

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 105275 / April 20, 2026**

**ACCOUNTING AND AUDITING ENFORCEMENT**  
**Release No. 4591/ April 20, 2026**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-22630**

**In the Matter of**

**Key Tronic Corporation,  
Brett R. Larsen, CPA, and  
Nicholas S. Fasciana,**

**Respondents.**

**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 Key Tronic Corporation (“Key Tronic” or “company”), Brett R. Larsen, CPA (“Larsen”), and Nicholas S. Fasciana (“Fasciana”) (together, “Respondents”).

**II.**

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) 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 them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V for Larsen and Fasciana, Respondents consent 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 Respondents' Offers, the Commission finds<sup>1</sup> that:

#### Summary

1. This matter concerns improper expense management at a Key Tronic manufacturing facility in Oakdale, Minnesota ("Oakdale"), and the company's response to allegations from an internal complaint related to that facility hours before Key Tronic was scheduled to release quarterly earnings.

2. In the first half of Key Tronic's fiscal year 2021, approximately July 2020 to December 2020, Key Tronic employees at Oakdale generated false entries in the Oakdale facility's inventory system that indicated the inventory was undergoing manufacturing during a monthly fiscal period even though the facility did not work on the inventory in that period. The misconduct in Oakdale resulted in Key Tronic recording an increase in the value of the inventory, which decreased manufacturing expenses and had the result of increasing income. The Oakdale employees then reversed the entries after the end of the period. Fasciana, who oversaw manufacturing for Oakdale and other sites, was aware of and directed some of this misconduct in Oakdale.

3. On the morning of its scheduled quarterly earnings release in January 2021, Key Tronic received an internal complaint about the Oakdale misconduct. Within hours, Key Tronic, including then-CFO Larsen and others in senior management, informed the company's Board and outside auditor of the complaint, and investigated and confirmed the complaint's core allegations. That same day, Key Tronic reopened its books and quantified and recorded the misconduct's quarterly financial impact of nearly \$1 million by reversing the improper income. In addition, Key Tronic recorded about \$764,000 in pre-tax adjustments to correct other recently identified accounting errors, including adjustments necessary to correct the Oakdale misconduct. These adjustments had the effect of offsetting most of the reversal of the improper income. A portion of these adjustments were booked out-of-period ("OOP adjustments"), as they related to prior quarterly periods.

4. Had Key Tronic recorded the OOP adjustments in the periods in which the errors occurred, its reported quarterly net income of \$1.58 million would have been reduced by 44% and its quarterly net income and earnings per share ("EPS") growth would have been reduced. While Key Tronic concluded that the adjustments fell below the company's revenue-based materiality threshold, it did not conduct a sufficient materiality analysis in light of the surrounding circumstances. Additionally, although its auditor advised Key Tronic to consider delaying releasing earnings in light of the complaint's allegations, Key Tronic released earnings as scheduled. On the earnings call later that day, Key Tronic reported year-over-year increases in net income and EPS but still fell short of its guidance.

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<sup>1</sup> The findings herein are made pursuant to Respondents' Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

## Respondents

5. **Key Tronic Corporation** is a contract manufacturer of products such as computer components and medical devices. It is incorporated in Washington and headquartered in Spokane Valley, Washington. Its common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act, and is traded on NASDAQ under the symbol KTCC. Key Tronic has 19 manufacturing facilities in the U.S and abroad. The Oakdale facility is one of three U.S. facilities comprising the company's "East" Division. Key Tronic operates on a 52/53 week fiscal year that ends on the Saturday nearest June 30.

6. **Brett R. Larsen**, age 53, resides in Newman Lake, Washington. Larsen worked for Key Tronic from 2004 to 2008, and returned to the company in 2010 as Vice President of Finance and Controller. He was Key Tronic's CFO from July 2015 to June 2024, and is now the company's CEO. Larsen has held a CPA license in Washington since 2002.

7. **Nicholas S. Fasciana**, age 42, resides in Benton County, Arkansas. Since September 2019, Fasciana has been Key Tronic's Senior Vice President of U.S. Operations, and he was responsible for the manufacturing operations at the three East Division facilities, including the Oakdale manufacturing facility. He is not a CPA.

## Other Relevant Individuals

8. The **East Division Controller**, who is no longer with the company, was not a CPA and reported to Fasciana and also to a member of Key Tronic's finance function.

