

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 102143 / January 10, 2025

ADMINISTRATIVE PROCEEDING
File No. 3-22391

In the Matter of

**Vincent Kennedy
McMahon,**

Respondent.

**ORDER INSTITUTING CEASE-AND-
DESIST PROCEEDINGS PURSUANT TO
SECTION 21C OF THE SECURITIES
EXCHANGE ACT OF 1934, MAKING
FINDINGS, AND IMPOSING A CEASE-
AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Vincent Kennedy McMahon (“Respondent” or “McMahon”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”), which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds¹ that:

¹ The findings herein are made pursuant to Respondent’s Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

Summary

1. These proceedings concern violations of the federal securities laws by McMahon, the founder, controlling shareholder and former Executive Chairman and CEO of World Wrestling Entertainment, Inc. (“WWE” or the “Company”). From 2018 to 2022 (“Relevant Period”), McMahon failed to disclose to WWE two agreements with individuals, one of whom had accused him of unlawful conduct (“Settlement Agreements” or “Agreements”). One of the individuals was an employee of WWE, the other formerly under contract with WWE. These Settlement Agreements were negotiated and signed by McMahon individually and by McMahon on behalf of WWE. In addition to obligating McMahon to pay the individuals certain amounts, the Agreements included provisions releasing both McMahon and WWE from liability for potential claims based on McMahon’s conduct.

2. Although WWE was a party to the Settlement Agreements—one signed in 2019 and one signed in 2022—McMahon failed to disclose the agreements to WWE’s Board of Directors (“Board”), legal department, accountants, financial reporting personnel, and auditor. As a result, WWE’s accountants and auditor did not evaluate how to account for these transactions in WWE’s financial statements, and WWE’s legal department and Board could not evaluate the disclosure implications or potential risk to the Company of the Agreements.

3. McMahon’s failure to disclose the Agreements caused material misstatements in WWE’s 2018 and 2021 annual reports and certain quarterly reports. Because the payments required by the 2019 agreement were not recorded, even though the amounts were paid or to be paid by McMahon, WWE overstated its 2018 net income by approximately 8% for the year and approximately 22% for the fourth quarter of 2018. Similarly, because the payments required by the 2022 agreement were not recorded, WWE overstated its 2021 net income and the net income for the fourth quarter of 2021 by approximately 1.7% and 4.9%, respectively. In addition, these Agreements should have been disclosed as related party transactions. The subsequent payments were also not reflected in the books and records of the Company.

4. As a result of this conduct, McMahon violated Section 13(b)(5) of the Exchange Act and Rules 13b2-1 and 13b2-2(a)(1) thereunder. In addition, McMahon caused WWE’s violations of Sections 13(a) and 13(b)(2)(A) of the Exchange Act and Rules 12b-20, 13a-1, and 13a-13 thereunder.

5. McMahon received incentive-based compensation and realized profits from the sale of WWE common stock during the 12-month period following the filing of financial statements that WWE subsequently restated due to the facts described herein. McMahon has not fully reimbursed WWE or its successor in interest for these profits and incentive-based compensation and therefore violated Section 304 of the Sarbanes-Oxley Act of 2002 (“Sarbanes-Oxley Act”).

Respondent

6. **McMahon**, age 78, is a resident of Stamford, CT. McMahon founded WWE and served as its Executive Chairman and CEO until he stepped down in June 2022. In January 2023, McMahon returned as WWE’s Executive Chairman and spearheaded its merger with

Endeavor Group Holdings (“Endeavor”) and Zuffa LLC, the parent company of the Ultimate Fighting Competition, in September 2023, becoming Executive Chairman of the newly formed entity, TKO Group Holdings, Inc. (“TKO Group”). In January 2024, McMahon resigned from TKO Group. During the Relevant Period, McMahon was WWE’s controlling shareholder, holding approximately 80% of WWE’s voting stock as of July 2022.

Relevant Entity

7. **WWE**, a Delaware corporation with its principal place of business in Stamford, Connecticut, is a media and entertainment company. In September 2023, WWE merged with Endeavor and Zuffa LLC to create TKO Group, an SEC registered public company with common stock trading on the New York Stock Exchange under the ticker “TKO.” WWE first became a public company in 1999. Prior to September 2023, WWE had securities registered with the Commission pursuant to Section 12 of the Exchange Act and its common stock traded on the NYSE under the symbol “WWE.”

