

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 74177 / January 29, 2015

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3624 / January 29, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16293

In the Matter of

LAURIE BEBO, and
JOHN BUONO, CPA

Respondents.

**ORDER MAKING FINDINGS, AND
IMPOSING REMEDIAL SANCTIONS AND
A CEASE-AND-DESIST ORDER AGAINST
JOHN BUONO PURSUANT TO SECTIONS
4C AND 21C OF THE SECURITIES
EXCHANGE ACT OF 1934 AND RULE
102(e) OF THE COMMISSION’S RULES
OF PRACTICE**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest to accept the Offer of Settlement submitted by John Buono, CPA (“Buono” or “Respondent”) pursuant to Rule 240(a) of the Rules of Practice of the Commission, 17 C.F.R. § 201.240(a), for the purpose of settlement of these proceedings initiated against Respondent on December 3, 2014, pursuant to Sections 4C and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 102(e) of the Commission’s Rules of Practice.

II.

Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order Against John Buono Pursuant to Sections 4C and 21C of the Securities Exchange Act of 1934 and Rule 102(e) of the Commission’s Rules of Practice (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer of Settlement ("Offer"), the Commission finds that¹:

A. Summary

1. This matter involves disclosure fraud, a fraudulent scheme, lying to auditors, and reporting, record-keeping and internal controls violations by Laurie Bebo ("Bebo") and Buono, respectively the CEO and CFO of Assisted Living Concepts, Inc. ("ALC"). During the relevant period, ALC was a publicly-traded assisted living and senior residence provider headquartered in Menomonee Falls, Wisconsin.

2. From 2009 through early 2012, Bebo and Buono knew, or were reckless in not knowing, that ALC misrepresented in its Forms 10-K and 10-Q that it was in compliance with occupancy and financial covenants included in a lease pursuant to which ALC leased eight of its senior residence facilities. Furthermore, Bebo and Buono undertook an elaborate scheme to hide ALC's lack of compliance with the covenants. Bebo and Buono engaged in the misconduct to avoid defaulting on the lease, which would have required, among other things, ALC to pay the landlord the amount of rent due on the remaining term of the lease. That amount was between \$16 million and \$25 million in the relevant time frame.

3. To execute the scheme, Bebo and Buono directed ALC personnel to include in the lease covenant calculations large numbers of fabricated occupants who did not reside at the facilities. Bebo and Buono further directed ALC personnel to record journal entries increasing revenue associated with the fabricated occupancy in the accounts for the leased facilities. ALC made a corresponding journal entry decreasing revenue each period to mask the fraud in ALC's accounting records. To establish the number of fabricated occupants to be included in the covenant calculations, ALC personnel, at Bebo and Buono's direction, reverse-engineered the requisite number of fabricated occupants needed to meet the covenants. Then, shortly after the end of each quarter, ALC provided the facilities' landlord with covenant calculations which included the fabricated occupants and the associated revenue, thus falsely showing that ALC was meeting the covenants.

4. In furtherance of the scheme, Bebo and Buono each quarter created lists identifying the fictitious occupants and their associated lengths of stay at the facilities. These lists contained the following types of non-residents that Bebo and Buono directed ALC to include in the covenant calculations: (1) Bebo's family members and friends; (2) family members (including the seven-year old nephew) of one of Bebo's friends; (3) employees who did not travel to, let alone stay at, the facilities; (4) employees of the leased facilities, who lived nearby and rarely or never stayed at those facilities; (5) employees who had been terminated by ALC or employees who ALC anticipated hiring but who had not yet started; (6) employees who ALC listed as occupants of multiple facilities for the same time period; and (7) other individuals who were neither ALC employees nor residents of the leased facilities.

5. ALC's landlord never agreed to the inclusion of such individuals in the covenant calculations. In addition, ALC's landlord never knew that ALC was including such individuals in

¹The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

the covenant calculations and never knew that ALC would have failed the covenants, by significant amounts, without their inclusion.

6. Nevertheless, in each ALC Form 10-K and 10-Q from the third quarter of 2009 to the fourth quarter of 2011, Bebo and Buono certified the accuracy of ALC's representations that it was in compliance with the lease covenants. Bebo and Buono knew, or were reckless in not knowing, that ALC's representations about the lease covenants were false, misleading, and omitted material information.

B. Respondents

7. Bebo, age 43, is a resident of Hartland, Wisconsin. From November 2006 through May 2012, when she was terminated, Bebo was ALC's President and Chief Executive Officer. From May 2008 through July 2012, Bebo was also a member of ALC's Board of Directors.

