

# Ex-CSK Auto CEO To Give Back \$2M In SEC Accord

Marcy Gordon, AP Business Writer

WASHINGTON (AP) — The former CEO and chairman of CSK Auto Corp. will give back about \$2.8 million in bonuses and profits from sales of company stock he received while federal regulators say the auto parts supplier was committing accounting fraud in 2002 to 2004.

The Securities and Exchange Commission announced a settlement Tuesday with former CEO Maynard Jenkins. He agreed to return \$2,796,467 to O'Reilly Automotive Inc., which acquired Phoenix-based CSK Auto in 2008. Jenkins neither admitted nor denied wrongdoing.

Jenkins wasn't personally charged in connection with the alleged accounting violations. But a 2002 anti-fraud law requires senior executives to repay bonuses, other incentive pay and stock profits they received during a period in which their company violated financial reporting rules. The SEC is empowered to recoup the money for the company in what is called a "clawback."

The SEC had sued Jenkins in July 2009, seeking \$4.1 million. It was the agency's first "clawback" case against a person who wasn't accused of otherwise violating the securities laws.

"CEOs should know that they can be deprived of bonuses or stock profits they received while accounting fraud was occurring on their watch," SEC Enforcement Director Robert Khuzami said in a statement.

Jenkins's attorney, John Spiegel, noted that his client was asked to stay on as CEO of the company after the problems were discovered. "He welcomes the opportunity to put this matter behind him with this settlement," Spiegel said in a statement.

In September, CSK Auto agreed to pay \$20.9 million to settle civil charges by the Justice Department that it inflated earnings by \$52 million from 2002 through 2004 by claiming as income money to be rebated by vendors that was never collected.

Three former CSK Auto executives have pleaded guilty to criminal charges including conspiracy to commit securities fraud and obstruction of justice. They are former Chief Financial Officer Don W. Watson, former Controller Edward W. O'Brien III and former director of credits and receivables Gary M. Opper.

CSK operated Kragen, Checker Auto, and other auto parts and accessories stores. It was a publicly traded company until it was bought by O'Reilly Automotive, based in Springfield, Mo., in July 2008, after the accounting problems were discovered and reported to the government.

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