UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

SECURITIES AND EXCHANGE COMMISSION, 100 F Street, N.E. Washington, D.C. 20549 Plaintiff, v. MICHAEL BAKER CORPORATION, JOHN SCULLIN and DENNIS HIGGINS, Defendants.	C.A. No. __-____ **COMPLAINT**

Plaintiff United States Securities and Exchange Commission ("SEC" or "Commission") alleges as follows:

SUMMARY OF ALLEGATIONS

1. This matter involves overstatements of revenue and net income by Michael Baker Corporation ("Michael Baker" or the "Company") in financial statements filed with the Commission in 2007. These misstatements were principally caused by the fraudulent conduct of John Scullin, then the Company's Manager of Project Accounting in its energy business segment, Baker Energy, who prepared and caused unsupported manual journal entries to be entered in the Company's general ledger, which he then approved. This occurred against a backdrop of Michael Baker's failure to maintain adequate internal controls over its books, records and accounts. As a result, during 2006 and the first three quarters of 2007, Michael Baker failed to keep books, records and accounts that fairly and accurately reflected the Company's assets and financial results, and filed annual and quarterly reports with the

Commission that were materially false and misleading.

2. This matter also involves insider trading by Dennis Higgins, an operations manager at Baker Energy, who learned of these material misstatements while assisting with the Company's internal investigation into Scullin's conduct. On February 12, 2008, during the Company's investigation, Higgins sold all of his Michael Baker stock held in his 401(k) account, and terminated his ongoing 401(k) investments in the Company. On February 22, 2008, Michael Baker announced through a press release posted to its website that the Company "will be restating its previously issued unaudited consolidated financial statements for the first, second and third quarters of 2007," as a result of "the improper recognition of revenue on domestic managed services projects during these periods" by Baker Energy. On February 25, the first full trading day following Michael Baker's announcement, the Company's stock closed down $8.53/share or 23.6%.

JURISDICTION AND VENUE

3. The Commission brings this action pursuant to Section 21(d) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 77u(d)].

4. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77v(a)], and Sections 21(d) and (e) and 27 of the Exchange Act [15 U.S.C. §§ 78u(e) and 78aa].

5. Defendants, directly and indirectly, have made use of the means and instrumentalities of interstate commerce, or of the mails, or the facilities of a national securities exchange in connection with the transactions, acts, practices and courses of business alleged herein.

6. Certain of the acts, practices and courses of conduct constituting the violations of law alleged in this Complaint occurred within this federal district and therefore venue in the Houston Division of the Southern District of Texas is proper pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Section 27 of the Exchange Act [15 U.S.C. § 78aa].

THE DEFENDANTS

7. **Michael Baker** is a Pennsylvania corporation headquartered in Moon Township, Pennsylvania. Its securities are registered pursuant to Section 12(b) of the Exchange Act, and its common stock trades on the NYSE Euronext under the symbol BKR. Michael Baker's business, at the time of conduct at issue, was divided into two business segments: Engineering and Energy. The Energy division ("Baker Energy"), headquartered in Houston, Texas, focused on the provision of oil related services both in the United States and abroad, and typically generated roughly 35-40% of Michael Baker's consolidated gross revenues.

8. **John Scullin**, 51, was the Manager for Project Accounting in Michael Baker's Baker Energy division. Scullin misrepresented to Company management that he was a certified public accountant ("CPA"), when in fact he has never been a CPA.

9. **Dennis Higgins**, 48, was the Manager for the Northern Business Unit in Michael Baker's Baker Energy division. In this role, Higgins was the operations manager for two of Baker Energy's three onshore managed services projects on which revenue was inappropriately recognized and which were the basis for Michael Baker's restatement.

Background

10. Baker Energy primarily provided labor and services to operate and maintain oil and gas production facilities whose assets and natural resource reserves were owned by third parties. Baker Energy provided these services domestically and internationally for both onshore and offshore oil and gas projects.

11. For the 2006 annual reporting period and the first three quarters of 2007, Michael Baker overstated its accrued revenue in its Baker Energy division, and, as a result, materially misstated its reported net income in the Company's consolidated financial statements for these periods. Significantly, the revenue overstatements caused Baker Energy to show operating income, rather than operating losses, for the first and third quarters of 2007. These overstatements of revenue and income were the result of baseless manual journal entries entered at the direction of Scullin.