8. Buono, age 51, is a resident of Pewaukee, Wisconsin. From October 2006 through July 2013, Buono was ALC's Chief Financial Officer, Senior Vice President, and Treasurer. From March 1988 through at least September 2013, Buono was a licensed certified public accountant in the state of Wisconsin.

C. Relevant Entities

9. ALC was a Nevada corporation with its principal place of business in Menomonee Falls, Wisconsin. Between November 2006 and July 2013, ALC's common stock was registered with the Commission pursuant to Section 12(b) of the Exchange Act and traded on the New York Stock Exchange. During the relevant time period, ALC's primary business was the operation of senior living residences in the United States. In February 2013, ALC agreed to be sold to a private equity firm. In July 2013, when the sale was completed, ALC's stock ceased trading on the New York Stock Exchange.

10. Ventas, Inc. ("Ventas") is a Delaware corporation with its principal place of business in Chicago, Illinois. Ventas's common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act and trades on the New York Stock Exchange. Ventas is a real estate investment trust ("REIT") with a portfolio of nearly 1,500 senior housing and healthcare properties in the United States and Canada.

D. ALC and the Ventas Lease

11. During the relevant time period, approximately 2008 through mid-2012, ALC operated more than 200 senior living residences in the United States, totaling more than 9,000 units. ALC employed approximately 4,200 people, approximately 200 of whom worked at: (1) ALC's corporate headquarters; or (2) regional or divisional levels, which meant that they worked out of their home or at a regional office. The remainder of ALC's employees worked at the assisted living facilities themselves. For the years 2008 through 2012, ALC's annual revenues ranged from \$225 to \$234 million.

12. In 2007, Bebo and ALC's Board of Directors were interested in expanding ALC's operations and were offered an opportunity to acquire the operations of a firm which operated eight

assisted living facilities that the firm leased from Ventas and were located in Alabama, Florida, Georgia, and South Carolina (the “Ventas facilities”). In order to acquire the operations of the Ventas facilities, ALC was required to enter into a lease with Ventas.

13. As of January 1, 2008, ALC acquired the operations of the Ventas facilities and simultaneously entered into a lease with Ventas to operate those facilities (the “Ventas lease”). These facilities were comprised of approximately 540 total units. The Ventas lease specifically provided that it could only be modified by a writing signed by authorized representatives of both ALC and Ventas and that all “notices, demands, requests, consents, approvals and other communications” under the lease were to be in writing with a copy to Ventas’s general counsel.

14. ALC entered the Ventas lease even though it considered various provisions of the lease to be potentially onerous. For instance, the lease contained financial covenants (the “financial covenants”), which required that ALC maintain: (1) a quarterly occupancy of at least 65% at each individual Ventas facility; (2) a trailing twelve-month occupancy of at least 75% at each individual facility; (3) a trailing twelve-month occupancy of at least 82% for the eight-facility portfolio; (4) a trailing twelve-month coverage ratio of at least 0.8 for each facility; and (5) a trailing twelve-month coverage ratio of at least 1.0 for the entire portfolio. The lease defined “coverage ratio” as each facility’s cash flow for an applicable period, divided by ALC’s rent payments to Ventas for that facility. The cash flow component of the coverage ratio calculation generally correlated to a facility’s occupancy, such that a decline in occupancy would result in an attendant decline in coverage ratio, and vice-versa.

15. The lease’s default provisions had significant consequences to ALC. In the event that ALC violated any of the financial covenants, Ventas could: (1) terminate the lease in its entirety; (2) evict ALC from all eight facilities; and (3) require ALC to pay damages equal to the net present value of the unpaid rent for the remaining term of the lease (through March 2015) for the entire portfolio. These damages as of ALC’s 2009, 2010, and 2011 fiscal year end would have been \$24.9 million, \$20.9 million and \$16.7 million, respectively. For ALC’s 2009, 2010 and 2011 fiscal years, the damage amounts approximated 101%, 81%, and 46% respectively of ALC’s income from operations before income taxes, and 56%, 45%, and 31% respectively of ALC’s cash flows from operations. Such amounts were material to ALC’s financial statements.

16. While Bebo was a strong proponent of entering the Ventas lease, certain ALC officers and directors advocated against entering the lease because of the lease’s many disadvantageous provisions, including those referenced above related to the financial covenants. In response to those concerns, Bebo assured the directors that she was confident that ALC could meet the financial covenants.

