

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 75417 / July 9, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16682

<p>In the Matter of</p> <p style="text-align:center">Patrick Lehnert,</p> <p>Respondent.</p>

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 Patrick Lehnert (“Lehnert” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Lehnert 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, Lehnert 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 Lehnert’s Offer, the Commission finds that:

A. Summary

1. These proceedings involve insider trading in the securities of Harman International Industries, Incorporated (“Harman”) in advance of a positive earnings announcement. Before the open of the market on October 30, 2014, Harman announced better-than-expected revenues and earnings for its first quarter ended September 30, 2014. The closing price of Harman common stock increased 7.5% on this news.

2. Beginning in late September and continuing through the end of October 2014, Patrick Lehnert, a Harman finance officer located in Germany, purchased the economic equivalent of Harman common stock through contracts-for-difference (“CFDs”) in an overseas brokerage account. Lehnert’s profit on those securities transactions was approximately \$31,506.

B. Relevant Entity And Respondent

3. Harman International Industries, Incorporated is a publicly-traded Delaware corporation headquartered in Stamford, Connecticut. Harman is a worldwide leader in the development, manufacture and marketing of high quality, high-fidelity audio products, lighting solutions and electronic systems. The company’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.

4. Patrick Lehnert, age 43, was a Senior Director of Finance & Controlling Europe at Harman until December 23, 2014, when he was terminated. Harman did not have to pre-clear Lehnert’s trades as was required for certain employees trading in Harman securities. Lehnert lives in Karlsruhe, Germany.

C. Lehnert’s Awareness Of Financial Information

5. Harman’s first quarter of fiscal year 2015 ended September 30, 2014. As highlighted in its October 30, 2014 press release, Harman’s quarterly net sales increased by 22% to \$1.4 billion and its operational earnings-per-share increased by 38% to \$1.31. Revenues for the Infotainment division were up 17% to \$748 million.

6. Lehnert’s duties and responsibilities included controlling, financial reporting, and accounting for the European part of Harman’s Infotainment division. Lehnert was responsible for monthly closing processes, managerial reporting of monthly and quarterly financial performance and financial performance measurement and variance analysis.

7. By virtue of his job responsibilities, at a minimum, Lehnert was aware of nonpublic information concerning the entire Infotainment division. The Infotainment division was material to Harman as a whole, accounting for more than 50% of Harman’s total revenues for the first quarter ended September 30, 2014.

8. Lehnert reported to the company’s Vice President Controlling Infotainment. Both individuals worked at Harman’s offices located in Karlsbad, Germany, and interacted on a daily basis. On October 13, 2014, Lehnert’s supervisor sent him an email with the subject line, “Infotainment Monthly Report September FY15.” The attachment to that email included quarterly financial results for the Infotainment division including the top-line revenue of \$748 million for the division.

D. Lehnert's CFD Trading And Related Hedges

9. Beginning in late September 2014, Lehnert began to purchase the economic equivalent of Harman common stock through CFDs. Lehnert continued to purchase CFDs through October 29, 2014, the day before Harman's first quarter earnings announcement, while he was aware of the nonpublic financial performance of the Infotainment Division, as described in Paragraph 7.

10. Equity CFDs are agreements between two parties to exchange the difference in value of an underlying stock between the time the contract is opened and the time it is closed. If the share price increases, the seller pays the difference to the buyer. If the share price declines, the buyer must pay the seller. Equity CFDs mirror the movement and pricing of the underlying stock on a dollar-for-dollar basis, so any fluctuations in the public market price of the underlying security is reflected in a gain or loss of the CFD position.

11. Lehnert purchased CFDs through an account at a German branch office of a London-based CFD firm. The London firm hedged each of Lehnert's trades, either partially or fully, immediately after Lehnert opened the position. The London firm typically hedged these trades through swaps with a European-based affiliate of a large international financial institution. That financial institution then hedged its positions under the swaps by purchasing Harman common stock through its broker-dealer in the United States.

12. Before the open of the market on October 30, 2014, Harman announced better-than-expected revenues and earnings for its first quarter ended September 30, 2014. The closing price of Harman common stock increased 7.5% on this news. Lehnert closed out his open CFD positions shortly thereafter for profit of approximately \$31,506.

13. As a result of the conduct described above, Lehnert 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 securities.

IV.

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

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Lehnert cease and desist from committing or causing any violations and any future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Lehnert shall, within thirty (30) days of the entry of this Order, pay disgorgement of \$31,506, which represents profits gained as a result of the conduct described herein, and prejudgment interest of \$470, plus a civil money penalty of \$15,753, to the Securities and

Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. Payment must be made in one of the following ways:

- (1) Lehnert may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Lehnert 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) Lehnert 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 Lehnert 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 Reid A. Muoio, Esq., Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

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 Lehnert, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Lehnert 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