UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

SECURITIES AND EXCHANGE COMMISSION,	)	
Plaintiff,	)	
v.	)	**Case No.:**
ROLLIN M. DICK AND JAMES S. ADAMS,	)	**Judge:**
Defendants.	)	**Magistrate Judge:**

COMPLAINT

Plaintiff, Securities and Exchange Commission ("Commission"), states as follows:

NATURE OF THE ACTION

1. From March 1999 through February 2000, Conseco, Inc. ("Conseco") and its wholly owned subsidiary Conseco Finance Corporation, formerly known as Green Tree Financial Corporation ("Conseco Finance") made false and misleading statements about their earnings in filings made with the Commission and in public statements announcing their earnings, overstating their results by hundreds of millions of dollars. This massive overstatement occurred primarily because defendant Rollin M. Dick ("Dick"), Conseco and Conseco Finance's former Chief Financial Officer, and defendant James S. Adams ("Adams"), Conseco and Conseco Finance's former Chief Accounting Officer, conducted a fraudulent scheme to manipulate earnings by avoiding huge write downs of certain assets held by Conseco Finance known as interest-only securities ("IO securities") and corresponding charges to income. During the same period, Dick, Adams, and others under their direction and control, also made a number of unsupported and improper adjustments ("top-side adjustments") to the books and records of

Conseco and Conseco Finance. Through these top-side adjustments, Dick and Adams also increased earnings.

2. Dick and Adams, directly and indirectly, have engaged and, unless enjoined, will continue to engage in acts, practices or courses of business that are violations or constitute aiding and abetting violations of Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)], and Sections 10(b), 13(a), 13(b)(2)(A), 13(b)(2)(B) and 13b(5) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78j(b), 78m(a), 78m(b)(2)(A), 78m(b)(2)(B), and 78m(b)(5)] and Rules 10b-5, 12b-20, 13a-13, 13b2-2 and 13b2-2 thereunder [17 C.F.R. §§ 240.10b-5, 240.12b-20, 240.13a-13, 240.13b2-1 and 240.13b2-2].

3. The Commission brings this action to enjoin such transactions, acts, practices and courses of business and for other relief under Sections 20(b), 20(d) and 20(e) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d) and 77t(e)] and Sections 20(e), 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§ 78t(a), 78u(d) and 78u(e)].

JURISDICTION

4. The Court has jurisdiction over this action pursuant to Sections 20 and 22 of the Securities Act [15 U.S.C. §§ 77t and 77v] and Sections 21 and 27 of the Exchange Act [15 U.S.C. §§ 78u and 78aa].

THE DEFENDANTS

5. Dick, age 72, is a resident of Zionsville, Indiana, and a certified public accountant. From 1986 to April 2000, Dick was Conseco's Chief Financial Officer. From June 1998 to April 2000, Dick was also Conseco Finance's Chief Financial Officer. Dick signed each of Conseco and Conseco Finance's Forms 10-Q filed with the Commission for each of the quarters for 1999,

and also signed Conseco and Conseco Finance's Forms 10-K filed with the Commission for the fiscal years 1998 and 1999.

6. Adams, age 44, is a resident of Carmel, Indiana and a certified public accountant. From 1996 to September 2002, Adams was Conseco's Treasurer and Chief Accounting Officer. From June1998 to September 2002, Adams was also Conseco Finance's Treasurer and Chief Accounting Officer. Adams prepared Conseco and Conseco Finance's financial statements included in the Forms 10-Q filed with the Commission for each of the quarters for 1999 and signed Conseco and Conseco Finance's Forms 10-K filed with the Commission for 1998 and 1999.

STATEMENT OF FACTS

Entities Involved

7. At all relevant times, Conseco was a financial services holding company, incorporated in Indiana with its principal place of business in Carmel, Indiana. Conseco's common stock was registered with the Commission pursuant to Section 12(b) of the Exchange Act and was traded on the New York Stock Exchange. At all relevant times, Conseco was required to file periodic reports with the Commission pursuant to Section 13(a) of the Exchange Act. As a reporting company, Conseco was required to include in its periodic filings financial statements presented in accordance with United States Generally Accepted Accounting Principles ("GAAP"). During 1999 and early 2000, Conseco sold roughly $2 billion worth of bonds using prospectuses and registration statements incorporating its previously filed financial statements, including the financial statements at issue here.

