

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 them and the subject matter of these proceedings, and the findings contained in Section III.3 below, which are admitted, Respondent 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 Respondent’s Offer, the Commission finds that:

1. Gold, age 61, is and has been a certified public accountant licensed to practice in the State of New York. He was a partner at Arthur Andersen LLP (“Andersen”) and was the Andersen engagement partner responsible for the fiscal 2000 audit of American Tissue, Inc. (“ATI”). He signed the auditor’s report contained in American Tissue’s 2000 annual report in its Form 10-K, which was filed with the Commission on December 29, 2000.

2. ATI was a manufacturer of tissue and paper products with paper mills and converting facilities located throughout the United States and Mexico. It became a reporting company in February 2000, after conducting an offering of secured notes to institutional investors. ATI never sold equity securities to the public, but a limited secondary market for its secured notes developed.

3. On October 16, 2007, a final judgment was entered against Gold, permanently enjoining him, by consent, from future violations of Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 10b-5 thereunder, and from aiding and abetting violations of Section 15(d) of the Exchange Act and Exchange Act Rules 12b-20 and 15d-1, in the civil action entitled Securities and Exchange Commission v. Fred Gold, et al., Civil Action Number 05-CV-4713 (JS), in the United States District Court for the Eastern District of New York. Gold was also ordered to pay civil money penalties of \$100,000.

4. The Commission’s complaint alleged, among other things, that ATI materially overstated its assets, shareholders’ equity, revenue, and net income in periodic reports filed with the Commission during 2000 and 2001 by capitalizing previously recorded expenses as inventory and overvaluing finished goods inventory in amounts well in excess of the selling price. As a result, ATI’s \$24.5 million reported net income for its fiscal year ended September 30, 2000 was overstated by at least \$28.1 million and its \$15.5 million reported net income for the nine months ended June 30, 2001 was overstated by at least \$21.8 million. Andersen was ATI’s auditor during the relevant period. Andersen issued an unqualified audit report on ATI’s financial statements for its fiscal year ended September 30, 2000 though its audit was not conducted in

accordance with generally accepted auditing standards and ATI's financial statements were not fairly presented in conformity with generally accepted accounting principles. Gold, the audit engagement partner on ATI's 2000 audit, was responsible for the audit failure.

5. The Commission's complaint alleged further that subsequent to the completion of the audit, Gold directed an audit manager and a senior accountant to alter audit workpapers in preparation for a peer review conducted by Deloitte & Touche. On September 3, 2001, Gold instructed them to arrange for the immediate, unscheduled destruction and shredding of all Andersen documents and emails that were not part of the "official" ATI work paper files. In response, the senior accountant gave two instructions to members of Andersen's ATI audit staff on September 3, 2001. Initially, the audit staff was instructed to save everything from the hard drives on their laptop computers to a disk and send the disk to the senior manager's house. Shortly thereafter, the staff was instructed to delete everything related to ATI from the hard drives on their laptop computers. On or about September 4, 2001, at Gold's direction, the senior accountant instructed Andersen's ATI audit staff to gather all ATI related documents for shredding, other than the "official" work paper file. Thereafter, at the request of Andersen, an outside shredding company made an unscheduled visit to pick up and shred ATI audit documents and e-mails that were not part of the "official" ATI work paper files.

IV.

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

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

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

By the Commission.

Nancy M. Morris
Secretary