

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 96340 / November 17, 2022

ADMINISTRATIVE PROCEEDING
File No. 3-17582

In the Matter of

Weatherford International PLC, f/k/a
Weatherford International LTD.,
James Hudgins, CPA, and Darryl
Kitay, CPA

Respondents.

**NOTICE OF PROPOSED PLAN OF
DISTRIBUTION AND
OPPORTUNITY FOR COMMENT**

ADMINISTRATIVE PROCEEDING
File No. 3-17628

In the Matter of

Ernst & Young LLP, Craig R.
Fronckiewicz, CPA, and Sarah E.
Adams, CPA

Respondents.

Notice is hereby given, pursuant to Rule 1103 of the United States Securities and Exchange Commission's ("Commission") Rules on Fair Fund and Disgorgement Plans ("Commission's Rules"), 17 C.F.R. § 201.1103, that the Division of Enforcement has submitted to the Commission a proposed plan of distribution (the "Proposed Plan") for the distribution of monies paid in the above-captioned matters.

On September 27, 2016, the Commission issued an Order Instituting Public Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Sections 4C and 21C of the Securities Exchange Act of 1934, and Rule 102(e) of the Commission's Rules of Practice, Making Findings, and Imposing Remedial Sanctions and a

Cease-and-Desist Order (the “Weatherford Order”)¹ against Weatherford International PLC, f/k/a Weatherford International LTD. (“Weatherford”), James Hudgins, CPA, and Darryl Kitay, CPA (collectively, the “Weatherford Respondents”). In the Weatherford Order, the Commission found that, between 2007 and 2012, Weatherford, a large multinational provider of oil and natural gas equipment and services, issued false financial statements that inflated its earnings by over \$900 million in violation of Generally Accepted Accounting Principles (“GAAP”). As a result, Weatherford was forced to restate its financial statements on March 8, 2011, and again in February and July 2012. As a result of the conduct described in the Weatherford Order, the Commission ordered the Weatherford Respondents to pay a total of \$140,364,067 in disgorgement, prejudgment interest, and civil money penalties. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002 (“Sarbanes-Oxley”), the Order created a Fair Fund for distribution of the amounts ordered to harmed investors.

On October 18, 2016, the Commission issued an Order Instituting Public Administrative and Cease-and-Desist Proceedings Pursuant to Sections 4C and 21C of the Securities Exchange Act of 1934 and Rule 102(e) of the Commission’s Rules of Practice, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (the “E&Y Order” and together with the Weatherford Order, the “Orders”)² against Ernst & Young LLP (“Ernst & Young”), Craig R. Fronckiewicz, CPA, and Sarah E. Adams, CPA (collectively, the “E&Y Respondents”, and together, with the Weatherford Respondents, the “Respondents”). According to the E&Y Order, the E&Y Respondents violated the federal securities laws and engaged in improper professional conduct while serving as the external auditor, coordinating (*i.e.*, signing) partner, and tax partner, respectively for Weatherford in connection with its 2007-2010 financial statements. As a result of this conduct, the Commission ordered the E&Y Respondents to pay a total of \$11,840,107 in disgorgement, prejudgment interest, and civil money penalties to the Commission, and created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley.

On November 30, 2017, the Commission issued an Order consolidating the Weatherford and Ernst & Young Fair Funds into a single Fair Fund for distribution to harmed investors, for a total Fair Fund in the amount of \$152,204,174 (the “Fair Fund”).³

The assets of the Fair Fund are subject to the continuing jurisdiction and control of the Commission. The Fair Fund is currently on deposit in an interest bearing account at the United States Department of Treasury’s Bureau of the Fiscal Service, and any interest accrued will be added to the Fair Fund.

OPPORTUNITY FOR COMMENT

Pursuant to this Notice, all interested persons are advised that they may obtain a copy of the Plan from the Commission’s public website at <http://www.sec.gov/litigation/fairfundlist.htm>. Interested persons may also obtain a written copy of the Proposed Plan by submitting a written request to Adriene Mixon, Esq., Chief Litigation Counsel, United States Securities and Exchange Commission, 444 South Flower Street, Suite 900, Los Angeles, CA 90071. All persons who

¹ Securities Act Rel. No. 10221 (Sept. 27, 2016).

² Exchange Act Rel. No. 79109 (Oct. 18, 2016).

³ Order Consolidating Fair Funds, Exchange Act Rel. No. 82185 (Nov. 30, 2017).

desire to comment on the Proposed Plan may submit their comments, in writing, no later than thirty (30) days from the date of this Notice:

1. to the Office of the Secretary, United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090;
2. by using the Commission's Internet comment form (<http://www.sec.gov/litigation/admin.shtml>); or
3. by sending an e-mail to rule-comments@sec.gov.

Comments submitted by email or via the Commission's website should include "Administrative Proceeding File Nos. 3-17582 and 3-17628" in the subject line. Comments received will be publicly available. Persons should submit only information they wish to make publicly available.

THE PROPOSED PLAN

The Net Available Fair Fund⁴ is comprised of the \$152,204,174.00 in disgorgement, prejudgment interest, and civil money penalties paid by the Respondents, plus interest and income earned thereon, less taxes, fees, and expenses. The Proposed Plan provides for the distribution of the Net Available Fair Fund to investors based on their losses on the shares of Weatherford common stock purchased between February 25, 2009 and November 12, 2012 due to the conduct of the Respondents described in the Orders.

For the Commission, by the Division of Enforcement, pursuant to delegated authority.⁵

Vanessa A. Countryman
Secretary

⁴ All capitalized terms used herein but not defined shall have the same meanings ascribed to them in the Proposed Plan.

⁵ 17 C.F.R. § 200.30-4(a)(21)(iii).