

Body Armor Contractor Execs Charged With Fraud

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WASHINGTON (AP) — Federal regulators on Monday charged a U.S. defense contractor and three of its former board members with accounting fraud, saying the company overstated earnings to investors.

The Securities and Exchange Commission said DHB Industries Inc. settled the civil charges without receiving any penalty. The company, which makes bullet-proof vests for the U.S. military and law enforcement agencies, agreed not to repeat the alleged violations.

The SEC said the settlement terms took into account corrective measures taken by DHB Industries.

The Pompano Beach, Florida, company changed its name to Point Blank Solutions Inc. in 2007 and is operating while in bankruptcy proceedings. Its main plants are in Florida and Tennessee.

Charges against former directors Jerome Krantz, Cary Chasin and Gary Nadelman are pending. The SEC said the directors from outside the company, who made up the board's audit and compensation committees, allowed senior managers to overstate income and other data in financial reports from 2003 to 2005.

Attorneys for Chasin and Nadelman disputed the SEC's charges. A lawyer representing Krantz didn't immediately return a telephone call seeking comment.

Former DHB Industries CEO David Brooks and former Chief Operating Officer Sandra Hatfield were convicted of criminal charges including securities fraud and conspiracy in September. The company's former chief financial officer, Dawn Schegel, pleaded guilty to conspiracy to commit fraud and testified against Brooks and Hatfield.

The SEC also accused Krantz, Chasin and Nadelman of "willful blindness" that allowed Brooks to siphon \$10 million from DHB Industries to another company he controlled, and take another \$4.7 million or so to pay for luxury cars, jewelry, art, real estate and prostitutes.

The SEC is seeking unspecified restitution and civil fines from the three former board members and wants them barred from serving as officers or directors of any public company.

Chasin's attorney, Amy Millard, said her client "faithfully carried out his role as an outside director of DHB (and) he looks forward to a resolution of this matter."

Nadelman lawyer Robert Gottlieb said "Mr. Nadelman is a good and decent man

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who did not willfully or knowingly do anything to justify today's SEC's action."

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