17. On January 7, 2008, ALC filed a Form 8-K which announced that it had entered the lease with Ventas. The Form 8-K specifically disclosed the financial covenants and the consequences for non-compliance discussed above, and ALC attached the lease as an exhibit to the filing.

E. Less Than a Year After Entering the Ventas Lease, Bebo and Buono Realized that a Financial Covenant Default Was Likely

18. Under the terms of the Ventas lease, ALC was required to demonstrate its compliance with the financial covenants on a quarterly basis. In that regard, ALC was required to provide Ventas within 45 days of the end of a quarter: trailing twelve month income statements for each Ventas facility and for the entire portfolio; quarterly financial statements for each facility, prepared in accordance with Generally Accepted Accounting Principles (“GAAP”); and schedules documenting compliance with the financial covenants. In addition, an ALC executive was required to attest to the completeness and accuracy of such information by signing an officer’s certificate and providing it to Ventas along with the information.

19. Bebo, Buono, and various members of ALC’s accounting department regularly reviewed and monitored occupancy and coverage ratios at the Ventas facilities to ensure that ALC was meeting the financial covenants and to prepare the required documentation. Both Bebo and Buono were generally aware of the facilities’ occupancy rates and coverage ratios at all times in the relevant time period. In addition, ALC’s board required Bebo and Buono to report on ALC’s compliance with the covenants in advance of meetings. At each board meeting during the relevant time period (from 2008 through early 2012), Bebo and Buono reported that ALC was in compliance with the covenants.

20. Ventas also paid close attention to ALC’s compliance, and considered occupancy and coverage ratio to be key metrics of its properties’ performance. For these reasons, Ventas reviewed and scrutinized the financial covenant calculations, quarterly financial statements and other information which accompanied ALC’s officer certificates. Ventas personnel also held quarterly conference calls with Bebo and Buono and periodically visited the facilities, during which Ventas representatives asked detailed questions about the financial performance of the Ventas facilities.

21. Shortly after ALC assumed operations of the Ventas facilities, occupancy began declining. In response to concerns raised by the board in the August 2008 meeting regarding ALC’s ability to meet the financial covenants, Buono prepared a memo for the November board meeting. That memo, which Bebo reviewed and approved, stated that ALC needed immediate improvement at four of the facilities to meet the financial covenants. By mid-January 2009, Bebo and Buono both knew that ALC would likely default on one or more of the financial covenants in the near future.

F. Bebo and Buono’s Scheme to Include ALC Employees and Other Non-Residents in the Ventas Lease Covenant Calculations

22. In an attempt to avoid defaulting on the financial covenants, Bebo initially devised a plan to include ALC employees who stayed overnight at the Ventas facilities as occupants of the properties for purposes of the financial covenant calculations. At certain times, a limited number of ALC corporate, regional and divisional level employees travelled to the Ventas facilities as part of their normal job responsibilities. In an effort to save money, Bebo had directed that some of those employees stay overnight at the facilities in lieu of staying at a hotel.

23. Bebo sought the advice of ALC’s general counsel on the permissibility of including employees who stayed at the Ventas facilities in the financial covenant calculations. In response, on January 19, 2009, the general counsel wrote Bebo and Buono an email advising them that for

such a practice to be permissible under the Ventas lease, ALC needed to fully disclose the practice to Ventas and obtain Ventas's approval in writing. Nevertheless, ALC never obtained Ventas's written approval to include employees in the covenant calculations or disclosed to Ventas the scheme discussed herein.

24. Beginning in the first quarter of 2009, occupancy at the Ventas facilities had declined to the point where ALC was in violation of certain financial covenants in the Ventas lease. Rather than report the defaults to Ventas, ALC's board of directors, or ALC's shareholders, Bebo directed Buono and his staff to include employees and other non-residents in the financial covenant calculations.

25. Among the non-residents that ALC included in the financial covenant calculations at Bebo and Buono's direction were:

- a. ALC employees who never stayed at or traveled to the Ventas facilities;
- b. ALC employees who occasionally stayed at the Ventas facilities, but were included in the financial covenant calculations beyond the limited periods that they actually stayed at the facilities;
- c. ALC employees who worked at the Ventas facilities, who lived nearby and did not stay overnight at the facilities;
- d. Bebo's friends and family members, including her parents and her husband (under different last names than Bebo);
- e. Family members, including the seven-year old nephew, of one of Bebo's friends;
- f. Former ALC employees who had been terminated by the company;
- g. Employees who ALC anticipated hiring but who had not yet started working for the company;
- h. ALC employees and other individuals who ALC listed as occupants of multiple Ventas facilities for the same time period; and
- i. Other individuals who were neither ALC employees nor residents of the Ventas facilities.