8. At all relevant times, Conseco Finance was a Delaware corporation with its principal place of business in Saint Paul, Minnesota. Conseco Finance was previously known as Green

Tree Financial Corporation ("Green Tree"). Green Tree merged with Conseco in June of 1998, and became one of Conseco's wholly owned subsidiaries, and later changed its name to Conseco Finance Corporation. At all relevant times, certain of Conseco Finance's securities were registered with the Commission pursuant to Section 12(b) of the Exchange Act. Conseco Finance was required to file periodic reports with the Commission pursuant to Section 13(a) of the Exchange Act. As a reporting company, Conseco Finance was required to include in its periodic filings financial statements presented in accordance with GAAP.

Conseco Finance's Business and the IO Securities

9. At all relevant times, Conseco's business consisted of insurance, fee-based businesses (such as mutual funds), and finance operations. All of Conseco's finance operations were conducted through Conseco Finance. Conseco included Conseco Finance's financial results in its consolidated financial statements.

10. As part of its business, Conseco Finance originated, purchased, sold and serviced consumer and commercial loans. Conseco Finance put its loans into groups (called "pools"), and sold the pools to a special purpose entity ("SPE"). The SPE, in turn, sold bonds to the public backed by the principal and interest payments due from the loans making up the pools. The SPE transferred to Conseco Finance the proceeds from the bond sales, and an interest-only security ("IO security) that represented the right to receive any remaining proceeds flowing from the pool after all the other bondholders and servicing fees were paid.

11. Conseco Finance recorded the IO securities on its books as assets and was required under GAAP to adjust them to their fair value each quarter. Conseco Finance purportedly determined the fair value of the IO securities each quarter by using a discounted cash flow method, estimating the cash flows expected to flow from each IO security and discounting them

to their present value. The Conseco Finance accounting department determined these cash flows using computer models that relied on assumptions that Dick and Adams selected and controlled.

12. At the time that Conseco acquired Conseco Finance, it established an initial basis for each IO security. This initial basis reflected the current fair value of the security as determined by Conseco Finance. Thereafter, if the current fair value of any IO security became less than its basis, Conseco Finance was required under GAAP, including, but not limited to, Statements of Financial Accounting Standards ("SFAS") 115, 125 and Emerging Issues Task Force ("EITF") Issue 93-18, to determine whether the decline in value was "other than temporary" (hereafter referred to as "impairment"). Specifically, under GAAP, Conseco Finance was required to compare the IO security's basis with the present value of the cash flows due on the security, discounted at a risk-free rate of return. If these cash discounted flows were less than the basis, the IO security was deemed impaired and, under GAAP, Conseco Finance was required to write down the value of the IO security and take a corresponding charge against earnings (called an "impairment charge").

13. Following Conseco's acquisition of Conseco Finance, Conseco senior management touted its new subsidiary as its new growth engine, and repeatedly represented that Conseco Finance was contributing to Conseco's aggressive financial targets exactly according to plan. In response to criticism in the financial press about its merger with Conseco Finance, Conseco and Conseco Finance senior management, represented to its shareholders and investors that: (1) their earnings were solid; (2) their credit quality (i.e., the ability of the borrowers in the loan pools to make their payments) was the "best in class;" and (3) Conseco Finance did not have problems

experienced by other sub-prime lenders, such as having to take significant impairment charges to their IO securities.

14. From March 1999 through February 2000, Conseco and Conseco Finance reported generally good, and in some cases record, financial results in quarterly filings with the Commission and in press releases. From January 1999 to March of 2000, neither Conseco nor Conseco Finance disclosed any problems, accounting changes, or similar issues relating to their accounting for Conseco Finance's IO securities.

Dick and Adams Manipulate the Accounting
<u>For the IO Securities to Avoid Charges to Earnings</u>

15. Dick and Adams were aware of and understood the GAAP provisions detailing the appropriate accounting treatment for the IO securities. During fiscal 1999, Dick and Adams manipulated both the IO securities' basis and the IO securities' estimated cash flows to avoid having to take impairment charges.