12. As a result of Michael Baker's deficient internal controls, the Company failed to detect that Scullin effectively was able to post and approve his own manual journal entries—because he directed his staff to enter the manual journal entries into the general ledger—without appropriate segregation of duties or supervision. During this period, Michael Baker's control procedures designed to ensure the accuracy of manual journal entries relied primarily on a manual month-end review of such entries by Baker Energy's Chief Financial Officer.

13. In addition, while relying solely on one person to review and validate a report of hundreds of manual journal entries each month, the Company did not have any procedures in place to review project profitability or unbilled revenue accruals in sufficient detail to identify potential accounting errors. As a result, the Company failed to

prevent or detect the inappropriate manual journal entries recorded by Scullin at the project level in the Company's books and records.

14. The unsupported manual journal entries that led to the Company's restatements related to three large domestic onshore projects serviced by Baker Energy for its clients Storm Cat Energy ("Storm Cat"), J.M. Huber Corporation ("Huber") and Escambia Operating Company ("Escambia"). The Storm Cat and Huber contracts were among the largest contracts at Michael Baker and, along with the Escambia project, were three of five energy projects that represented nearly eighty percent of the Company's total revenues in its energy segment.

15. Michael Baker predominantly generated revenues on the Storm Cat, Huber and Escambia projects through "cost plus" contracts in which Michael Baker would bill the clients for project costs plus an agreed-upon margin. There were exceptions as to certain costs, such as vehicle costs on the Huber and Storm Cat projects, that were contractually agreed to be "non-billable," meaning that the client would not reimburse Baker Energy for the cost.

16. In operating the oil and gas production facilities for third parties, Baker Energy's ability to recoup costs through reimbursement depended on the terms of its contracts with the customers. Baker Energy finance employees were required to regularly review project costs and determine whether the costs were "billable" to the client or "non-billable" and accordingly record the costs in Baker Energy's Oracle Project Accounting (PA) Module on a monthly basis. If the project costs were coded as billable, then the PA Module would automatically record revenue.

17. Because the PA Module automatically posted to the General Ledger, Baker Energy's employees were required to enter any reconciling and correcting manual journal entries to the General Ledger during each monthly close process in order to properly record the company's project costs. Typically, hundreds of manual journal adjustments were done each month.

18. Although the project accounting described above was relatively automated, its implementation at Baker Energy required hundreds of manual journal entries to be recorded by Baker Energy's finance personnel to the General Ledger during each monthly close process. These manual journal entries were required for a variety of legitimate business reasons, including, for example, that during the quarterly period close process, the PA Module would close but the General Ledger would stay open, which resulted in a manual reconciliation between these two accounting systems during the close process. This reliance on manual corrections and reconciliations to close Baker Energy's books would routinely occur from period-end to just days before the filing of annual and quarterly reports, was labor-intensive, and was especially reliant on the accuracy of the project accountant's inputs during the monthly closing process.

Nature of Scullin's Inappropriate Revenue Accruals

19. As Manager of Project Accounting for Baker Energy, Scullin oversaw the PA Module for Baker Energy's managed services projects, which included supervisory authority over the posting of reconciling and correcting manual journal entries to the General Ledger during the monthly closing process. Scullin was able to record his inappropriate accruals by directing his staff to enter proposed entries into the General Ledger, which he then approved. In doing so, he circumvented a key internal control

designed to prevent a single person from both recording and posting (or approving) a manual journal entry.

20. As part of his responsibilities, Scullin served as the primary liaison between the project accounting group and Baker Energy's field operations. In this role, Scullin was responsible for reviewing the preliminary results for Baker Energy's onshore domestic oil services projects on a monthly basis.

21. As part of his monthly review, Scullin created detailed Excel spreadsheets for the Huber and Storm Cat projects that attempted to reconcile the preliminary PA Module revenue results for those projects with his own projected results based on detailed costs, estimates and assumptions for those projects. Scullin used his Excel spreadsheets, which were not known to or reviewed by his supervisors, to generate proposed manual revenue accruals for the Huber and Storm Cat projects for items that were designated as non-billable per the PA Module.

