

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 94856 / May 5, 2022

ADMINISTRATIVE PROCEEDING
File No. 3-20165

In the Matter of

General Electric Company,

Respondent.

ORDER APPROVING
PLAN OF DISTRIBUTION

I.

On December 9, 2020, the Commission issued an Order Instituting and Settling Cease-and-Desist Proceedings, Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (the “Order”)¹ against General Electric Company (“GE” or the “Respondent”). In the Order, the Commission found that GE, a large publicly-traded company that operates a number of lines of businesses, failed to disclose material information to investors related to two of its key reportable segments during the period from 2015 through 2017. First, GE failed to disclose to investors information concerning the nature of its reported profit growth in its power business and \$2.5 billion in reported cash collections. Second, from the third quarter of 2015 through the first quarter of 2017, GE failed to disclose to investors worsening trends in its insurance business and the potential for substantial losses. GE’s insurance business ultimately incurred a \$9.5 billion pre-tax charge against GE’s earnings for the fourth quarter of 2017 and required capital contributions by GE of approximately \$15 billion over seven years to fund expected future insurance claims. The Commission ordered the Respondent to pay a \$200,000,000 civil money penalty to the Commission. The Commission also created the Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the penalty paid can be distributed to harmed investors (the “Fair Fund”).

The Fair Fund includes the \$200,000,000 paid by the Respondent. The assets of the Fair Fund are subject to the continuing jurisdiction and control of the Commission. The Fair Fund and has been deposited in an interest-bearing account at the U.S. Department of the Treasury’s Bureau of the Fiscal Service, and any interest accrued will be added to the Fair Fund.

¹ Securities Act Rel. No. 10899 (Dec. 9, 2020).

On February 28, 2022, the Division of Enforcement, pursuant to delegated authority, published a Notice of Proposed Plan of Distribution and Opportunity for Comment (“Notice”),² pursuant to Rule 1103 of the Commission’s Rules on Fair Fund and Disgorgement Plans (“Commission’s Rules”)³; and simultaneously posted the Proposed Plan of Distribution (the “Proposed Plan”). The Notice advised interested persons that they could obtain a copy of the Proposed Plan from the Commission’s public website or by submitting a written request to Keshia W. Ellis, United States Securities and Exchange Commission, 33 Arch Street, 24th Floor, Boston, MA 02110. The Notice also advised that all persons desiring to comment on the Proposed Plan could submit their comments, in writing, within 30 days of the Notice. The Commission received two comments on the Proposed Plan during the comment period.

The Proposed Plan provides for the distribution of the Net Available Fair Fund to investors based on their losses between October 16, 2015 and January 16, 2018 due to the Respondent’s misconduct.

II. Public Comments on the Proposed Plan

The Commission received two submissions from the public via email on March 5-6, 2022. The March 5, 2022 submission appears to be a redacted copy of claim form and did not appear to relate to the Proposed Plan. On March 6, 2022, the Commission received an anonymous comment via email. The Commenter criticized the SEC’s whistleblower program generally and complained that the Proposed Plan failed to allocate a portion of the Fair Fund for “whistle blower award money.” These comments do not relate to the substance of the Proposed Plan or the distribution methodology and do not warrant modification of the Proposed Plan. The Commission established the Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, and its own rules relating to Fair Fund and Disgorgement Plans, for the benefit of investors harmed by GE’s violations. The Fair Fund is not intended to be used to make awards to whistleblowers. Accordingly, the Proposed Plan reflects a fair and reasonable allocation of the Fair Fund to compensate only harmed investors for their losses.

The Commission has considered the comments received and concludes that no modification to the Proposed Plan is necessary.

² Exchange Act Rel. No. 94323 (Feb. 28, 2022).

³ 17 C.F.R. § 201.1103.

The Division of Enforcement now requests that the Commission approve the Proposed Plan.

Accordingly, it is hereby ORDERED, pursuant to Rule 1104 of the Commission's Rules,⁴ that the Proposed Plan is approved without modification, and the approved Plan of Distribution shall be posted simultaneously with this order on the Commission's website at www.sec.gov.

By the Commission.

Vanessa A. Countryman
Secretary

⁴ 17 C.F.R. § 201.1104.