U.S. Securities and Exchange Commission

U.S. SECURITIES AND EXCHANGE COMMISSION

Litigation Release No. 19122 / March 4, 2005

Accounting and Auditing Enforcement Release No. 2201 / March 4, 2005

Securities and Exchange Commission v. William W. Canfield, Civil Action No. 4:05-CV-369 (SNL), U.S. District Court for the Eastern District of Missouri

SEC Settles Charges Against William W. Canfield, CEO of TALX Corporation

The U.S. Securities and Exchange Commission (the "Commission") today announced settlement of an enforcement action against William W. Canfield, CEO of TALX Corporation. TALX is a St. Louis-based provider of employment and income verification and other human resources services.

According to the Commission's complaint, filed in the U.S. District Court for the Eastern District of Missouri, TALX met its 2001 financial targets through accounting misstatements that inflated falsely TALX's financial performance and its stock price leading up to TALX's August 3, 2001 secondary offering. Canfield sold approximately $6 million of TALX shares in the offering. The Commission alleged that TALX's misstatements included capitalizing costs relating to a patent infringement claim that should have been expensed, and that Canfield knew or should have known that capitalizing the costs was improper. Further, the Commission alleged that TALX expensed executive bonuses in fiscal 2002 that should have been expensed in fiscal 2001, and that Canfield knew or should have known that the bonuses were expensed in the wrong period. As a result, TALX overstated its fiscal 2001 pre-tax income by $1.8 million, or 54 percent, and made material financial misrepresentations in Forms 10-K and 10-Q for the years ended March 31, 2001 and 2002, and for the three months ended June 30, 2002, and in TALX's fiscal 2002 registration statement.

Canfield consented to pay a $100,000 penalty in the civil action filed by the Commission in U.S. District Court. Further, Canfield consented to a related administrative order requiring him to cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act of 1933 and Securities Exchange Act of 1934 ("Exchange Act") Rule 13b2-1, and from causing any violations and any future violations of Sections 13(a) and 13(b)(2)(A) of the Exchange Act and Rules 12b-20, 13a-1, and 13a-13 thereunder, and to pay disgorgement and prejudgment interest in the total amount of $859,999. The Commission's staff intends to distribute the penalty and disgorgement to injured investors pursuant to the Fair Funds provision of the Sarbanes-Oxley Act of 2002. Canfield settled without admitting or denying the Commission's substantive allegations.

http://www.sec.gov/litigation/litreleases/lr19122.htm

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