

Timeline of the tyco scandal essay



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Timeline of the Tyco International scandal Key dates and events that led to the convictions of former Tyco CEO L.

Dennis Kozlowski and CFO Mark Swartz: March 13, 2001: Tyco announces \$9.2 billion cash and stock deal to purchase the CIT Group, a commercial finance company. Tyco director Frank Walsh helps arrange the deal. Dec.

5, 2001: Tyco shares close at a high of \$59.76 on the New York Stock Exchange. Jan. 14, 2002: Business Week magazine lists Tyco CEO L. Dennis Kozlowski as one of the top 25 corporate managers of 2001.

Jan. 22, 2002: Kozlowski announces plans to split Tyco into four independent, publicly traded companies. The announcement starts a slide in the price of Tyco shares. Jan.

29, 2002: Tyco shares drop sharply, one day after the company filed a proxy report with the Securities and Exchange Commission disclosing that Walsh got a \$10 million fee on the CIT Group deal, and that another \$10 million went to a charity where he was a director. Jan. 30, 2002: The New York Times reports that Kozlowski and Tyco CFO Mark Swartz sold more than \$100 million of their Tyco stock the previous fiscal year despite public statements that they rarely sold their stock. Kozlowski and Swartz say they will buy 1 million shares with their own money. June 3, 2002: Kozlowski resigns unexpectedly as The New York Times reports he is the subject of a sales tax evasion investigation by Manhattan District Attorney Robert Morgenthau's office. June 4, 2002: Morgenthau announces a criminal indictment accusing Kozlowski of conspiring to evade more than \$1 million in state and city sales tax on fine art purchases.

Sept. 12, 2002: Morgenthau announces a criminal indictment accusing Kozlowski and Swartz of enterprise corruption for allegedly stealing more than \$170 million from Tyco and obtaining \$430 million by fraud in the sale of company shares. Former Tyco corporate counsel Mark Belnick is charged separately with falsifying records to conceal more than \$14 million in company loans. Dec. 17, 2002: Former Tyco board member Frank Walsh pleads guilty in an alleged scheme to hide the \$20 million in fees for the CIT Group deal.

Oct. 7, 2003: The first trial of Kozlowski and Swartz begins with opening statements in which prosecutors characterize them as crime bosses who looted Tyco. Defense lawyers call them honest executives who deserved and disclosed all corporate payments and perks. Oct. 8, 2003: The jury is shown a video of a birthday party Kozlowski threw for his wife at a resort in Sardinia.

Tyco paid roughly half the \$2 million cost of the event, which featured entertainers clad in togas and an appearance by singer Jimmy Buffett. Nov. 25, 2003: Prosecutors show the jury a video of the \$6,000 shower curtain and other lavish furnishings that decorated Kozlowski's Tyco-owned apartment in Manhattan. April 2, 2004: A mistrial is declared after a juror says she received a letter pressuring her to convict Kozlowski and Swartz. Some observers said the juror, Ruth Jordan, had previously appeared to make an "O.

K." sign to defense lawyers. She subsequently denied making any gesture toward the defense team. July 15, 2004: In a separate trial, former Tyco

corporate counsel Mark Belnick is acquitted of charges that he received millions in loans from the company and failed to disclose the payments. Jan.

26, 2005: The second trial of Kozlowski and Swartz begins with opening statements in which prosecutors switch tactics to focus on money the two allegedly stole from Tyco. They do not mention Kozlowski's \$6, 000 shower curtain or the Sardinia birthday party for his wife. April 27, 2005: Kozlowski, who did not testify at his first trial, takes the stand and testifies that the millions of dollars in Tyco payments and perks he received had been properly authorized and disclosed. June 17, 2005: A Manhattan jury finds Kozlowski and Swartz guilty of stealing more than \$150 million from Tyco.

They each could face 25 years in prison.