22. During the monthly close process, and with little supervision, Scullin used his proposed manual revenue accrual results from his Excel spreadsheets to post accruals to Michael Baker's General Ledger. Scullin's calculations consistently yielded proposed manual accruals in the roughly $1 million per month range, which were posted by Scullin to the General Ledger during the monthly closing process. In addition to the entries made as a result of his Excel spreadsheets, Scullin also made one-off revenue accruals for certain project costs that were non-billable.

23. Accordingly, Scullin knowingly and recklessly directed the entry of manual journal entries that were not in accordance with GAAP into Michael Baker's General Ledger that he knew would be used in the Company's consolidated financial

statements, and therefore he substantially assisted with the Company's material overstatement of revenue and net income for the 2006 annual reporting period and the first three quarters of 2007.

Michael Baker's Deficient Internal Controls

24. Michael Baker failed to implement and maintain adequate internal controls over financial reporting that were sufficient to provide reasonable assurance that the Company's financial statements were accurately stated in accordance with generally accepted accounting principles. As a result, Michael Baker's accounting controls failed to prevent or detect Scullin's inappropriate manual journal entries that led to the Company's June 2008 restatement.

(a) *Failed Supervision over Scullin*

25. Scullin was not adequately supervised by any management with sufficient accounting experience to oversee Baker Energy's accounting. On January 31, 2006, Michael Baker announced that it would restate its consolidated financial statements for fiscal years 2000 through 2004, and its quarterly statements for each of the quarters in 2003, 2004 and the first quarter of 2005, because of tax accounting and compliance errors in connection with its operations in Nigeria. Scullin joined Baker Energy in June 2006, which was then experiencing significant staff turnover and turmoil in connection with the Company's attempt to resolve this prior restatement.

26. For his first three months, Scullin reported to Baker Energy's Assistant Controller-Domestic who approved the manual journal entries proposed by Scullin's project accounting group. When the Assistant Controller-Domestic departed the Company in November 2006, he told Baker Energy's Chief Financial Officer that

Scullin's work could not be relied upon without close supervision and oversight.

27. Despite the Assistant Controller-Domestic's warnings, Scullin worked with little accounting oversight for the remainder of 2006 and throughout much of 2007. In March 2007, four months after the Assistant Controller-Domestic's departure, Michael Baker inserted a business executive who was an engineer by training with little to no accounting experience to be Scullin's direct supervisor. This business executive did not supervise or otherwise approve the posting of journal entries, including the manual entries made by Scullin and his project accountants.

(b) ***Lack of Adequate Segregation of Duties***

28. Michael Baker failed to ensure adequate segregation of duties as part of its internal controls.

29. In practice, Scullin prepared the journal entries for his inappropriate revenue accruals described in paragraphs 19 through 23 above, and had his staff members record the entries to the General Ledger, which Scullin would then approve (or post).

30. The sole support for these accruals, if any, was Scullin's own analysis, which no supervisor vetted at the time and which had no basis in generally accepted accounting principles ("GAAP").

31. In effect, on a monthly basis, Scullin was able to unilaterally post manual revenue accruals to the General Ledger to effect either his own projections from his Excel calculations or to effect his decisions that certain project costs should be billed to the client as revenue.

(c) ***Control Environment / Monitoring of Energy Segment***

32. Michael Baker's ability to capture any inappropriate manual journal entries

at Baker Energy relied heavily on a back-end review of hundreds of already posted manual journal entries on a monthly basis. This control was deficient, however, because it relied on a monthly manual review by one person of hundreds of entries, including the entries' supporting documentation.

33. During the monthly closing process, Baker Energy's CFO received a report that listed all manual journal entries for the prior period. This report listed hundreds of entries per month and for each entry further described the account number, project code, debit and credit entry and a brief description of the entry, among other things.

34. In 2007, Baker Energy's CFO informed Michael Baker's CFO that he did not have adequate resources to conduct the monthly manual journal entry review process, but no improvements to the process were made.

35. During this period, Baker Energy also failed to adequately monitor the performance of its managed onshore services projects. An evaluation of the unbilled revenue balance for the Escambia project would have revealed that the project continued to run a large unbilled revenue balance into December 2007, despite the fact that the project was terminated in September 2007, and this unbilled balance resulted from Scullin's unsupported entries.

June 2008 Restatement

36. On February 22, 2008, Michael Baker first announced through a press release posted to its website that it would restate its consolidated financial statements for the first, second and third quarters of 2007 as a result of "the improper recognition of revenue on domestic managed services projects during these periods" by Baker Energy.