Background

8. McMahon, the founder and controlling shareholder of WWE, served as WWE’s CEO for nearly forty years until his first resignation in June 2022. In 2019 and 2022, McMahon entered into two agreements with individuals, one of whom had accused him of unlawful conduct. While the two Agreements signed in 2019 and 2022 obligated McMahon to pay any amounts owed, he signed the agreements both on his own behalf and on behalf of WWE. Pursuant to these Agreements, WWE obtained releases from legal liability.

The Settlement Agreements

9. In November 2018, an attorney representing both McMahon and WWE (“McMahon’s Attorney”) was contacted by an attorney for a former independent contractor with WWE (“Individual A”) who alleged, among other things, that in 2005 McMahon assaulted her and derailed her career after she refused to engage in a sexual relationship with him.

10. In December 2018, Individual A’s attorney sent McMahon’s Attorney a demand letter, outlining Individual A’s allegations and seeking \$18 million to resolve Individual A’s claims against McMahon and WWE. From November 2018 to February 2019, in connection with the resolution of these claims, McMahon’s Attorney’s firm billed WWE more than \$23,000 for approximately 29 hours of work on the matter.

11. On February 13, 2019, the parties signed a confidential settlement agreement, whereby McMahon agreed to pay Individual A \$7.5 million over five years, and Individual A agreed to: (i) waive her rights to sue McMahon and WWE; and (ii) not disclose the existence or substance of her claims, the agreement, or the payments because such disclosure would “do irreparable harm to McMahon and to WWE.” (“Individual A Agreement”). McMahon signed the Individual A Agreement on his own behalf and, separately, on the behalf of WWE.

12. From at least 2019 to 2022, McMahon engaged in a personal relationship with a WWE employee (“Individual B”). In January 2022, McMahon told Individual B that she should resign from WWE. On January 28, 2022, Individual B signed a settlement agreement, in which

McMahon agreed to pay her \$3 million over five years, and Individual B agreed to not disclose her relationship with McMahon, the terms of the agreement or the payments, and released McMahon and WWE from potential legal claims (“Individual B Agreement”). As with the Individual A Agreement, McMahon signed the Individual B Agreement on his own behalf and, separately, on behalf of WWE. The Individual B Agreement also provided releases for WWE and stated that its disclosure would “do irreparable harm to McMahon and to WWE.”

13. McMahon failed to disclose the Settlement Agreements to WWE’s legal and accounting departments, financial reporting personnel, Board, and the Board’s audit committee, as well as the Company’s outside auditor.

14. The Settlement Agreements were not recorded in or otherwise saved with the Company’s books and records. Instead, the Settlement Agreements were only stored at the offices of McMahon’s Attorney, where WWE’s legal, financial reporting and accounting personnel had neither knowledge of nor access to them.

15. By not disclosing the Settlement Agreements and related payments, McMahon circumvented WWE’s system of internal accounting controls.

16. For example, during the Relevant Period, as part of WWE’s practice, the legal department reviewed and analyzed contracts between WWE and other parties. The legal department also sent those contracts to the financial reporting group to determine the appropriate accounting treatment in WWE’s financials.

17. In addition, by 2021, WWE had documented an internal control (which had been in practice for many years) that its legal department provide a summary of all potential legal contingencies to the accounting and financial reporting groups to determine the appropriate disclosure and accounting in the financial statements. During the Relevant Period, the summary of legal contingencies was also provided to the Board and WWE’s auditor on a quarterly basis.

18. WWE also had a Code of Business Conduct that stated in the section on “Record Keeping”: “WWE Personnel are required to record and report all information accurately and honestly. No undisclosed or unrecorded fund, asset or liability of the Company shall be established for any purpose.”

19. In addition, each year, WWE required all its officers and directors to complete a Questionnaire for Directors, Nominees for Director and Executive Officers (“D&O Questionnaire”) to collect information for use in preparing WWE’s proxy statements and SEC annual filings. To ensure that all related party transactions were disclosed, the D&O Questionnaire asked if there had been any “financial transaction, arrangement or relationship...in which the total amount involved did or will exceed \$120,000, to which the Company or any subsidiary was or is to be a participant, and in which you or any of your immediate family or any of your associates had or will have any direct or indirect material interest?” McMahon inaccurately answered “no” to this question on both his 2019 and 2022 D&O Questionnaires.

20. Because McMahon did not disclose the Settlement Agreements and related payments to WWE’s legal, accounting, and financial reporting groups, WWE and its auditor were not able to assess or advise as to the appropriate disclosures or accounting treatment for

those claims, and WWE's legal department and Board could not evaluate the disclosure implications or potential risk to the Company of the Agreements.

21. In connection with the WWE 2018 Form 10-K, filed on February 7, 2019, and in connection with the WWE 2021 Form 10-K, filed on February 3, 2022, McMahon executed management representation letters to WWE's auditor in connection with its audit of WWE's financial statements.

