

NEWS

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FOR IMMEDIATE RELEASE
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Former Cendant Chairman Walter Forbes Sentenced to 151 Months
in Federal Prison for Lead Role in Massive Accounting Fraud

(More)

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BRIDGEPORT, Conn. – Walter A. Forbes, the former chairman of Cendant Corp., was sentenced today to 12 years and seven months in federal prison for conspiracy to commit securities fraud and other charges against him resulting from the massive accounting fraud at the company formerly known as Cendant, U.S. Attorney Christopher J. Christie announced.

U.S. District Judge Alan H. Nevas also ordered Forbes, 64, of New Canaan, Conn., to pay \$3.275 billion in restitution.

Judge Nevas rejected defense arguments for a prison sentence of no more than 10 years. Attorneys for Forbes suggested, among other things, that Forbes' record of charitable giving justified such a sentence, but Judge Nevas noted that Forbes gave only \$2.5 million during a period when he put his net worth at \$200 million.

Judge Nevas did not give Forbes a date to surrender to prison. Late on Tuesday, Forbes' attorneys filed a motion for bail pending appeal. The government will oppose the motion and seek to have the Court set a surrender date. Forbes remains free on \$1.2 million bail.

Christie noted that Forbes was the principal architect of an accounting fraud that presaged others like Enron, WorldCom, Tyco and others.

“We are very pleased with the sentence and restitution order imposed on Forbes,” said Christie. “It is justified and appropriate given the havoc he wreaked on the company and its shareholders. Like similarly long sentences imposed on other corporate figures, it sends the correct message that everyone in our society should be held accountable for criminal conduct.”

With the restitution order in place after today's sentencing, Christie said his office will move expeditiously to execute the order and recover any and all assets available from Forbes. The government would also move against any third parties that received transfers from Forbes that are deemed to be fraudulent.

Forbes was convicted by a jury in Bridgeport on Oct. 31, 2006, of one count of conspiracy to commit securities fraud and to make false statements to the Securities and Exchange Commission, and two counts of making false statements to the SEC. The convictions came in the second retrial (the third trial) against Forbes for the massive accounting fraud that caused Cendant shares to lose \$14 billion in market value in a single day in 1998 when the fraud was revealed by the company. The jury acquitted Forbes of one count of securities fraud.

Forbes' co-defendant in the first trial, former Cendant Vice Chairman E. Kirk Shelton, was sentenced on Aug. 3, 2005, by another federal judge to 10 years in prison for much of

the same conduct. Shelton was ordered to pay the same amount of restitution, \$3.275 billion.

After the jury verdict against Forbes, Judge Nevas ordered that Forbes not make any asset transfers valued at more than \$10,000 without the court's approval. (Evidence presented by the government at trial showed that Forbes made asset transfers before his first trial of more than \$25 million in real estate into his wife's name and in the names of his children.)

Forbes was prosecuted by Assistant U.S. Attorneys Michael Martinez and Craig Carpenito.

Shelton was convicted on all counts against him on Jan. 4, 2005, at the conclusion of the first trial. The jury hung on all counts against Forbes. In a retrial of Forbes, which ended in February 2006, the jury again could not reach a verdict as to Forbes. The first two trials were before U.S. District Judge Alvin W. Thompson in Hartford, and the third trial was before Judge Nevas in Bridgeport.

The case was transferred to Connecticut by a District Judge in Newark, N.J. Forbes and Shelton were charged with supervising a decade-long accounting scheme that inflated income at Cendant predecessor company CUC International and helped sustain increasing stock values at CUC and then Cendant. Forbes was chief executive officer of CUC and Shelton was president before CUC merged with Parsippany, N.J.-based HFS, Inc. to form Cendant in December 1997. Forbes became Chairman of the Board of Directors at Cendant and Shelton became the vice chairman of Cendant's Board.

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Defense Counsel:

Brendan V. Sullivan, Jr., Esq. and Barry Simon, Esq. Washington, D.C.