37. On June 30, 2008, Michael Baker filed its Form 10-K for fiscal year ended December 31, 2007, which included its restated results of its financial statements for its Form 10-K filed for the fiscal year ended December 31, 2006 (filed March 16, 2007). Subsequently, the Company restated the results of its quarterly financial statements for each of the first three quarters of 2007 (filed May 8, 2007, August 7, 2007, and November 5, 2007, respectively) in a series of restatements tied to the quarterly filings of its 2008 Forms 10-Q.

38. The primary effects of the Company's restatements are shown in the following chart:

Period	**Pre-Tax Income Reduction (in millions)**	**As Reported (in millions)**	**As Restated (in millions)**	**Percentage Overstatement**
FY 2006	$2.3	$20.6	$18.3	13%
Q1 2007	$2.9	$5.8	$2.9	100%
Q2 2007	$3.7	$14.8	$11.1	33%
Q3 2007	$2.4	$10.9	$8.5	28%
Period	**Net Income Reduction**	**As Reported (in**	**As Restated (in**	**Percentage Overstatement**

	(in millions)	millions)	millions)	
FY 2006	$1.5	$11.8	$10.3	15%
Q1 2007	$1.5	$3.1	$1.6	94%
Q2 2007	$2.4	$8.5	$6.1	39%
Q3 2007	$1.9	$6.4	$4.5	42%

39. In addition, in connection with the restatement of its 2006 results in Michael Baker's Form 10-K for fiscal year ended December 31, 2007, the Company identified the following material weaknesses in its internal controls over its financial reporting:

> 1. We did not maintain effective controls over the posting of manual journal entries. Specifically, appropriately experienced personnel did not review manual journal entries in sufficient detail to identify accounting errors associated with manual revenue accruals within our Energy segment's domestic onshore managed services projects.
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> . . .
>
> 2. We did not maintain effective project accounting related controls, including monitoring, over our Energy segment's domestic onshore managed services projects. Specifically, we did not have a complement of operations and accounting personnel reviewing project profitability or unbilled revenue realizability in sufficient detail to identify accounting errors.

Dennis Higgins's Insider Trading

40. During all relevant times, Higgins was Baker Energy's Manager for the Northern Business Unit. On or around February 6, 2008, less than three weeks prior to Michael Baker's restatement announcement, Higgins, was summoned to Baker Energy's accounting group's offices in Houston where a group of Michael Baker corporate accounting staff and Baker Energy employees were examining Scullin's problematic revenue accruals. As the field manager for the Storm Cat and Huber projects in Sheridan, Higgins was in charge of the service operations of two of the three managed services

projects for which revenue accrual problems had initially been identified.

41. Higgins arrived at the Houston offices on February 6 and met with Michael Baker's Director of Compliance and Financial Analysis, Baker Energy's CFO, Scullin and another Baker Energy project accountant about Scullin's revenue accruals. The purpose of the meeting was to determine whether revenue amounts originally accrued by Scullin but never invoiced to the customers could reasonably be billable to, and collectible from, the customers.

42. Higgins expressed his general opinion that the Company would not be able to collect from Storm Cat and Huber if Baker Energy invoiced for the services reflected by Scullin's revenue accruals.

43. The next night Higgins continued to review the inaccurate revenue accruals with Scullin and Baker Energy's CFO. After reviewing the subject accruals, Higgins sent an email to Baker Energy's President of Operations, stating that all but $111,000 of the revenue accruals were inconsistent with his understanding of what properly could be billed to the customers on the Storm Cat and Huber contracts.

44. Moreover, even for the minimal amount of revenue accruals that Higgins determined could be justifiably billed to one of the managed services customers, Higgins believed it would be difficult to collect from the customer given the tardiness in the billing for the services provided.

45. Higgins returned again to Baker Energy's accounting offices on the afternoon of February 8, and worked late into the night reviewing the accruals with the accounting team. In a late night email to a supervisor, Higgins first expressed in writing his understanding of the possible magnitude of the revenue accounting issues. "I've

decided to stay through tomorrow to keep working with our accounting group to understand why we have to write down 10.2 million in EBITDA against the [Northern Business Unit]." Referring to Michael Baker's plan to sell the Baker Energy unit to a third party acquirer, Higgins added "[t]he incompetence of our accounting group has completely jeopardized the sale of Energy."