22. At the time he signed the February 7, 2019 management representation letter, McMahon knew that the Individual A Agreement would require him to pay Individual A \$7.5 million and release any claims against him and against WWE. McMahon knew, or was reckless in not knowing, that the Individual A Agreement and related payments and releases had not been evaluated by WWE's legal, accounting, and financial reporting groups, or by the Board, audit committee or auditor, to assess whether either disclosure or accrual was needed in WWE's financial statements.

23. Similarly, at the time McMahon signed the February 3, 2022 management representation letter, he knew that the Individual B Agreement required him to pay Individual B \$3 million and released any potential claims against him and against WWE. McMahon knew, or was reckless in not knowing, that the Individual B Agreement and related payments and releases had not been evaluated by WWE's legal, accounting, and financial reporting groups, or by the Board, audit committee or auditor to assess whether either disclosure or accrual was needed in WWE's financial statements.

24. Nevertheless, McMahon signed these management representation letters, representing that:

- (i) there are no "unasserted claims or assessments";
- (ii) all deficiencies in the design or operation of internal control over financial reporting have been disclosed;
- (iii) "relevant information regarding financial interests and contractual arrangements, if any, with related parties" have been made available;
- (iv) "there are no transactions that have not been properly recorded and reflected in the financial statements;"
- (v) there were no known actual or possible litigation and claims whose effects should be considered when preparing the financial statements that have not been disclosed and accounted for in accordance with Generally Accepted Accounting Principles ("GAAP");
- (vi) "no events have occurred after December 31, 2018, but before February 7, 2019, the date the financial statements were issued that require consideration as adjustments to, or disclosures in, the financial statements" [2019 management representation letter]; and
- (vii) "no events have occurred after December 31, 2021, but before February 3, 2022, the date the financial statements were issued that require consideration as adjustments to, or disclosures in, the financial statements." [2022 management representation letter]

25. Although McMahon was obligated to pay all amounts owed, the payments under the Settlement Agreements should have been recognized as expenses by the Company as of December 31, 2018 and as of December 31, 2021. WWE was a party to the Agreements, as evidenced by McMahon signing on behalf of the Company. In addition, WWE benefitted from the Settlement Agreements, receiving releases and avoiding reputational harm caused by allegations of misconduct by its CEO being made public.

26. The \$7.5 million was probable and estimable and pertained to the year ended December 31, 2018, and the \$3 million was probable and estimable and pertained to the year ended December 31, 2021. *See Accounting Standards Codification 450-20-25-2.* Therefore, the \$7.5 million that McMahon was obligated to pay pursuant to the Individual A Agreement and the \$3 million that McMahon was obligated to pay pursuant to the Individual B Agreement were WWE expenses and should have been recorded as such in the Company's financial statements.

27. Because the expense arising from the Individual A Agreement was not recorded, WWE overstated its net income for the fourth quarter of 2018 by approximately 22%, and its annual net income for 2018 by approximately 8%.

28. Because the expenses arising from the Individual B Agreement were not recorded in WWE's financial statements, WWE overstated its fourth quarter 2021 net income by 4.9% and its full year 2021 net income by 1.7%.

29. All the Forms 10-Q filed by WWE for the periods ended March 31, 2019 to March 31, 2022 also misstated liabilities, paid in capital, and accumulated deficits in those periods and failed to make related party disclosures.

30. Because the CEO, Chairman and principal stockholder agreed to make the payments on behalf of the Company, in addition to recording the expense, WWE was also required to disclose the transactions and the subsequent payments when made as related party transactions under GAAP.

31. GAAP defines related party transactions to include those between an entity and its principal owners, management, or members of their immediate families [ASC 850-10-05-3] and requires that financial statements include disclosures of material related party transactions including, among other things, the nature of the relationships involved, a description of the transactions, and the dollar amounts of the transactions [ASC 850-10-50-1].

32. Because WWE's Board, legal and accounting groups, and auditor were not informed of the Settlement Agreements, the Company did not record the Agreements and expenses in its financial statements, and it did not disclose the Agreements and payments as related party transactions in its SEC filings.

33. In addition, because these expenses were not recorded, WWE's books and records, such as its general ledger and trial balance, were inaccurate.

The Settlement Agreements Come to Light

34. Certain allegations against McMahon came to the attention of the Board in April 2022. On April 15, 2022, the Board held a special meeting to discuss the allegations against McMahon. During that meeting, McMahon denied the allegations. Subsequently, WWE's Board undertook an investigation. On June 17, 2022, WWE announced that it was investigating alleged misconduct by McMahon.