16. At the end of each of the first three quarters of 1999, Conseco Finance's accounting department determined that some of its IO securities were impaired. Instead of writing down the value of these securities and taking the impairment charges, as required under GAAP, Dick and Adams instructed the Conseco Finance accounting department to go back and change the historical basis of each IO security in order to make it falsely appear that none of the IO securities were impaired.

17. These changes to the basis of each of the IO securities were not made in accordance with GAAP, and eliminated all of the impairments initially found by the Conseco Finance accounting department in each of the first three quarters of 1999.

18. As a result of Dick and Adams misconduct, Conseco and Conseco Finance recorded no impairment charges and reported inflated earnings in public statements and in financial

statements included in their Forms 10-Q for the first three quarters of 1999. Conseco and Conseco Finance also failed to disclose the improper changes to the IO securities' basis, or their beneficial effect on current period earnings.

19. Dick and Adams participated in an earnings conference call with analysts and other members of the public on October 27, 1999. During this call, Dick was specifically asked about the IO securities and their basis, and Dick stated that the IO securities were performing in line with expectations, and that he believed their valuation was appropriate. Dick's statements were false and misleading, and omitted to state material facts necessary to make the statements he made, in the light of the circumstances under which they were made, not misleading. Adams was present during Dick's statements, and despite their knowledge of their activities described above, neither Dick nor Adams disclosed the reallocations of basis.

20. For the fourth quarter of 1999, Dick and Adams again directed the Conseco Finance accounting department to make changes to the basis of each of the IO securities as described above.

21. In addition, and in order to avoid impairment charges in the fourth quarter, Dick and Adams manipulated the computer models used to produce the IO securities' cash flows so as to generate inflated cash flows, thereby inflating the present value of the IO securities. Thus at the end of the fourth quarter of 1999, Conseco Finance compared the improperly adjusted basis of its IO securities to the inflated cash flows in order to falsely claim that none of its IO securities were impaired. As a result, Conseco and Conseco Finance released inflated fourth quarter and full-year 1999 earnings results to the public in press releases on February 23, 2000.

22. Dick and Adams participated in an earnings conference call with analysts and other members of the public on February 23, 2000. During this call, Dick stated: "we did an extensive

audit of all of our so-called intangible assets, and have good results to report. As to the interest-only security, recent and projected cash flow performance of the loans backing that security support the conclusion that no adjustments should be made to the book value of the IO security." Dick's statements were false and misleading, and omitted to state material facts necessary to make the statements he made, in the light of the circumstances under which they were made, not misleading. Adams was present during Dick's statements, and also provided information to the public during this call. Despite their knowledge of their activities described above, neither Dick nor Adams disclosed the reallocations of basis or the inflation of the IO securities cash flows during the fourth quarter.

Conseco and Conseco Finance's Improper Accounting
For the Top-side Adjustments

23. During the first three quarters of 1999, Dick and Adams ordered Conseco Finance's accounting department to make certain "top-side" adjustments to Conseco Finance's financial statements after Conseco Finance's accounting department had prepared preliminary financial statements. Dick and Adams' top-side adjustments increased earnings in each of the first three quarters of 1999, and were inconsistent with GAAP.

24. For example, on two occasions in the second quarter and one occasion in the third quarter, Dick and Adams improperly ordered the Conseco Finance accounting department to increase the recorded gain realized on the sale of IO securities. These adjustments improperly shifted $14.49 million of income to the second quarter, increasing net income in that quarter by 12.1%. These adjustments also improperly shifted $14.99 million of income to the third quarter, increasing net income in that quarter by 26.7%.

Dick and Adams Representations To Conseco and Conseco Finance's Auditors

25. After each of the first three quarters of 1999, Dick and Adams signed management representation letters and sent them to Conseco and Conseco Finance's independent auditors. In these letters, Dick and Adams made a number of representations that were inconsistent with the fact that they had been adjusting the basis of the IO securities as described above. Among these, Dick and Adams represented that the quarterly financial statements had been prepared consistent with the prior year's corresponding quarter, and consistent with the year-end 1998 audited financial statements. Contrary to the fact that they had falsified the reported value of the IO securities, Dick and Adams also confirmed the representations made in their management representation letter dated March 30, 1999 (relating to the year-end 1998 audited financial statements), which provided, among other things, that: (1) management was unaware of any factors that would result in changes to the IO securities' values; and (2) that management had "no plans or intentions" that could materially affect the carrying value of these assets. Dick and Adams representations in these letters were inconsistent with their efforts to repeatedly adjust the carrying value for each of these securities activities and the resulting material effects on the companies' earnings. Further, Dick and Adams representations were false and misleading, and omitted to state material facts necessary to make the statements made, in the light of the circumstances under which they were made, not misleading.

