and manage the timing of revenue recognition, inadequate accountability for recording transactions in accordance with GAAP, and insufficient internal controls to limit the ability of management to exercise influence over customer count and vCE disclosures. Further, Comscore identified material weaknesses related to revenue accounting, business combinations and asset acquisitions, financial close and reporting process, and tax processes. As of the filing of its Form 10-K for the year ended December 31, 2018, Comscore had remediated the identified material weaknesses, with the exception of a material weakness in internal control over financial reporting related to revenue accounting. Comscore management has certified to the Commission that it has remediated the remaining material weakness.

***Comscore's Misconduct Was In Connection With the Purchase or Sale of Securities and In the Offer or Sale of Securities***

38. During the Relevant Period, Comscore's stock was actively traded on the NASDAQ Global Select Market, and its materially misstated financial statements and false and misleading disclosures were filed with the Commission for review by investors. Therefore, Comscore's fraud was in connection with the purchase or sale of securities.

39. In the second quarter of 2015, Comscore also sold stock to a counterparty engaged in a tender offer and asset sale with Comscore. In addition, effective January 29, 2016, Comscore acquired another company by issuing Comscore stock as consideration.

**VIOLATIONS**

40. As a result of the conduct described above, Comscore violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in connection with the purchase or sale of securities.

41. As a result of the conduct described above, Comscore violated Section 17(a) of the Securities Act, which prohibits fraudulent conduct in the offer and sale of securities.

42. As a result of the conduct described above, Comscore violated Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1, 13a-11, and 13a-13 thereunder, which require issuers of securities registered pursuant to Section 12 of the Exchange Act to file with the Commission annual, quarterly, and current reports containing such information as the Commission's rules may require and such further material information as may be necessary to make the required statements, in light of the circumstances under which they were made, not misleading.

43. As a result of the conduct described above, Comscore violated Section 13(b)(2)(A) of the Exchange Act, which requires reporting companies to make and keep books, records, and accounts which, in reasonable detail, accurately and fairly reflect their transactions and dispositions of their assets.

44. Finally, as a result of the conduct described above, Comscore violated Section 13(b)(2)(B) of the Exchange Act, which requires reporting companies to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles.

**COMSCORE'S REMEDIAL EFFORTS AND COOPERATION**

45. In determining to accept the Offer, the Commission considered remedial acts promptly undertaken by Respondent and cooperation afforded the Commission staff.

Specifically, Comscore's cooperation included retaining, through its Audit Committee, independent outside counsel and a forensic accounting firm to conduct an investigation and keeping the Commission's staff informed throughout the internal investigation, including sharing the results of the investigation. Following the completion of the Audit Committee's investigation, Comscore continued its cooperation with the staff's investigation. Comscore also undertook significant remedial efforts, including replacing its CEO and other executives, constituting a new management team, and implementing a new, comprehensive compliance management system. Comscore also implemented new and extensive internal control procedures and policies.

## **UNDERTAKINGS**

46. Respondent undertakes to cooperate fully with the Commission in any and all investigations, litigations or other proceedings relating to or arising from the matters described in the Order. In connection with such cooperation, Respondent undertakes:

a. To produce, without service of a notice or subpoena, any and all documents and other information reasonably requested by the Commission's staff, with a custodian declaration as to their authenticity, if requested;

b. To use its best efforts to cause Respondent's current and former employees, officers and directors to be interviewed by the Commission's staff at such times and places as the staff reasonably may direct;

c. To use its best efforts to cause Respondent's current and former employees, officers and directors to appear and testify truthfully and completely without service of a notice or subpoena in such investigations, depositions, hearings or trials as may be reasonably requested by the Commission's staff; and

d. In connection with any interviews of Respondent's current and former employees, officers and directors to be conducted pursuant to this undertaking, requests for such interviews may be provided by the Commission's staff by regular or electronic mail to: Joan E. McKown, Esq., Jones Day, 51 Louisiana Avenue, NW, Washington, DC, 20001, jemckown@jonesday.com, or such other counsel that may be substituted by Respondent.

In determining whether to accept the Offer, the Commission has considered the above Undertakings.

## **IV.**

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Comscore's Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act, Respondent cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act and Sections 10(b), 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act and Rules 10b-5, 12b-20, 13a-1, 13a-11, and 13a-13 thereunder.

B. Respondent shall pay a civil penalty of \$5,000,000 to the Securities and Exchange Commission. Respondent shall pay \$2.1 million within 30 days after entry of the Order and the remaining balance of the civil penalty in one-third equal installments under the following schedule: 120 days, 240 days, and 360 days after the entry of the Order until the full amount of penalty and interest is paid. Payments shall be applied first to post order interest, which accrues pursuant to 31 U.S.C. § 3717. Prior to making the final payment set forth herein, Respondent shall contact the staff of the Commission for the amount due. If Respondent fails to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Order, including post-order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Comscore, Inc. as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Melissa R. Hodgman, Associate Director, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549-5561.

C. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, a Fair Fund is created for the penalties referenced in paragraph IV.B. above. The Fair Fund will be

distributed in accordance with a Commission-approved plan of distribution. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Vanessa A. Countryman  
Secretary