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As Charles Wang's World Crumbles, Justice is Served



By [Don Tennant](#), Posted December 6, 2010

Last December, I wrote a blog post titled, [May 2010 Be the Year That Charles Wang Is Brought to Justice](#). This December I can report that, quite imperceptibly to most of us, in 2010 justice was indeed

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Last December, I wrote a blog post titled, [May 2010 Be the Year That Charles Wang Is Brought to Justice](#). This December I can report that, quite imperceptibly to most of us, in 2010 justice was indeed finally served in the interminable case of Charles Wang vs. The Truth.

Wang was the co-founder and first CEO of the company that under his watch was known as Computer Associates (CA), and where under his watch a culture of fraud and fear was born that ultimately landed Wang's successor, Sanjay Kumar, in prison. A good recap of what happened is presented in [this New York Times piece](#), but the key point to be addressed here is one that I and many others are unwilling to allow to be forgotten: Wang was never held accountable for his role in the accounting fraud that permeated his company.



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It's widely understood that the reason Wang managed to get away with throwing Kumar under the bus and professing his innocence was simply that he was smart enough to avoid using e-mail and voicemail. As a result, investigators were unable to produce any physical evidence of his involvement in the accounting fraud that destroyed the lives of too many people, and that nearly destroyed his company. The statute of limitations in the case has now expired, so Wang will never go to prison, at least not for the wrongdoing that the CA board of directors' Special Litigation Committee [said he committed](#) at CA. But be assured of this: In 2010 he entered a prison of his own making that for him is far more horrific than being confined in a cell. Wang entered a prison of financial turmoil.

It's a long and convoluted story that will take more than a single blog post to tell. But it will be told, not only by me, but by others who will no doubt pick up on this post and begin their own investigations. This initial post will simply provide an overview of what Wang has been up to since he left CA, and of the financial collapse that has been his just reward.

For the past several years, Wang has devoted his energies to running two enterprises, both of which hemorrhaged money in 2009 and 2010: NeuLion Inc., an IPTV service provider in Plainview, N.Y.; and the New York Islanders professional hockey team.

Here's what you need to know about NeuLion:

- It was founded in 2004 by a cabal of ex-CA executives, with Wang serving as chairman of the board and his wife, Nancy Li, installed as president and CEO. The entire senior [management team](#) is comprised of Wang's CA cronies, with the exception of CFO Arthur McCarthy, who was Wang's CFO at the New York Islanders from 1985 to 2008.
- NeuLion's [board of directors](#) includes Shirley Strum Kenny, president of the State University of New York at Stony Brook, who served on the CA board that in 1998 approved the infamous \$1.1 billion bonus that was split between Wang, Kumar, and CA co-founder Russell Artzt. Wang's share of that fortune was \$670 million. In the late 90s, Kenny was embroiled in a [conflict-of-interest controversy](#) at SUNY Stony Brook stemming from her service on the CA board.
- The board's vice chairman is G. Scott Paterson, who in December 2001 was fired from his job as chairman and CEO of Canadian brokerage Yorkton Securities due to what the [Vancouver Sun called](#) "complaints about fast-and-loose dealings." That same month, Paterson reached a settlement with the Ontario Securities Commission in connection with what [Forbes.com described](#) as "conduct that was, in the view of the commission, contrary to the public interest in connection with certain corporate finance and trading activities engaged in by Mr. Paterson and the investment dealer with which he was associated." Under the settlement, Paterson paid CAN\$1 million to the commission and was barred from trading for six months.

- NeuLion, which is a public company trading on the Toronto Stock Exchange, lost [\\$19.6 million](#) in 2009, and [\\$14.2 million](#) in the first nine months of 2010.
- In October, NeuLion [announced](#) the closing of its acquisition of TransVideo International Ltd., a Beijing-based manufacturer that provides set-top boxes to NeuLion. Given that TransVideo was formed in 2003 through [funding by AvantaLion](#), an investment company [controlled by Wang](#), the transaction is expected to get a great deal of scrutiny, particularly with respect to the valuation of the TransVideo shares that were acquired and the degree to which Wang and Nancy Li benefitted directly from the deal.

Here's what you need to know about the New York Islanders:

- Under Wang's ownership, the Islanders have suffered an operating loss that New York attorney Eric Dixon [estimates](#) to be in the range of \$100 million to \$200 million, "on top of a deteriorating franchise value."
- Citing Forbes magazine, the **New York Times** [reported](#) last week that the team was worth \$149 million last year, 20 percent less than what Wang paid for it in 2000.
- The Lighthouse Project, Wang's last-ditch effort to reverse the team's downward spiral with an ambitious \$3.8 billion proposal to revamp the aging Nassau Veterans Memorial Coliseum where the Islanders play, and to redevelop the surrounding Hempstead area on Long Island, has [stalled](#) amid ongoing contention between Wang and the Town of Hempstead.

Meanwhile, looming hauntingly over Wang is the CA Special Litigation Committee's [call to sue him for at least \\$500 million](#) in damages. That peril, and Wang's crippling business misfortunes, have combined to sound what for others would be an ominous financial alarm. For Wang, whose greed is legendary, the sound is much more devastating than that. It's the clank of a metaphorical cell door closing solidly behind him.

Sanjay Kumar got 12 years. Wang's self-imposed sentence may well turn out to be life.

Justice, at last.

A NeuLion spokesperson said Wang was unavailable to be interviewed for this post.

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charles sommer - 9 years ago

I can see there should be sense in merging two charities with the same goal. However the furore this has created is disturbing.

I have looked at the last report for 2009. This appears unaudited . Given the size of the organization there should be an independent auditors report. What was the cause for the investment loss ? Extraordinary that the directors failed to comment on this. ! What fees / salaries are paid to the directors / highest paid executive ?

Does the UK organization submit reports to the Charity commission in the UK ? Are they vetted/ audited ?

The corporate governance looks to be in need of an overhaul. Perhaps Mr Wang should stand down for the good of the charity . I am unable to make any further contributions until the questions are satisfactorily answered.

CS

Ps. I was not pleased to receive an expensive glossy colour hardback book showing the work carried out by the organization . This seemed a waste of donators

Reply



Old&Wise Ex-CA - 9 years ago

Has anyone heard the following rumors?

1. In order for CA to acquire archival Legent in '95, they buried required documentation/records in tractor trailers filled with useless paperwork -- forcing anti-trust regulators to plow through it, causing the gov't to eventually give up and just approve the deal.
2. In '82, when CA was negotiating its acquisition of Capex Corporation, a key player (owner? founder? officer?) of Capex died mysteriously in the hotel across the street from CA's Jericho, NY headquarters. The deal was done, with CA becoming "the tail that ATE the dog," never mind just wagging it.

As for the accounting fraud, that was going on for decades. In '90, CA modified its UNIVERSE database product to produce an in-house system called CA-TOPS, which helped hide all kinds of licensing and financial shenanigans. Charles Wang knew CA's intimate details from day one. Sanjay Kumar was his fall guy.

[Reply](#)



JC Frank - 9 years ago

I wouldn't call the Lighthouse project a 'last ditch effort'. Wang bought the team with an understanding that he would get a shot to control and develop some of the last undeveloped space in the area. It hasn't worked out, and he's in trouble for it.

[Reply](#)



DanS - 9 years ago

I'm an Islanders season ticket holder. While Mr. Wang has never been my favorite person, he is also responsible for ruining this once proud franchise. Don't forget that if he goes down, so do the Islanders probably and thousands of hockey fans that love and care and are passionate about the sport will be without something that is true to their hearts.

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