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ENFORCEMENT PROCEEDINGS

SEC FILES SETTLED ACTIONS AGAINST KEVIN B. COLLINS AND IBM FOR ASSISTING IN DOLLAR GENERAL CORPORATION'S ACCOUNTING FRAUD

The Commission today announced the filing of a settled civil action against Kevin B. Collins, an employee of International Business Machines Corporation (IBM), for aiding and abetting Dollar General Corporation's commission of accounting fraud. The Commission filed the civil action against Collins in the United States District Court for the Middle District of Tennessee. As set forth in the Commission's complaint, Collins assisted Dollar General's commission of accounting fraud through a sham transaction that was designed to achieve a particular accounting result for Dollar General. Also today, the Commission instituted a settled cease-and-desist proceeding against IBM for its role in the Dollar General fraud and for IBM's own books and records violations.

According to the Commission's complaint, in 1999, IBM and Dollar General agreed that Dollar General would lease new electronic cash registers from IBM to replace Dollar General's old registers. As originally planned, Dollar General would phase out the old registers and purchase the new IBM equipment over a multi-year period. As alleged in the Commission's complaint, in the second half of 2000, IBM, through Collins, instead suggested that Dollar General accelerate the roll-out of new IBM equipment by leasing for approximately \$10 million all of the new equipment by the end of 2000. This would have the result of increasing IBM's revenue for fiscal year 2000, as well as increasing Collins' bonus compensation for that period. As alleged by the Commission, Dollar General initially rejected the proposal, however, due to an accounting problem. Specifically, if Dollar General replaced all of the Omron equipment, it would be required to write off the book value of that equipment as an expense. This "book loss" problem, as it became known, in turn, would have a negative impact on Dollar General's earnings for its fiscal year 2000.

The Commission further alleges in its complaint that IBM, through Collins, devised a way to solve Dollar General's "book loss" problem. Specifically, Collins proposed that IBM would purchase Dollar General's old cash registers for approximately \$11 million. As alleged, by selling the equipment at that price, Dollar General would avoid most of the negative consequences of having to write off the book value of the equipment that would have occurred if it simply replaced the old registers with the new IBM equipment. According to the Commission's complaint, the proposed "purchase" was not a bona fide transaction because, among other reasons, IBM's purchase price for Dollar General's old cash registers was repaid to IBM by an offsetting increase in the amount that Dollar General was to pay for the new IBM equipment. In addition, although IBM agreed to buy the Omron equipment for more than Dollar General was going to pay for the new IBM registers, IBM and Collins knew that the old cash registers were worthless to IBM, IBM intended to destroy the equipment, and ultimately IBM never took possession of any of the sales registers. As alleged, IBM nevertheless engaged in the "purchase" and Dollar General removed the old cash registers from its books and minimized the negative impact on its earnings in fiscal year 2000.

The Commission's complaint alleges that, as a result of his conduct,

Collins aided and abetted Dollar General's violations of Sections 10(b), 13(a), and 13(b)(2)(A) of the Exchange Act and Exchange Act Rules 10b-5, 12b-20 and 13a-11. Collins has agreed, without admitting or denying the allegations in the complaint, to the entry of a final judgment permanently enjoining him from aiding and abetting violations of these provisions. In addition, the final judgment orders Collins to pay \$95,000, comprising \$48,769 in disgorgement, \$21,231 in prejudgment interest and a civil penalty of \$25,000. Collins' settlement is subject to court approval.

In the related administrative proceeding instituted on June 25 against IBM, the Commission found that, as a result of the above-referenced conduct, IBM caused Dollar General's violations of Sections 10(b), 13(a), and 13(b)(2)(A) of the Securities Exchange Act of 1934 and Exchange Act Rules 10b-5, 12b-20 and 13a-11. The Commission's order also finds that IBM maintained inaccurate books and records during 2000 and 2001 as a result of numerous discrete revenue recognition errors that took place in the United States and at least 23 other countries, totaling approximately \$577 million in revenues over that two-year period. The order also finds that IBM violated Section 13(b)(2)(A) by failing to keep accurate books and records. IBM, without admitting or denying the Commission's findings, consented to the issuance of the Commission's order directing IBM to cease and desist from committing or causing future violations of these provisions. Under the terms of the order, IBM also undertakes to pay \$7 million to the court in connection with the Commission's previously filed action SEC v. Dollar General, et al. C.A. No. 3:05-0283 (M.D. Tenn.).

For further information see SEC v. Dollar General, et al. Litigation Release No. 19174 (April 7, 2005) and Litigation Release No. 19653 (April 12, 2006). [SEC v. Kevin B. Collins, Civil Action No. 3:07-0679 (M.D. Tenn.)] (LR-20166; AAE Rel. 2624); [In the Matter of International Business Machines Corporation - Rel. 34-55954; File No. 3-12666; AAE Rel. 2623)

SEC SUES LONDON-BASED HEDGE FUND ADVISER GLG PARTNERS, L.P. FOR ILLEGAL SHORT SELLING IN CONNECTION WITH PUBLIC OFFERINGS

GLG Agrees to Pay Over \$3.2 Million to Settle Charges

The Commission today announced settled enforcement actions against London-based hedge fund adviser GLG Partners, L.P. for illegal short selling in connection with fourteen public offerings. In particular, over a two-year period GLG made over \$2.2 million in four of its managed hedge funds by engaging in multiple violations of Rule 105 of Regulation M of the Securities Exchange Act of 1934. Rule 105, designed to prevent manipulative short selling, prohibits covering certain short sales with securities obtained in a public offering. In settlement, GLG agreed to a cease-and-desist order and payment of over \$3.2 million in disgorgement, prejudgment interest, and penalties. In accepting GLG's settlement offer, the Commission considered remedial acts undertaken by GLG and GLG's cooperation in the Commission's investigation.

Without admitting or denying the findings, GLG consented to the Commission order that finds, from July 2003 through May 2005, GLG violated Rule 105 on 16 occasions in 14 different public offerings in the following funds: GLG Market Neutral Fund; GLG North American Opportunity Fund; GLG Technology Fund; and GLG European Long Short Fund. At the time, GLG did not have any policies, procedures or training on Rule 105.

GLG's payment includes disgorgement of \$2,214,180 and prejudgment interest of \$489,455.94. GLG also will pay a \$500,000 penalty in a related civil penalty action brought pursuant to Section 21(d)(3) of