26. At Bebo and Buono's direction, from the third quarter of 2009 to the fourth quarter of 2011, ALC included between 45 and 103 non-residents, such as those persons described in the preceding paragraph, in the Ventas financial covenant calculations. When ALC included such non-residents in the financial covenant calculations, ALC generally included each non-resident in the calculations for every day of the quarter. For each quarter during that time period, ALC would have failed certain occupancy and coverage ratio requirements in the Ventas lease, by significant margins, without the inclusion of such non-residents in the financial covenant calculations.

27. Ventas never agreed to, and was unaware of, ALC's inclusion of such non-residents in the financial covenant calculations. Ventas was also unaware that, without the inclusion of such individuals, ALC would have failed the financial covenant calculations.

G. ALC's Process for Including Employees and Other Non-Residents in the Ventas Lease Covenant Calculations

28. To effectuate the above-described scheme, ALC personnel developed a complex process to determine the required number of employees and other non-residents needed to meet the financial covenants. The process involved the following steps, all of which were performed as directed by Buono, with Bebo's approval, or performed by Bebo and Buono themselves.

29. First, after the end of each month in a given quarter, ALC accounting personnel determined the amount by which ALC would fail any of the financial covenants. Then, ALC personnel reverse-engineered the number of non-residents necessary for the month to at least meet, if not exceed, the financial covenants. In doing so, ALC presumed that each non-resident would be included in the financial covenant calculations for every day of the month.

30. ALC then prepared monthly journal entries which recorded revenue associated with the non-residents' inclusion in the financial covenant calculations. These journal entries: (1) increased revenue for the individual Ventas facilities; and (2) decreased revenue in the same amount in a corporate revenue account. Either Buono or Bebo initialed the entry before it was recorded in ALC's books and records.

31. After the revenue for the last month of a given quarter was recorded, ALC accounting personnel performed the financial covenant calculations, including the above-referenced non-resident occupancy and revenue adjustments, to ensure that all the financial covenants had been met.

32. Following the end of each quarter, after ALC calculated the number of non-residents to include in the financial covenant calculations, Bebo personally determined the identities of the non-residents that ALC would include in the financial covenant calculations, and provided a list of such individuals to Buono and ALC accounting personnel, who then provided the list to ALC's auditors.

33. Each quarter, beginning with the first quarter of 2009, ALC prepared and sent to Ventas: (1) the quarterly financial covenant calculations which included the above-referenced non-residents and attendant revenue, and thus showed ALC meeting or exceeding the financial covenants; (2) financial statements for the Ventas facilities which incorporated the revenue associated with the non-residents; and (3) an officer's certificate signed by Buono in which he attested that the information provided was complete and accurate and that the financial statements for the Ventas facilities complied with GAAP. The quarterly materials ALC sent to Ventas did not reference the inclusion of non-residents in the covenant calculations.

H. Bebo and Buono Actively Sought to Prevent Ventas from Learning About the Inclusion of Non-Residents in the Covenant Calculations

34. At Buono's and Bebo's direction, ALC personnel did not provide Ventas with any information indicating that ALC had included non-residents in the financial covenant calculations. As a result, Ventas was unaware that ALC was including non-residents in the financial covenant calculations. Moreover, rather than disclose the inclusion of the non-residents in the financial covenant calculations, Bebo and Buono employed a variety of measures to hide the practice from Ventas.

35. For instance, on a number of occasions, Bebo or Buono provided Ventas with fictitious explanations for quarterly occupancy or coverage ratio changes at the Ventas facilities in lieu of providing the only possible truthful explanation, which was an increase or decrease in the number of non-residents being included in the financial covenant calculations.

36. On at least two occasions, Buono changed the number of non-residents being included in the financial covenant calculations to avoid arousing suspicion on the part of Ventas. Buono did so to make it appear that ALC was exceeding the financial covenants, as opposed to just meeting them, or to make changes in the number of non-residents so that changes in occupancy and coverage ratio ALC reported to Ventas appeared less dramatic and more realistic.

37. On another occasion, ALC had to revise the number of non-residents included in the financial covenant calculations, because it had initially reported occupancy to Ventas in excess of 100%. At Buono's direction, ALC told Ventas that the initial reporting was due to an accounting error and did not disclose that the revision related to the number of non-residents included in the financial covenant calculations.