9. The **Oakdale Controller**, who is no longer with the company, was not a CPA and reported to the East Division Controller.

## Background

10. In fiscal years 2020 and 2021, in the normal course of Key Tronic's production process, Key Tronic personnel at each East Division facility made entries in that facility's inventory system to reflect the status of production. When inventory was undergoing manufacturing, Key Tronic personnel changed the inventory classification from "raw" materials to a work-in-process ("WIP"). When production was complete, personnel changed the inventory classification to "Finished Goods." Under "absorption" accounting, as required by GAAP, during the production process, as labor and overhead were incurred to build a product, the associated manufacturing costs were "absorbed" into the value of the inventory. Absorption accounting increases inventory value and decreases manufacturing expenses, and therefore increases net income in the current period, but may have the inverse effect in the next period. Key Tronic calculated and tracked absorption amounts.

11. Monthly, each East Division facility controller manually calculated an absorption accounting entry by entering the pre-manufacturing inventory cost from the facility's inventory system into a spreadsheet with facility-specific formulas (the "Absorption Policy"). The formulas calculated how much WIP, Finished Goods, and Subassembly inventory (inventory that becomes part of another product) had changed in value during the monthly period. The formulas applied

to the inventory a “capitalization rate,” which estimated how much of the manufacturing costs had been absorbed into inventory, and an estimated completion percentage, which estimated how far along in production were the items in each inventory category.

12. At the Oakdale facility, the Oakdale Controller recorded the total change in absorption from the prior to current month in Key Tronic’s accounting system. A positive month-over-month absorption figure would increase Key Tronic income, and a negative figure would decrease Key Tronic income.

13. In December 2019, Key Tronic modified its Absorption Policy to increase the estimated completion percentage rates for WIP for the East Division. The change was reviewed and approved by its auditor. The company also increased the estimated completion percentage rates for surface mount technology (“SMT”) inventory, which was inventory in the first phase of production, at the two East Division facilities other than Oakdale. Fasciana understood that increasing the estimated completion percentage rates in the Absorption Policy could have a positive effect on Key Tronic’s income in the current period.

### **Improper Inventory Movements at Oakdale Facility**

14. In the summer of 2020, during the height of the COVID-19 pandemic and as fiscal year 2021 began, Key Tronic’s Oakdale facility was experiencing challenges and uncertainty in its short-term future as a result of a significant decrease in orders. This created what Key Tronic personnel described as a \$5 million revenue “forecast hole” in Oakdale. The Oakdale Controller informed Fasciana that due to decreased sales, employees in Oakdale were focusing on inventory levels to remain profitable. By this time, the Oakdale Controller, with Fasciana’s knowledge, was providing Oakdale personnel with frequent updates about amounts of inventory that needed to be classified as WIP during a fiscal period to meet internal profit goals.

15. In August 2020, Fasciana emailed various Key Tronic personnel that targets had been identified and plans were in place for month-end Finished Goods and WIP levels “to achieve [the] profit goal” for the fiscal period. Soon after, as part of his periodic operational updates on Key Tronic East facilities, Fasciana wrote that the Oakdale facility would “manage WIP/F[inished]G[oods] closely to maximize labor allocation” for the fiscal period and that Oakdale’s “forecast hole” was now \$10 million. In another such update in mid-September 2020, Fasciana wrote that absorption was a “key” area of focus for the remainder of the quarter and the next quarter.

16. Oakdale employees went beyond merely focusing on inventory levels to address these challenges. In light of declining sales and forecast reductions in Oakdale, employees in Oakdale were concerned that layoffs would occur if the facility were unprofitable and did not meet forecasting. To address these concerns, Key Tronic’s Oakdale employees began moving materials into WIP in the facility’s inventory system, even when they did not intend to begin production of those materials. These false entries into the inventory system had the impact of improperly inflating Key Tronic’s absorption and income and rendered Key Tronic’s books and records inaccurate. The entries also contravened Key Tronic’s Absorption Policy. The Oakdale employees then reversed the transactions in Key Tronic’s inventory system and books and

records after period-end. One employee raised concerns about these practices with a senior Oakdale manager, who assured the employee that the conduct followed acceptable accounting practices.