The Conseco Officer and Director Stock Purchase Plan

26. During the relevant period, Dick and Adams were motivated owned large amounts of Conseco common stock. Dick and Adams purchased the stock through a stock purchase plan established for Conseco's officers and directors (Stock Purchase Plan). The Stock Purchase Plan permitted Conseco officers, directors and key employees, including Dick and Adams, to obtain

bank financing to fund 100% of the purchase price of Conseco stock. Although the bank held the stock as collateral for the loan, Conseco guaranteed the loans. In addition, Conseco made separate loans to the Stock Purchase Plan participants, including Dick and Adams, to cover the interest due on the loans to fund their stock purchases. Thus the Stock Purchase Plan permitted Dick, Adams, and the other plan participants, to buy Conseco stock entirely on margin. Dick and Adams were among the largest borrowers who participated in the plan.

27. As of the end of 1998, just before Dick and Adams began manipulating the accounting for the IO securities, Dick had borrowed from the bank more than $51 million to buy Conseco stock, and the amount of the loan exceeded the value of the stock he had purchased by more than $2.4 million. In addition, Dick owed Conseco more than $3.8 million for money he had borrowed to pay the interest on his stock purchase loan. As of the same date, Adams had borrowed from the bank more than $12.9 million to buy Conseco stock, and his loan exceeded the value of the stock he had purchased by more than $3.1 million. Adams also owed Conseco more than $459,000 to pay the interest on his bank loan.

28. By the end of 1999, when Dick and Adams were deciding on the fourth quarter IO valuation, Dick owed more than $70 million on his bank loan, his loan exceeded the value of the stock he had bought by more than $25.7 million, and Dick owed Conseco more than $6.4 million for money he had borrowed to pay the interest on his stock purchase loan. As of the same date, Adams owed more than $19.9 million on his bank loan, his loan exceeded the value of the stock he had bought by more than $8.3 million, and he owed Conseco more than $1.17 million for money he had borrowed to pay the interest on his stock purchase loan.

Discovery of the Scheme

29. In March of 2000, while conducting the 1999 year-end audit, Conseco and Conseco Finance's auditors, PricewaterhouseCoopers, L.L.P. ("PwC"), discovered the improprieties with respect to the IO securities described above. At that time, PwC determined that the changes to basis and the inflation of estimated cash flows were improper and needed to be corrected. PwC also required Conseco and Conseco Finance to reverse the improper topside adjustments. In addition, PwC determined there were deficiencies in Conseco Finance's internal controls and notified Conseco's Board. These deficiencies in internal controls permitted Dick and Adams to engage in the activities described above.

30. On March 31, 2000, Conseco and Conseco Finance announced that they were reviewing the value of their IO securities and expected to record a charge to earnings, estimated at $350 million after taxes, to write-down the carrying value of the IO securities. Conseco's stock fell more than 16% that day.

31. On April 14, 2000, Conseco and Conseco Finance filed their respective Forms 10-K's for 1999, which included restated results for the first three quarters of 1999, and revised results for the fourth quarter and full-year 1999. Specifically, Conseco admitted that it had overstated its net income as reported in its Forms 10-Q for the first three quarters of 1999 by $9.3 million (3.2%), $84.2 million (39.5%) and $37.8 million (24.3%), respectively, and inflated its publicly announced net income for the fourth quarter and full-year 1999 by $236.3 million (383%) and $367 million (61.7%) respectively. Conseco Finance also admitted that it had overstated net income as reported in its Forms 10-Q for the first three quarters of 1999 by $7.5 million (5.8%), $56.1 million (49.9%) and $14.8 million (26.2%), respectively, and inflated its publicly announced operating income for the fourth quarter and year-end 1999 by $378.3 million

(112.9%) and $562.6 million (1654.7%), respectively. Conseco's stock price fell more than 10% following these disclosures.

