UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 74624 / April 1, 2015

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3647 / April 1, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16469

In the Matter of

MARC J. MIZE,

Respondent.

ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER

I.

The Securities and Exchange Commission ("Commission") deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 ("Exchange Act") against Marc J. Mize ("Mize" or "Respondent").

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the "Offer") which the Commission has determined to accept. 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, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Cease-And-Desist Proceedings, Pursuant to Section 21C Of The Securities Exchange Act of 1934, Making Findings, And Imposing A Cease-And-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds[1] that

Summary

1. This case involves a fraudulent scheme by the owner (the "CEO") of four private telecommunications companies (collectively, "TelWorx") to inflate the value of assets that the companies sold to PCTEL, Inc. ("PCTEL"), a public company, and its wholly owned subsidiary PCTelWorx, Inc. ("PCTelWorx"). The scheme had two main components: first, to inflate the value of inventory and to prematurely recognize revenue prior to the sale in order to fraudulently inflate the sale price; and second, to conceal these facts from PCTEL by prematurely recognizing revenue after the asset purchase. Mize, an employee of TelWorx who joined PCTelWorx after the acquisition, participated in one of the fraudulent transactions – premature revenue recognition to meet a target revenue forecast – that was part of the scheme.

Respondent

2. **Marc J. Mize,** age 43, is a resident of High Point, North Carolina. From July 2012, until January 2013, he was the Senior Vice President of Sales and Tech Services of PCTelWorx.

Other Relevant Entities And Individuals

3. **PCTEL, Inc.** is a Delaware corporation with its principal place of business in Bloomingdale, Illinois. The company provides products and services for wireless communication networks. Its stock is traded on the NASDAQ (ticker symbol PCTI).

4. **PCTelWorx, Inc.** was a wholly owned subsidiary of PCTEL. PCTEL merged PCTelWorx into PCTEL on June 30, 2014.

5. **The CEO** was the owner and CEO of one of the TelWorx companies. After July 2012, the CEO was the general manager of PCTelWorx, whose responsibilities included its day-to-day operations and providing its quarterly revenue forecasts to PCTEL.

Background

6. In July of 2012, PCTEL and PCTelWorx acquired the assets of TelWorx. After the acquisition, the CEO ran PCTelWorx. Thereafter, PCTelWorx operated similarly to TelWorx.

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[1] The 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.

7. Prior to the acquisition, Mize was a TelWorx employee. After the acquisition, he became an employee of PCTelWorx.

8. In the third and fourth quarter of 2012, PCTEL's publicly filed, consolidated financial statements included PCTelWorx's financial results.

Revenue Forecasts

9. Prior to the acquisition, the CEO provided PCTEL and PCTelWorx with TelWorx's revenue forecasts for the second quarter of 2012. Shortly before the acquisition, PCTEL learned that TelWorx did not meet the second quarter 2012 revenue forecast. This revenue shortfall was due, in part, to a large order that a customer ("Customer A") had postponed until the third quarter of 2012.

10. After the acquisition, PCTEL received PCTelWorx's revenue forecasts from the CEO on a quarterly basis. PCTelWorx employees, including Mize, knew that it was important to PCTEL's business that PCTelWorx meet or exceed the quarterly revenue forecasts it provided to PCTEL.

PCTelWorx Creates A False Order In The Third Quarter To Conceal Revenue Shortfall

11. Towards the end of the third quarter of 2012, PCTelWorx still had not received the large order from Customer A that the CEO forecasted for the third quarter, and the CEO realized that PCTelWorx would not meet its quarterly revenue forecast.

12. The CEO decided to improperly use an intermediate purchaser for Customer A's anticipated order to conceal the revenue forecast shortfall. The CEO proposed that the intermediate purchaser eventually would resell the products to Customer A at a profit. The CEO planned to offer the intermediate purchaser extended payment terms so that it could collect the full purchase price from Customer A before having to pay PCTelWorx's invoice. The CEO identified a vendor that provided services to – but that had not previously purchased a large order from – PCTelWorx (the "Vendor") as a potential intermediate purchaser.