17. In the fall of 2020 and into Key Tronic's second quarter, the Oakdale Controller continued to provide WIP targets to Oakdale personnel so they understood what inventory needed to be issued to WIP to meet internal targets. He was informed by an Oakdale employee that there was "zero chance" Oakdale could meet the target "natural[ly]." Faced with this challenge, and other logistical issues associated with issuing inventory to WIP and reversing it after period-end, Key Tronic's Oakdale personnel created what they called "Monster Jobs," where employees falsely classified high-value inventory as WIP, even though the assortment of parts issued to the jobs could not be combined to make an actual product. The false entries into the inventory system had the impact of improperly inflating Key Tronic's absorption and income. The transactions were then reversed after period-end.

18. In November 2020, a Key Tronic employee in Oakdale documented this practice in an email to facility personnel and the Oakdale Controller to confirm "we are all on the same page." The Oakdale Controller, after noting that the amount of inventory issued to WIP that month enabled the site to meet its internal target and thanking the personnel for "coming together to make this happen," forwarded the Monster Jobs email to Fasciana and the East Division Controller. The Oakdale Controller informed them the Oakdale facility had "hit their number today (see below)."

19. Upon receipt of the Monster Jobs email, the East Division Controller informed Fasciana that she was "very uncomfortable" with the practice. Fasciana did not end the practice immediately and instead stated, "Can we look at winding it down over the next 3-4 months?" Weeks later, the East Division Controller reiterated her concerns to Fasciana, but the Monster Jobs continued through the end of the second quarter.

#### **Absorption Management at Oakdale Facility**

20. East Division employees engaged in other tactics involving absorption that had the effect of manipulating profit at the Oakdale facility. From August to December 2020, the Oakdale Controller, with Fasciana's knowledge, reduced Oakdale's WIP balance by a rough number before calculating absorption, in part, to save WIP for future periods. This was in contravention of Key Tronic's Absorption Policy.

21. In August 2020, Fasciana was informed that the Oakdale facility was showing high absorption and the next period would likely suffer if all of it were recorded in its books and records. This is because absorption would decrease if those inventory levels were not maintained in the next period. Fasciana agreed it would be a mistake to record the full amount, and the Oakdale Controller reduced its WIP balance before calculating the Oakdale facility's monthly absorption.

22. In mid-September 2020, Fasciana reported by email that the East Division was projecting a loss of \$100,000 for the first quarter of fiscal year 2021. Shortly after the end of that quarter, the Oakdale Controller reported that Fasciana wanted to save absorption in anticipation of

challenges in the next quarter. The Oakdale Controller then “saved” absorption by reducing Oakdale’s WIP balance before calculating absorption. Fasciana noted around this time that utilizing absorption “credits” from Oakdale could result in positive second quarter profit for the East Division. Fasciana was involved in directing the recording of roughly a \$100,000 absorption entry shortly thereafter. This still was not the full amount of absorption at the Oakdale facility that should have been recorded for the period in accordance with GAAP; as a result, additional absorption was carried over from Oakdale into the next quarter.

### **Response to Internal Complaint**

23. Key Tronic’s second quarter ended on December 26, 2020. The company was scheduled to release its earnings on January 26, 2021, and planned to report pre-tax income of \$2.09 million and net income of \$1.75 million (collectively, “initial” income amounts).

24. On the morning of Key Tronic’s scheduled earnings release, it received an internal complaint concerning the improper inventory movements in Oakdale. Larsen and other members of senior management informed the Board and Key Tronic’s auditor, and investigated the complaint’s allegations by, among other things, speaking with Oakdale personnel and reviewing Oakdale inventory reports. Based on their investigation, Larsen and other members of senior management, within hours, validated the core allegations in the complaint, quantified the quarterly impact of the misconduct, and corrected Key Tronic’s second quarter financial statements for the improperly moved inventory. The Oakdale misconduct corrective adjustments reduced Key Tronic’s initial second quarter pre-tax income by approximately \$981,000 (roughly 47%) and initial net income by approximately \$785,000 (about 45%).

25. At the same time the company reopened its books to correct for the cumulative financial impact of the Oakdale misconduct, it also made three additional accounting adjustments to correct for known accounting errors. One of the adjustments was directly associated with the inventory reclassification required after discovering the Oakdale misconduct, one was previously identified but not booked until January 26, and the third was identified and booked on January 26. As the company later stated, management’s review of the financial statements “did not operate with sufficient precision” to timely detect “the errors identified.”