46. On February 9, Higgins boarded a plane to Billings, Montana to attend a Baker Energy management retreat at the Canyon Ranch resort. During his trip, Higgins accessed his daily calendar on his Blackberry and entered four appointments, for each of the following days: Tuesday, February 12, Thursday, February 14, Monday, February 18, and Wednesday, February 20. Each appointment was identical to the other, and on the appointed time would display the following message: "SELL Baker Stock." Within an hour of entering the stock sale reminders into his Blackberry, Higgins emailed his mother responding to an email she had sent the previous day wishing him well with his "meetings" in Houston:

> I'm on the plane to Billings. . . . Meetings went okay. Looks like [Baker Energy's former Senior Vice President of Operations] accrued about 8 million in revenue tha (sic) should have been remained unbillable or was never really there. Unfortunately, I have no explanation for any of this since [Baker Energy's former Senior Vice President of Operations] held the P&L very close to his vest. Also unfortunately, Baker corporate is incredulous that I didn't know this since they are all my projects. At least we've figured out what happened. Now we need to do the damage control. This is REALLY bad timing with the sale.

47. On Tuesday, February 12, or the same day that his Blackberry calendar appointment would have first reminded him to "SELL Baker Stock," Higgins, in fact, sold all of the Michael Baker stock he had accumulated in his 401(k) account held at Fidelity Investments. As a result of his sale, Higgins' received total proceeds of $71,736.21, and

immediately reinvested the proceeds across the three mutual funds he held in his 401(k) account.

48. Moreover, during his February 12 phone call with a Fidelity representative in which he directed the sale of his Michael Baker stock, the Fidelity representative reminded Higgins that he had future payroll deductions into his 401(k) account that allocated 25% to Michael Baker stock and 75% to one of the three mutual funds. Higgins directed the Fidelity representative to eliminate the Michael Baker stock allocation altogether in favor of two of his mutual funds.

49. Less than two weeks later, after the close of the market on Friday, February 22, 2008, Michael Baker issued a press release announcing its intention to restate its financial results for the first three quarters of 2007. In the first trading day after the news of the Company's restatement announcement, Michael Baker stock closed down $8.53 to close at $27.57, for a 23.6% one day drop. As a result of his trades, Higgins avoided losses of $16,929.75.

FIRST CLAIM FOR RELIEF
Michael Baker Violated Section 13(a) of the Exchange Act and Exchange Act Rules 12b-20, 13a-1, and 13a-13

50. The Commission realleges and incorporates by reference herein the averments of paragraphs 1 through 49 of the Complaint.

51. Michael Baker filed with the Commission materially false and misleading financial statements as part of its annual reports for fiscal year 2006 on Form 10-K (filed March 16, 2007) and as part of its quarterly reports on Forms 10-Q for the periods ending March 31, 2007 (filed May 8, 2007), June 30, 2007 (filed August 7, 2007) and September 30, 2007 (filed November 5, 2007).

52. By reason of the foregoing, Michael Baker violated and unless enjoined will continue to violate Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20, 13a-1 and 13a-13 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13].

SECOND CLAIM FOR RELIEF

Scullin Aided and Abetted Michael Baker's Violation of Section 13(a) of the Exchange Act and Exchange Act Rules 12b-20, 13a-1, and 13a-13

53. The Commission realleges and incorporates by reference herein the averments of paragraphs 1 through 52 of the Complaint.

54. Scullin knowingly provided substantial assistance to Michael Baker in connection with its violations of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20, 13a-1, and 13a-13 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13].

55. By reason of the foregoing, Scullin, pursuant to Section 20(e) of the Exchange Act [15 U.S.C. § 78t], aided and abetted Michael Baker's violations of, and unless enjoined, will aid and abet further violations of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)], and Rules 12b-20, 13a-1 and 13a-13 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13].

THIRD CLAIM FOR RELIEF

Michael Baker Violated Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act

56. The Commission realleges and incorporates by reference herein the averments of paragraphs 1 through 55 of the Complaint.

57. Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)] requires public companies to make and keep books, records and accounts which, in reasonable detail, accurately and fairly reflect the company's transactions and dispositions

of its assets. Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. § 78m(b)(2)(B)] requires public companies, among other things, to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that the company's transactions were recorded as necessary to permit preparation of financial statements conforming with GAAP.