13. Mize knew that the purpose of this false transaction was to artificially meet PCTelWorx's forecasted third quarter revenue. At the CEO's direction, Mize spoke to the Vendor about the CEO's proposal and obtained a purchase order with the same terms as the order that PCTelWorx expected eventually to receive from Customer A.

14. Using the purchase order obtained by Mize, the CEO instructed a PCTelWorx employee ("the Employee") to record the Vendor's order in PCTelWorx's books and records and to indicate that the order had been shipped to the Vendor and that the Vendor had been invoiced. These actions resulted in improper, premature revenue recognition in PCTelWorx's books and records during the third quarter.

15. However, PCTelWorx never shipped the products listed on the false order to the Vendor, nor did it send the invoice for the false order to the Vendor. PCTelWorx's books and records indicated that the Vendor's payment for the products was due and unpaid.

PCTelWorx Conceals Premature Revenue Recognition By Removing A Legitimate Customer Order From Its Books And Records In the Fourth Quarter

16. Midway through the fourth quarter, Customer A still had not placed the order with PCTelWorx expected by the CEO. In addition, the payment for the false order by the Vendor was overdue. The CEO became concerned that PCTEL would attempt to collect on the overdue invoice to the Vendor, detect the false order in its books and records and determine that PCTelWorx had recognized revenue prematurely in the third quarter.

17. The CEO decided to conceal from PCTEL the false third quarter order from Vendor B by reversing it from PCTelWorx's books and records and recording a new false transaction that matched an actual purchase order from another PCTelWorx customer ("Customer B"). According to the CEO's plan, Customer B's order would be cancelled on PCTelWorx's books, but Customer B would pay for the order placed by Vendor B.

18. At the CEO's instruction, Mize contacted the Vendor and obtained a revised, false purchase order that was identical to the order that PCTelWorx had received from Customer B. Mize knew that the purpose of this transaction was to conceal from PCTEL the false third quarter transaction with the Vendor by removing the false transaction from the third quarter from PCTelWorx's books and records and replacing it with a false transaction that would be paid for by Customer B in the fourth quarter.

19. The CEO and Mize, at the CEO's direction, then instructed the Employee to cancel Customer B's order and to reverse Vendor A's false order from the third quarter in PCTelWorx's books and records. The CEO and Mize, at the CEO's direction, also instructed the Employee to enter the Vendor's revised, false purchase order into PCTelWorx's books and records. Ultimately, the items supposedly ordered by the Vendor pursuant to the revised, false purchase order were shipped to – and paid for – by Customer B.

20. PCTEL discovered the false entries in PCTelWorx's books and records. PCTEL issued a Form 8-K/A on March 13, 2013, disclosing these irregularities but did not restate any financial information it previously reported.

Violations

21. As a result of the conduct described above, Mize violated Section 13(b)(5) of the Securities Act which prohibits the knowing falsification of any book, record, or account or circumvention of internal controls.

22. As a result of the conduct described above, Mize caused PCTEL's violation of Section 13(b)(2)(A) of the Exchange Act, which requires Section 12 registrants to make and keep

books, records, and accounts that accurately and fairly reflect the transactions and dispositions of their assets.

23. As a result of the conduct described above, Mize violated Rule 13b2-1 of the Exchange Act, which prohibits the direct or indirect falsification of any book, record or account subject to Section 13(b)(2)(A) of the Exchange Act.

IV.

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

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Mize cease and desist from committing or causing any violations and any future violations of Sections 13(b)(2)(A) and 13(b)(5) of the Exchange Act and Rule 13b2-1 promulgated thereunder.

B. Mize shall pay civil penalties of $25,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury in accordance with Exchange Act Section 21F(g)(3). Payment shall be made in $5,000 installments within 10, 90, 180, 270, and 360 days of the entry of this order. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of civil penalties, plus any additional interest accrued pursuant to 31 U.S.C. 3717, shall be due and payable immediately, without further application. 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 Marc J. Mize 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: Paul Montoya, Assistant

Regional Director, Chicago Regional Office, Securities and Exchange Commission, 175 W. Jackson Blvd., Suite 900, Chicago, Illinois 60604.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Brent J. Fields
Secretary