26. The cumulative impact of these adjustments had the effect of increasing the company’s initial second quarter pre-tax income by approximately \$764,000. A portion of these entries, however, were booked OOP as they related to prior periods. These adjustments related to raw material acquisition costs (“RMAC”)—the costs for bringing inventory to its existing condition and location—SMT inventory, and the underbilling of a customer. Each adjustment, which corrected known errors, had the effect of increasing Key Tronic’s initial pre-tax income and thereby offset most of the negative impact of the Oakdale misconduct:

- RMAC: Prior to January 26, Key Tronic learned the East Division, unlike Key Tronic’s other facilities, had not been properly capitalizing RMAC despite the fact that these acquisition costs had been incurred. Thus, in early January, Larsen and his finance team calculated the adjustment needed to correct the error, and directed a journal entry to capitalize approximately \$1.4 million in RMAC. Of this amount, approximately \$449,000

was OOP. Key Tronic booked this adjustment prior to learning about the internal complaint on January 26. On January 26, as part of its correction of the Oakdale misconduct, the company booked an additional \$173,000 RMAC adjustment related to acquisition costs for the overstated WIP inventory, which it was required to do in order to capture and recapitalize the corresponding RMAC in the same period. Approximately \$55,000 of the \$173,000 was OOP.

- SMT: Prior to January 26, Oakdale was the only East Division site that did not include SMT inventory as part of WIP. This exclusion was erroneous under GAAP. Key Tronic discovered the error on January 26 when reviewing Oakdale inventory figures, and recorded approximately \$155,000 in SMT absorption that day. That entire amount was OOP.
- Underbilling: In early January, Key Tronic discovered that it had erroneously underbilled a customer. On January 25, after further assessments, Key Tronic determined that the underbilling totaled around \$436,000. Larsen and his finance team concluded that the \$436,000 error did not warrant reopening the books to record the underbilling given its size, and that it would be addressed in the next quarter. On January 26, after reopening its books to correct the Oakdale misconduct, Key Tronic made this adjustment. Approximately \$317,000 of the \$436,000 was OOP.

27. The decision of whether to correct an OOP error in the current period, as an OOP adjustment, is dependent on whether the error is immaterial to the current and prior periods. While, at the time of the earnings release, Larsen and his finance team compared the adjustments to the company's revenue-based materiality threshold and determined they fell well below that threshold, and while following auditor review the OOP adjustments remained unchanged in the subsequent Form 10-Q, they did not conduct a sufficient materiality analysis, as they should have considered certain additional metrics and analysis in their assessment in light of the surrounding circumstances.

28. Key Tronic informed its auditor on January 26 of the complaint, and that it had confirmed the allegations and quantified their impact. The auditor advised postponing Key Tronic's earnings release to Larsen and other members of Key Tronic management, and later that morning, reiterated its advice to postpone the earnings release. The auditor also advised Key Tronic that it may later learn additional facts relating to the complaint and its allegations.

29. About an hour before Key Tronic released earnings, the company held a Board meeting. Larsen reported on the diligence into the complaint and the Board discussed the adjustments. The Board also reviewed the draft financial statements that would be included in the release. Documents substantiating the adjustments, their OOP components, or their materiality were not provided at the time to the Board.

30. Larsen and other members of management, as well as the Chair of the Audit Committee, informed the Board they favored issuing the earnings release, and the Board unanimously determined to proceed with its issuance. The auditor separately informed the Audit Committee Chair it advised not releasing earnings. Key Tronic released earnings.

31. The auditor advised Key Tronic that it did not have time to evaluate its financial adjustments, but if Key Tronic was proceeding with the earnings release that day, it should correct for the Oakdale misconduct, because known misconduct should be corrected. The auditor provided language for Key Tronic to add to its earnings release stating that the second quarter data “should be considered preliminary and could be subject to change, as the Company’s independent auditor has not completed their review.”

32. About six hours after Key Tronic received the complaint, the company issued its earnings release as scheduled, including verbatim the language provided by its auditor. The release narrative as compared to the pre-complaint version was essentially unchanged. The release, among other metrics, cited net income of \$1.6 million and reported that figure was “up” from \$0.8 million in the second quarter of the previous fiscal year, and also reported positive year-over-year quarterly EPS growth, which was \$0.14 per share, up from \$0.08 per share in the second quarter of the previous fiscal year. On the earnings call later that day, Key Tronic reported year-over-year increases in net income and EPS but still fell short of its guidance.