58. By reason of the foregoing, Michael Baker violated and unless enjoined will continue to violate 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)].

FOURTH CLAIM FOR RELIEF
Scullin Aided and Abetted Michael Baker's Violations of Section 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act

59. The Commission realleges and incorporates by reference herein the averments of paragraphs 1 through 58 of the Complaint.

60. Scullin knowingly provided substantial assistance to Michael Baker in connection with its 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).

61. By reason of the foregoing, Scullin, pursuant to Section 20(e) of the Exchange Act [15 U.S.C. § 78t], aided and abetted Michael Baker's violations of, and unless enjoined, will aid and abet further 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).

FIFTH CLAIM FOR RELIEF
Scullin Violated Section 13(b)(5) of the Exchange Act and Exchange Act Rule 13b2-1

62. The Commission realleges and incorporates by reference herein the averments of paragraphs 1 through 61 of the Complaint.

63. Scullin violated and unless enjoined will continue to violate Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)], and Rule 13b2-1 [17 C.F.R. § 240.13b2-1] by knowingly circumventing a system of internal accounting controls required by Section 13(b)(2)(B) of the Exchange Act, 15 U.S.C. § 78m(b)(2)(B), and falsifying or causing to be falsified certain books, records, and accounts.

SIXTH CLAIM FOR RELIEF
Scullin Violated Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5

64. The Commission realleges and incorporates by reference herein the averments of paragraphs 1 through 63 of the Complaint.

65. As a result of the conduct described above, Scullin, directly or indirectly, in connection with the purchase or sale of a security, by use of means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, with scienter: (a) employed devices, schemes, or artifices to defraud; (b) made untrue statements of material facts or 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; or (c) engaged in acts, practices, or courses of business which operated or did operate as a fraud or deceit upon any person.

66. By reason of the foregoing, Scullin violated, and unless enjoined will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

SEVENTH CLAIM FOR RELIEF
Higgins Violated Section 17(a) of the Securities Act

67. The Commission realleges and incorporates by reference herein the averments of paragraphs 1 through 66 of the Complaint.

68. In the offer or sale of Michael Baker securities, Higgins, by the use of the means or instruments of transportation or communication in interstate commerce, or by the use of the mails, directly or indirectly has: (a) with scienter, employed devices, schemes or artifices to defraud; or (b) obtained money or property by means of untrue statement of a material fact or omitted to state material facts necessary to make the statement made, in light of the circumstances under which they were made, not misleading; and (c) engaged in transactions, practices, or a course of business which operated or would operate as a fraud or deceit upon purchasers of Michael Baker securities and upon other persons, in violation of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

69. By reason of the foregoing, Higgins violated and unless enjoined will continue to violate Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

EIGHTH CLAIM FOR RELIEF
Higgins Violated Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5

70. The Commission realleges and incorporates by reference herein the averments of paragraphs 1 through 69 of the Complaint.

71. Higgins, directly or indirectly, in connection with the purchase or sale of ny security, using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, with scienter: (a) employed any device, scheme, or artifice to defraud; (b) made any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) engaged in any

act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

72. By reason of the foregoing, Higgins violated and unless enjoined will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court:

I.

Issue findings of fact and conclusions of law that the defendants committed the alleged violations.

II.

Issue judgments, in a form consistent with Fed. R. Civ. P. 65(d), permanently enjoining defendant Michael Baker from violating 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]; enjoining defendant Scullin from violating 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 and 13b2-1 thereunder [17 C.F.R. §§ 240.10b-5 and 240.13b2-1], and 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]; and enjoining defendant Higgins from violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Section 10(b) of the Exchange Act [15 U.S.C. §§ 78j(b)] and Rules 10b-5 thereunder [17 C.F.R. §§ 240.10b-5].

III.

Order defendant Higgins to disgorge, with prejudgment interest, his losses avoided as a result of the conduct alleged in this complaint.

IV.

Order defendant Scullin to pay a civil penalty pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

V.

Order defendant Higgins to pay a civil penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], and Section 21A of the Exchange Act [15 U.S.C. § 78uA], and to disgorge, with prejudgment interest, his losses avoided as a result of the conduct alleged in this complaint.

VI.

Grant such other and further relief as this Court deems just and proper.

Dated: May 11, 2011

Washington, D. C.

Respectfully submitted,

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