



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
NEW YORK REGIONAL OFFICE
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NEW YORK, N.Y. 10281-1022

DIVISION OF ENFORCEMENT

Paul G. Gizzi
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June 30, 2017

Via email

John J. Carney, Esq.
BakerHostetler
45 Rockefeller Plaza
New York, NY, 10011-0100

Re: *In the Matter of David Pruitt, Admin. Proc. File No. 3-17950*

Dear Mr. Carney:

The Division of Enforcement submits this letter in this proceeding pursuant to Administrative Law Judge James E. Grimes's June 23, 2017 order. The Court directed that the Division submit certain information in response to two categories as set forth below. Our submission is as follows:

Court's Order:

- (1) A list of the internal control or controls that [the Division] asserts are relevant to the alleged violation of [Securities] Exchange Act [of 1934] Section 13(b)(5).

Division's Response:

The Division submits that the following items from the Internal Controls Over Financial Reporting for L3 Technologies, Inc. ("L3") are relevant to the violation of Exchange Act Section 13(b)(5):

- Period-End Financial Reporting controls 4A, 4B, 5A, 5B, 5C, 8A, 9, 10, 23, and 25B
- Invoicing and Receivables controls 2, 3A, 4, 5, and 6
- Contract Estimating control 14

Court's Order:

- (2) An explanation of the categories of documents that are implicated by the phrase "books, records, and accounts." If the categories are limited to the three identified on pages 4 and 5 of its opposition the Division should so state. If there are additional categories, the Division shall describe them specifically enough so that documents falling within the categories can be identified.

Division's Response:

The Division submits that the following items are implicated by the phrase books, records, and accounts:

- Invoices generated but not submitted to the Army in or around December 2013
- L3's year end 2013 Form 10-K
- L3's first quarter 2014 Form 10-Q
- Post-closing journal entries that reflect the improperly recorded revenue and accounts receivable in Q4 2013 and Q1 2014
- L3's general ledger
- Accounts receivable and cash ledgers that reflect the improperly recorded revenue in Q4 2013 and Q1 2014
- Accounts receivable aging reports that reflect the improperly recorded revenue in Q4 2013 and Q1 2014
- L3's trial balance and balance sheet
- L3's consolidation schedules (showing how Army Sustainment Division's financial statements rolled up through L3's consolidated financial statements)
- Correspondence with L3's auditors containing false and misleading statements as alleged in the Order Instituting Proceedings
- Operations review PowerPoints for Army Sustainment Division, Logistics Solutions, and Aerospace Systems that reflect the improperly recorded revenue in Q4 2013 and Q1 2014

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- Internal correspondence, including correspondence with L3 corporate, containing false and misleading statements as alleged in the Order Instituting Proceedings
- Schedule 14 Cs that reflect the improperly recorded revenue in Q4 2013 and Q1 2014
- Email correspondence and other internal documents referencing the improper revenue recognition
- Portions of L3's auditor's work papers that reflect information provided by L3
- L3 accounting policies and procedures
- L3 internal controls documentation

The Division reserves the right to supplement this information if additional items become relevant or implicated through discovery, including expert discovery.

Sincerely,

/s/ Paul G. Gizzi

Paul G. Gizzi
Senior Trial Counsel
Division of Enforcement

cc: Honorable James E. Grimes