38. In summer 2011, ALC was exploring a sale of the company, and was preparing due diligence materials to be reviewed by potential buyers, one of which was Ventas. Bebo directed ALC's investment bankers not to provide Ventas with actual occupancy figures at the Ventas facilities but permitted the investment bankers to provide such information to other interested buyers.

39. Moreover, Bebo attempted to thwart Ventas's ability to determine actual occupancy during Ventas's periodic inspections of the Ventas facilities. To that end, Bebo: (a) restricted Ventas from visiting certain facilities at particular times, and (b) directed that resident name tags be removed from their doors during Ventas's inspections, such that Ventas could not manually count the number of occupied rooms.

40. In March 2012, Bebo tried to convince ALC's board not to disclose the inclusion of non-residents in the Ventas financial covenant calculations to the remaining potential bidders interested in purchasing ALC.

I. ALC's False and Misleading Disclosures in its Commission Filings

41. ALC's Forms 10-K for the years ending December 31, 2009, 2010 and 2011 (which Bebo and Buono signed) and its Forms 10-Q for the first three quarters of those years (which Buono signed) contained the representation that ALC was in compliance with the financial covenants in the Ventas lease.

42. Moreover, ALC's Form 10-K for the year ending December 31, 2011 and its Forms 10-Q for the second and third quarter of that year contained the following representation: "ALC does not believe that there is a reasonably likely degree of risk of breach of the [Ventas financial] covenants."

43. As a result of the improper inclusion of employees and other non-residents in the Ventas financial covenant calculations, and the fact that ALC would have failed the covenants without the inclusion of such persons, the above-described statements in ALC's Forms 10-K and 10-Q were false, misleading, and omitted material information.

44. In connection with each of the above-referenced Forms 10-K and 10-Q, Bebo and Buono signed certifications which certified that: (1) ALC's filings did not contain any material misstatements or omissions; (2) ALC's filings fairly presented in all material respects ALC's financial condition, results of operation and cash flows; and (3) they had designed or caused to be designed such internal controls to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP.

45. Given the inclusion of employees and other non-residents in the Ventas financial covenant calculations, Bebo and Buono either knew, or were reckless in not knowing, that ALC's above-referenced Forms 10-K and 10-Q and the above-referenced certifications were false, misleading, and omitted material information.

46. In each of the above-referenced Forms 10-K and 10-Q, ALC additionally failed to disclose a loss contingency associated with ALC's violation of the Ventas financial covenants and the impact of such contingency on ALC's operations and financial statements. Such a disclosure was required under GAAP. Accounting Standards Codification ("ASC") 450-20-50-3. Buono either knew, or was reckless in not knowing, that ALC's filings improperly failed to disclose such a loss contingency.

J. Bebo and Buono Made False Representations to ALC's Auditors

47. In connection with the audits of ALC's financial statements for the years ending December 31, 2009, 2010 and 2011, and in connection with the reviews of ALC's quarterly financial statements for the first three quarters of those years, Bebo and Buono signed representation letters addressed to ALC's auditors in which they falsely represented that ALC had "complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of a noncompliance." Bebo, Buono, and ALC's auditors understood these representations to attest to compliance with the Ventas financial covenants.

48. Given the inclusion of employees and other non-residents in the Ventas financial covenant calculations, Bebo and Buono either knew, or were reckless in not knowing, that their above-described representation to ALC's auditors was false, misleading, and omitted material information.

49. In connection with the same audits and reviews, ALC, at Bebo's and Buono's direction, provided the auditors with the above-referenced lists, created by Bebo and Buono, identifying fictitious occupants at the Ventas facilities and their associated lengths of stay at the facilities.

50. Moreover, in connection with the audit of ALC's financial statements for the year ending December 31, 2011, Bebo and Buono signed a representation letter addressed to ALC's auditors that represented that Bebo and Buono had no knowledge of any allegations of fraud or suspected fraud by any ALC employee. Bebo and Buono either knew, or were reckless in not knowing, that such statement was false and misleading, given that in approximately November 2011, an ALC employee confronted Bebo and Buono with concerns that the inclusion of employees in the Ventas financial covenant calculations was fraudulent.

K. The Scheme Unravels

51. In April 2012, Ventas filed a lawsuit against ALC unrelated to the financial covenants. At the time, Ventas was unaware that ALC had been including employees and other non-residents in the financial covenant calculations.