Defendants' Ill-Gotten Gains

32. For 1999, Dick received a salary of $250,000 and a bonus of $3,820,000.

33. For 1999, Adams received a salary of $218,750 and a bonus of $1,375,000.

34. During the period Dick and Adams received these salaries and bonuses, and in order to benefit themselves, they knowingly or recklessly caused Conseco and Conseco Finance's earnings, net income and operating income to be materially overstated and knowingly or recklessly caused Conseco and Conseco Finance to file materially false and misleading financial statements with the Commission.

COUNT I

Violations of Section 17(a)(1) of the Securities Act
[15 U.S.C. § 77q(a)(1)]

35. Paragraphs 1 through 34 are incorporated herein by reference.

36. Dick and Adams, in the offer or sale of securities, by the use of means and instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly: employed a devise, scheme or artifice to defraud.

37. Dick and Adams knew or were reckless in not knowing of the facts and circumstances described above in paragraphs 35 and 36 above.

38. By reason of their activities described in paragraphs 35 through 37 above, Dick and Adams violated Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1).

COUNT II

Violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)]

39. Paragraphs 1 through 34 are incorporated herein by reference.

40. Dick and Adams, in the offer or sale of securities, by the use of means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly: obtained money or property by means of untrue statements of material fact or omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or engaged in a transaction, practice, or course of business which operated or would operate as a fraud or deceit upon purchaser of securities.

41. As a result of their activities described in paragraphs 39 through 40 above, Dick and Adams violated Sections 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)].

COUNT III

Violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] Thereunder

42. Paragraphs 1 through 34 are realleged and incorporated by reference.

43. Dick and Adams, in connection with the purchase or sale of securities, directly or indirectly, by the use of the means or instrumentalities of interstate commerce or of the mails, or of the facilities of a national securities exchange: employed a device, scheme, or artifice to defraud; made untrue statements of material fact and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and engaged in acts, practices, or courses of business which operated or

would operate as a fraud and deceit upon the purchasers and prospective sellers of such securities.

44. Dick and Adams knew or were reckless in not knowing of the facts and circumstances set forth above in paragraphs 42 and 43 above.

45. By reason of their activities described in paragraphs 42 through 44 above, Dick and Adams violated Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5].

COUNT IV

Aiding and Abetting Conseco and Conseco Finance's Violations of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20 and 13a-13 promulgated thereunder [17 C.F.R. §§ 240.12b-20 and 240.13a-13]

46. Paragraphs 1 through 34 are incorporated herein by reference.

47. The financial statements that Conseco and Conseco Finance filed with the Commission in their Forms 10-Q for the first, second and third quarters of 1999 were not prepared in accordance with GAAP.

48. Conseco and Conseco Finance, aided and abetted by Dick and Adams, directly and indirectly, filed with the commission quarterly reports on Form 10-Q that were not in accordance with such rules and regulations that the Commission has prescribed as necessary and appropriate in the public interest and for the protection of investors and also failed to include in those reports such further material information as was necessary to make the required statements, in light of the circumstances under which they were made, not misleading.

49. By reason of the activities alleged in paragraphs 46 though 48 above, Conseco and Conseco Finance violated Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20 and 13a -13 promulgated thereunder [17 C.F.R. §§ 240.12-20 and 240.13a-13].

50. By their conduct described above in paragraphs 46 through 49, Dick and Adams knowingly provided substantial assistance to Conseco and Conseco Finance in the violations alleged in paragraphs 46 through 49 above.

51. By their conduct alleged in paragraphs 46 to 50 above, Dick and Adams aided and abetted Conseco and Conseco Finance's violations of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20 and 13a -13 promulgated thereunder [17 C.F.R. §§ 240.12-20 and 240.13a-13].

COUNT V

Aiding and Abetting Conseco and Conseco Finance's Violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(b)(2)(A) and 78m(b)(2)(B)]

52. Paragraphs 1 through 34 are realleged and incorporated by reference.

53. At various times between March 1999 and at least February 2000, as specifically alleged in paragraph 52 above, Conseco and Conseco Finance, aided and abetted by Dick and Adams, directly and indirectly, failed to make and keep books, records and accounts, which in reasonable detail accurately and fairly reflected the transactions and dispositions of Conseco and Conseco Finance's assets.