35. On July 22, 2022, McMahon resigned as CEO and Chairman of the Board of WWE.

36. On July 25, 2022, WWE filed a report with the Commission, disclosing that it had made a preliminary determination that approximately \$14.6 million of unrecorded expenses paid or to be paid by McMahon from 2006 to 2022 should have been recorded as expenses in WWE's consolidated financial statements in the quarters in which those agreements were made ("Unrecorded Expenses"). The Unrecorded Expenses related to settlement agreements with five women, all of which released WWE from claims or potential claims against it. WWE concluded that the expenses associated with the Individual A Agreement and Individual B Agreement should have been recorded in 2018 and 2021, respectively.

37. On August 16, 2022, WWE filed an amended Form 10-K for the year ended December 31, 2021 ("Form 10-K/A") and restated its consolidated financial statements for the years 2019, 2020, and 2021 and the unaudited financial statements for the first quarter of 2022. In WWE's 2022 Form 10-K, filed on February 2, 2023, WWE disclosed the payments made by McMahon within the Related Party Note to the Financial Statements.

38. During the 12-month periods following filings containing financial results that WWE was required to restate, McMahon received incentive-based compensation and realized profits from the sale of WWE common stock.

39. Following its internal investigation, WWE required McMahon to reimburse the Company for \$64,497 related to his incentive-based compensation.

40. WWE did not claw back any profits from McMahon's stock sales during the applicable periods.

Violations

41. As a result of the conduct described above, McMahon violated Section 13(b)(5) of the Exchange Act, which prohibits a person from knowingly circumventing or knowingly failing to implement a system of internal accounting controls.

42. As a result of the conduct described above, McMahon violated Exchange Act Rule 13b2-2(a)(1), which prohibits officers or directors of an issuer from, directly or indirectly, making or causing to be made, a materially false or misleading statement to an accountant in connection with an audit of the issuer's financial statements or the preparation or filing of any document or report required to be filed with the Commission.

43. As a result of the conduct described above, McMahon caused WWE's violation of Section 13(b)(2)(A) of the Exchange Act, which requires issuers with a class of securities registered pursuant to Section 12 of the Exchange Act to make and keep books, records, and accounts which, in reasonable detail, accurately and fairly reflect the issuer's transactions and disposition of assets.

44. As a result of the conduct described above, McMahon violated Exchange Act Rule 13b2-1, which prohibits any person from directly or indirectly falsifying, or causing the falsification of, any book, record, or account subject to Section 13(b)(2)(A) of the Exchange Act.

45. As a result of the conduct described above, McMahon caused WWE's violations of Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1, and 13a-13 thereunder, which require issuers with securities registered under Section 12 of the Exchange Act to file annual and quarterly reports with the Commission containing such information as the Commission's rules may require, and mandate that those reports contain such further material information as may be necessary to make the required statements not misleading.

46. As a result of the conduct described above, McMahon violated Section 304 of the Sarbanes-Oxley Act, which requires the chief executive officer or chief financial officer of any issuer required to prepare an accounting restatement due to material noncompliance with the securities laws as a result of misconduct to reimburse the issuer for (1) any bonus or other incentive-based or equity-based compensation received by that person from the issuer during the 12-month period following the first public issuance or filing with the Commission of the financial document embodying such financial reporting requirement, and (2) any profits realized from the sale of securities of the issuer during that 12-month period.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondents' Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondent cease and desist from committing or causing any violation and any future violations of Sections 13(a), 13(b)(2)(A), and 13(b)(5) of the Exchange Act and Rules 12b-20, 13a-1, 13a-13, 13b2-1, and 13b2-2(a)(1) thereunder, and Section 304 of the Sarbanes-Oxley Act.

B. Respondent shall within 14 days of the entry of this Order, pay a civil money penalty in the amount of \$400,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or

(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Vincent Kennedy McMahon as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Thomas P. Smith, Jr., Associate Director, New York Regional Office, Securities and Exchange Commission, 100 Pearl Street, Suite 20-100, New York, NY 10004-2616.

C. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

D. Respondent shall, within 14 days of the entry of the Order, reimburse WWE or its successor in interest for a total of \$1,330,915.90 pursuant to Section 304(a) of the Sarbanes-Oxley Act. Respondent shall simultaneously deliver proof of satisfying this reimbursement obligation to Thomas P. Smith, Jr., Associate Director, New York Regional Office, Securities and Exchange Commission, 100 Pearl Street, Suite 20-100, New York, NY 10004-2616.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Vanessa A. Countryman
Secretary