52. In connection with related settlement negotiations with Ventas, Bebo tried to convince ALC's board not to disclose to Ventas ALC's inclusion of employees and other nonresidents in the Ventas financial covenant calculations. Bebo actively lobbied against a director's demand that ALC include in any settlement proposal specific language whereby Ventas would release claims arising from ALC's inclusion of employees in the financial covenant calculations.

53. Bebo's efforts were unsuccessful, and ALC sought a release from Ventas expressly relating to the inclusion of employees in the financial covenant calculations and the quarterly certifications ALC sent to Ventas. After receiving ALC's request for the release, Ventas moved to amend its complaint against ALC to include allegations relating to ALC's inclusion of employees in the covenant calculations.

54. In June 2012, ALC and Ventas settled the lawsuit, which included a release of all claims related to the Ventas lease. As part of the settlement, ALC purchased the Ventas facilities and certain other facilities from Ventas for an amount far greater than the appraised value of the facilities. ALC paid approximately \$100 million to settle the litigation and purchase the facilities, even though independent third party appraisals only valued the purchased facilities at \$62.8 million. Thus, in its financial statements for the second quarter of 2012, ALC included as an expense \$37.2 million for "lease termination and settlement" and also wrote off the entirety of the remaining lease intangible assets associated with the Ventas facilities, which were approximately \$8.96 million.

L. Violations

55. As a result of the conduct described above, Buono willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in connection with the purchase or sale of any security involving: a) the use of any device, scheme, or artifice to defraud; b) the making of material misrepresentations or omissions; and c) any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person. Also, by engaging in the conduct described above, Buono willfully aided and abetted and caused ALC's violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

56. As a result of the conduct described above, Buono willfully aided and abetted and caused ALC's violations of Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-13 thereunder, which require issuers with securities registered under Section 12 of the Exchange Act to file factually accurate annual and quarterly reports. Also, Buono willfully aided and abetted and caused ALC's violations of Rule 12b-20 of the Exchange Act, which requires the addition to such reports any further material information necessary to make the required reports not misleading.

57. As a result of the conduct described above, Buono willfully violated Exchange Act Rule 13a-14, which requires an issuer's principal executive officer and principal financial officer to certify each periodic report containing financial statements filed by the issuer pursuant to Section 13(a) of the Exchange Act.

58. As a result of the conduct described above, Buono willfully violated Exchange Act Section 13(b)(5), which prohibits any person from knowingly circumventing or knowingly failing to implement a system of internal accounting controls or knowingly falsifying any book, record or account subject to Exchange Act Section 13(b)(2). Also, Buono willfully violated Exchange Act Rule 13b2-1, which prohibits any person from, directly or indirectly, falsifying or causing to be falsified, any book, record or account subject to Exchange Act Section 13(b)(2).

59. As a result of the conduct described above, Buono willfully violated Exchange Act Rule 13b2-2, which prohibits any director or officer of an issuer from, directly or indirectly from: (a) making or causing to be made a materially false or misleading statement; or (b) omitting or causing another person to omit to state a material fact necessary in order to make statements made, in light of the circumstances under which such statements were made, not misleading, to an accountant in connection with financial statement audits, reviews, or examinations or the preparation or filing of any document or report required to be filed with the Commission.

60. By engaging in the conduct described above, Buono willfully aided and abetted and caused ALC's violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act, which requires an issuer of securities registered under Section 12 of the Exchange Act to make and keep accurate books, records, and accounts, and to devise and maintain a sufficient system of internal accounting controls.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest for to impose the sanctions agreed to in Respondent's Offer.

Accordingly, it is hereby ORDERED, effective immediately, that:

A. Buono shall cease and desist from committing or causing any violations and any future violations of Sections 10(b), 13(a), 13(b)(2)(A), 13(b)(2)(B), and 13(b)(5) of the Exchange Act and Rules 10b-5, 12b-20, 13a-1, 13a-13, 13a-14, 13b2-1, and 13b2-2 thereunder.

B. Buono is prohibited, pursuant to Section 21C(f) of the Exchange Act, from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act or that is required to file reports pursuant to Section 15(d) of the Exchange Act.

C. Buono, pursuant to Section 4C of the Exchange Act and Rule 102(e) of the Commission's Rules of Practice, is denied the privilege of appearing or practicing before the Commission as an accountant.

D. Buono shall, within 10 days of the entry of this Order, pay a civil money penalty in the amount of \$100,000.00 to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717. Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying John Buono as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Robert Burson, Division of Enforcement, Securities and Exchange Commission, 175 West Jackson, Suite 900, Chicago, IL 60604.

By the Commission.

Brent J. Fields
Secretary