33. After correcting for the Oakdale misconduct, the impact of the adjustments above resulted in reported net income of \$1.58 million, which was \$174,000 less than the company’s initial, pre-complaint net income.

34. Key Tronic’s second quarter financial adjustments that had the effect of offsetting the Oakdale misconduct included approximately \$694,000 in OOP adjustments (after-tax). Had the OOP adjustments been recorded in the periods in which the errors occurred, Key Tronic’s net income for the second quarter, the nine months ended April 3, 2021, and fiscal year 2021 would have been reduced by approximately 44%, 15%, and 14%, respectively. Moreover, year-over-year second quarter net income growth would have decreased from \$0.8 million to \$0.1 million and year-over-year second quarter EPS growth would have been reduced from \$0.06 to zero.

### **Key Tronic Filed Second and Third Quarter Forms 10-Q and Acknowledged Improprieties at Oakdale Facility**

35. Subsequently, in July 2021, Key Tronic filed its Forms 10-Q for its second and third quarters of fiscal year 2021 following an independent investigation. The financial information released on January 26 remained unchanged when the company filed its second quarter Form 10-Q.

36. Key Tronic publicly acknowledged the Oakdale misconduct. The company disclosed in Forms 10-Q for its second and third quarters that inventory and costs of goods sold were “improperly recorded” in Oakdale in the first half of fiscal year 2021 and that “accounting errors” had resulted in an understatement of cost of goods sold and an overstatement of inventory.

### **Violations**

37. As a result of the conduct described above, Key Tronic violated, and Larsen and Fasciana caused Key Tronic’s violations of, Section 13(b)(2)(A) of the Exchange Act, which

requires issuers to make and keep books, records, and accounts which, in reasonable detail, accurately and fairly reflect their transactions and dispositions of their assets.

38. As a result of the conduct described above, Key Tronic violated, and Larsen and Fasciana caused Key Tronic's violations of, Section 13(b)(2)(B) of the Exchange Act, which, among other things, requires issuers to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles.

39. As a result of the conduct above, Fasciana violated Section 13(b)(5) of the Exchange Act, which prohibits persons from knowingly circumventing or knowingly failing to implement a system of internal accounting controls, or knowingly falsifying any book, record or account.

40. As a result of the conduct described above, Fasciana violated Exchange Act Rule 13b2-1, which prohibits any person from directly or indirectly, falsifying or causing to be falsified, and book, record, or account subject to Section 13(b)(2)(A) of the Exchange Act.

#### **Key Tronic's Cooperation and Remedial Efforts**

In determining to accept Key Tronic's Offer, the Commission considered Key Tronic's cooperation with the staff's investigation and its remedial acts.

#### **IV.**

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondents' Offers.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Key Tronic cease and desist from committing or causing any violations and any future violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act.

B. Pursuant to Section 21C of the Exchange Act, Larsen cease and desist from committing or causing any violations and any future violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act.

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

D. Larsen shall, within 10 days of the entry of this Order, pay a civil money penalty in the amount of \$20,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717. Fasciana shall, within 10 days

of the entry of this Order, pay a civil money penalty in the amount of \$15,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). 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) Larsen and Fasciana may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Larsen and Fasciana 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) Larsen and Fasciana 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 Larsen or Fasciana 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 Stacy Bogert, Associate Director, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

E. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Larsen and Fasciana agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Larsen's and Fasciana's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Larsen and Fasciana agrees that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Larsen or Fasciana by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

F. Key Tronic acknowledges that the Commission is not imposing a civil penalty based upon, among other things, its cooperation in a Commission investigation. If at any time following the entry of the Order, the Division of Enforcement (“Division”) obtains information indicating that Key Tronic knowingly provided materially false or misleading information or materials to the Commission, or in a related proceeding, the Division may, at its sole discretion and with prior notice to Key Tronic, petition the Commission to reopen this matter and seek an order directing that Key Tronic pay a civil money penalty. Key Tronic may contest by way of defense in any resulting administrative proceeding whether it knowingly provided materially false or misleading information, but may not: (1) contest the findings in the Order; or (2) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

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

Vanessa A. Countryman  
Secretary