

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 52582 / October 11, 2005**

**ACCOUNTING AND AUDITING ENFORCEMENT**  
**Release No. 2334 / October 11, 2005**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-12073**

---

<b>In the Matter of</b>	:	
	:	
<b>John Houldsworth, CA,</b>	:	<b>ORDER INSTITUTING ADMINISTRATIVE</b>
	:	<b>PROCEEDINGS PURSUANT TO RULE</b>
<b>Respondent.</b>	:	<b>102(e) OF THE COMMISSION'S RULES OF</b>
	:	<b>PRACTICE, MAKING FINDINGS, AND</b>
	:	<b>IMPOSING REMEDIAL SANCTIONS</b>
	:	
	:	
	:	

---

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted against John Houldsworth, CA (“Houldsworth”) pursuant to Rule 102(e)(3)(i) of the Commission’s Rules of Practice.<sup>1</sup>

**II.**

In anticipation of the institution of these proceedings, Houldsworth 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

---

<sup>1</sup> Rule 102(e)(3)(i) provides, in relevant part, that:

The Commission, with due regard to the public interest and without preliminary hearing, may, by order, . . . suspend from appearing or practicing before it any . . . accountant . . . who has been by name . . . permanently enjoined by any court of competent jurisdiction, by reason of his or her misconduct in an action brought by the Commission, from violating or aiding and abetting the violation of any provision of the Federal securities laws or of the rules and regulations thereunder.

herein, except as to the Commission's jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III.B below, which are admitted, Houldsworth consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Rule 102(e) of the Commission's Rules of Practice, Making Findings, and Imposing Remedial Sanctions ("Order"), as set forth below.

### III.

On the basis of this Order and Houldsworth's Offer, the Commission finds that:

A. From approximately May 1990 until approximately June 2001, Houldsworth was the Chief Executive Officer of Cologne Re Dublin ("CRD"), a subsidiary, located in Dublin, Ireland, of Cologne Re Germany, which is a subsidiary of General Re Corporation ("Gen Re"). In 1998, he additionally became the Chief Underwriter for a Gen Re business unit called Alternative Solutions and was located part of the time in Gen Re's Stamford, Connecticut headquarters. Houldsworth is licensed as a Chartered Accountant in England. On May 13, 2005, Gen Re placed Houldsworth on administrative leave with pay and terminated him on June 6, 2005. Houldsworth resides in Ireland.

B. On June 6, 2005, the Commission filed a complaint against Houldsworth in SEC v. John Houldsworth (Civil Action No. 05 Civ. 5325 (S.D.N.Y.)). On August 12, 2005, the court entered an order permanently enjoining Houldsworth, by consent, from future violations of Sections 10(b), 13(a), 13(b)(2) and 13(b)(5) of the Securities Exchange Act of 1934 ("Exchange Act") and Rules 10b-5, 12b-20, 13a-1, 13a-13 and 13b2-1 thereunder. In addition, Houldsworth was barred pursuant to Section 21(d)(2) of the Exchange Act from serving 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. Furthermore, the court ordered that, upon motion of the Commission, the Court shall determine whether it is appropriate to order disgorgement of ill-gotten gains and/or a civil penalty pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] and, if so, the amount(s) of the disgorgement and/or civil penalty.

C. The Commission's complaint alleged, among other things, that Houldsworth aided and abetted a securities fraud committed by American International Group, Inc. ("AIG") by helping AIG structure two sham reinsurance transactions. These fraudulent transactions allowed AIG to add a total of \$500 million in phony loss reserves to its balance sheet in the fourth quarter of 2000 and the first quarter of 2001. The complaint further alleged that the two transactions had no economic substance (Gen Re was paying \$500 million in premiums in return for AIG reinsuring a \$500 million risk) and that the only economic benefit to either party to the transactions at issue was a \$5.2 million fee – agreed to in an undisclosed side agreement – to be paid by AIG to Gen Re for putting the deal together. In addition, the complaint alleged that without the phony loss reserves that AIG added to its balance sheet, AIG's financial statements in both quarters would have shown further declines in AIG's loss reserves, but as a result of the transactions, AIG's financial statements showed a false increase in reserves that AIG's then Chairman touted in AIG's quarterly earnings releases.

**IV.**

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

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

Houldsworth is suspended from appearing or practicing before the Commission as an accountant.

By the Commission.

Jonathan G. Katz  
Secretary