54. At various times between March 1999 and at least February 2000, as specifically alleged in paragraphs 52 and 53 above, Conseco and Conseco Finance, aided and abetted by Defendants, directly and indirectly, failed to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions were recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements.

55. By reason of the activities described in paragraphs 52 through 54 above, Conseco and Conseco Finance violated Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(b)(2)(A) and 78m(b)(2)(B)].

56. Dick and Adams knowingly provided substantial assistance to Conseco and Conseco Finance in the violations alleged in paragraphs 52 through 55 above.

57. As a result of the activities described in paragraphs 52 through 56 above, Dick and Adams aided and abetted Conseco and Conseco Finance's violations of Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)] and Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. § 78m(b)(2)(B)].

COUNT VI

Violations of Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)]

58. Paragraphs 1 through 34 are realleged and incorporated by reference.

59. As alleged in paragraph 58 above, Dick and Adams knowingly circumvented or knowingly failed to implement a system of internal accounting controls or knowingly falsified books, records and accounts described in Section 13(b)(2) of the Exchange Act [15 U.S.C. § 78m(b)(2)].

60. As a result of the activities described in paragraphs 58 and 59 above, Dick and Adams violated Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)].

COUNT VII

Violations of Exchange Act Rule 13b2-1 [17 C.F.R. § 240.13b2-1]

61. Paragraphs 1 through 34 are realleged and incorporated by reference.

62. As alleged in paragraph 61 above, Dick and Adams, directly or indirectly, falsified or caused to be falsified, books, records and accounts subject to Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)].

63. As a result of the activities described in paragraphs 61 and 62 above, Dick and Adams violated Exchange Act Rule 13b2-1 [17 C.F.R. § 240.13b2-1].

COUNT VIII

Violations of Exchange Act Rule 13b2-2 [17 C.F.R. § 240.13b2-2]

64. Paragraphs 1 through 34 are realleged and incorporated by reference.

65. Dick and Adams, directly and indirectly, made or caused to be made materially false and misleading statements, or omitted to state or caused others to omit to state, material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading to an accountant in connection with, an audit or examination of the financial statements of Conseco or Conseco Finance, or the preparation or filing of a document or report required to be filed with the Commission.

66. As a result of the activities described in paragraphs 64 and 65 above, Dick and Adams violated Exchange Act Rule 13b2-2 [17 C.F.R. § 240.13b2-2].

RELIEF REQUESTED

WHEREFORE, the Commission requests that this Court enter a judgment:

A. Finding that Defendants Dick and Adams committed the violations alleged above;

B. permanently enjoining Defendants Dick and Adams from violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Sections 10(b) and 13(b)(5) of the Exchange Act [15 U.S.C. §§ 78j(b) and 78m(b)(5)] and Rules 10b-5, 13b2-1, and 13b2-2 thereunder [17 C.F.R. §§ 240.10b-5, 240.13b2-1 and 240.13b2-2];

C. permanently enjoining Defendants Dick and Adams from aiding and abetting violations of Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(a), 78m(b)(2)(A) and 78m(b)(2)(B)] and Rules 12b-20, 13a-1, and 13a-13 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1 and 240.13a-13];

D. barring Defendants Dick and Adams from serving as officers or directors of any issuer required to file reports with the Commission under Sections 12(b), 12(g), or 15(d) of the Exchange Act [15 U.S.C. §§ 78l(b), 78l(g), and 78o(d)], pursuant to Section 20(e) of the Securities Act {15 U.S.C. 77t(e)] and Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)];

E. ordering Defendants Dick and Adams to disgorge the salaries and bonuses they earned during 1999, plus prejudgment interest thereon;

F. ordering Defendants Dick and Adams to each pay an appropriate civil monetary penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. §77t(d)] and 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)];

G. retaining jurisdiction over this action to implement and carry out the terms of all orders and decrees that may be entered; and

H. granting such other and additional relief as this Court deems just and proper.

Dated: March 9, 2004

Respectfully Submitted,

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