

Openings begin in Broadcom backdating case

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(AP) -- A jury was set Friday to hear opening statements in the federal trial of former Broadcom Corp. Chief Financial Officer William Ruehle, who faces conspiracy and fraud charges in an alleged scheme to backdate stock options.

Ruehle was indicted last year along with Broadcom co-founder Henry T. Nicholas III, who also faces separate drug charges. Both have pleaded not guilty. Nicholas will be tried after Ruehle in U.S. District Court in Santa Ana.

Broadcom issued a \$2.2 billion accounting restatement in January 2007 related to backdating.

Last year, Broadcom agreed to pay the Securities and Exchange Commission \$12 million to settle a civil complaint related to backdating but did not admit wrongdoing.

Broadcom co-founder Henry Samueli pleaded guilty last June to lying to the Securities and Exchange Commission as it probed the alleged backdating at the chip maker.

Backdating stock options occurs when a company retroactively sets the exercise price to a low point in the stock's value to increase profits for an executive or employee when shares are sold. If the practice isn't properly disclosed, it can cause profits to be overstated and taxes to be underpaid.

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