

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 62865 / September 8, 2010

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3181 / September 8, 2010

ADMINISTRATIVE PROCEEDING
File No. 3-14037

In the Matter of

KEVIN J. SCHOTT, CPA,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO RULE 102(e) OF THE
COMMISSION'S RULES OF PRACTICE,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS

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 Kevin J. Schott (“Respondent” or “Schott”) pursuant to Section Rule 102(e)(3)(i) of the Commission’s Rules of Practice.¹

II.

In anticipation of the institution of these proceedings, Respondent Schott 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

¹ 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.

proceedings, and the findings contained in Section III.3 below, which are admitted, Respondent Schott 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 Schott's Offer, the Commission finds that:

1. Schott, age 44, was licensed as a CPA in Missouri until he allowed his license to lapse in May 1990. He served as Chief Financial Officer of Zoltek Companies, Inc. ("Zoltek") from May 2004 until his resignation in May 2008.

2. Zoltek was, at all relevant times, a Missouri corporation with its principal place of business in Bridgeton, Missouri. Zoltek has operations in several countries and is engaged in the manufacture of carbon fibers used in brake pads and wind turbine blades. At all relevant times, Zoltek's stock has been registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 ("Exchange Act"), and traded on the NASDAQ.

3. On August 16, 2010, a final judgment was entered against Schott, permanently enjoining him from future violations of Section 13(b)(5) of the Exchange Act and Rules 13a-14, 13b2-1 and 13b2-2 thereunder, in the civil action entitled U.S. Securities and Exchange Commission v. Kevin J. Schott, Civil Action Number 4:10-cv-01500-AGF, in the United States District Court for the Eastern District of Missouri. Schott was ordered to pay a \$20,000 civil penalty.

4. The Commission's complaint alleged, among other things, that Schott circumvented Zoltek's internal accounting controls and caused Zoltek to make two payments totaling \$250,000 to an outside consultant who had raised funds for Zoltek in the past, despite Zoltek's CEO's explicit instruction not to make the payments. Instead of following Zoltek's internal controls which required the CEO to approve all wire transfers originated in the United States for over \$5,000, Schott emailed the controller of Zoltek's Hungarian subsidiary on two occasions and instructed him to wire \$175,000 and \$75,000, respectively, to the consultant. According to the complaint, Schott told the Hungarian controller in both emails that the payments were for another purpose. Schott further concealed the payments to the outside consultant by creating a false document which he gave to Zoltek's CEO. By characterizing the payments he made to the consultant as relating to another purpose, Schott caused Zoltek to make false entries into its books and records. According to the complaint, Schott also made false and misleading representations to the public and to Zoltek's external auditors when he certified Zoltek's financial statements for the fiscal year ended on September 30, 2007 and for the first quarter of 2008 ended on December 31, 2007.

IV.

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

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

A. Respondent Schott is suspended from appearing or practicing before the Commission as an accountant.

B. After one year from the date of this order, Respondent Schott may request that the Commission consider his reinstatement by submitting an application (attention: Office of the Chief Accountant) to resume appearing or practicing before the Commission as:

1. a preparer or reviewer, or a person responsible for the preparation or review, of any public company's financial statements that are filed with the Commission. Such an application must satisfy the Commission that Respondent Schott's work in his practice before the Commission will be reviewed either by the independent audit committee of the public company for which he works or in some other acceptable manner, as long as he practices before the Commission in this capacity; and/or

2. an independent accountant. Such an application must satisfy the Commission that:

(a) Respondent Schott, or the public accounting firm with which he is associated, is registered with the Public Company Accounting Oversight Board ("Board") in accordance with the Sarbanes-Oxley Act of 2002, and such registration continues to be effective;

(b) Respondent Schott, or the registered public accounting firm with which he is associated, has been inspected by the Board and that inspection did not identify any criticisms of or potential defects in the Respondent's or the firm's quality control system that would indicate that the Respondent will not receive appropriate supervision;

(c) Respondent Schott has resolved all disciplinary issues with the Board, and has complied with all terms and conditions of any sanctions imposed by the Board (other than reinstatement by the Commission); and

(d) Respondent Schott acknowledges his responsibility, as long as Respondent appears or practices before the Commission as an independent accountant, to comply with all requirements of the Commission and the Board, including, but not limited to, all requirements relating to registration, inspections, concurring partner reviews and quality control standards.

C. The Commission will consider an application by Respondent to resume appearing or practicing before the Commission provided that his state CPA license is current and he has resolved all other disciplinary issues with the applicable state boards of accountancy. However, if state licensure is dependent on reinstatement by the Commission, the Commission will consider an application on its other merits. The Commission's review may include consideration of, in addition to the matters referenced above, any other matters relating to Respondent's character, integrity, professional conduct, or qualifications to appear or practice before the Commission.

By the Commission.

Elizabeth M. Murphy
Secretary

Service List

Rule 141 of the Commission's Rules of Practice provides that the Secretary, or another duly authorized officer of the Commission, shall serve a copy of the Order Instituting Administrative Proceedings Pursuant to Rule 102(e) of the Commission's Rules of Practice, Making Findings, and Imposing Remedial Sanctions ("Order") on the Respondent and his legal agent.

The attached Order has been sent to the following parties and other persons entitled to notice:

Honorable Brenda P. Murray
Chief Administrative Law Judge
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-2557

Richard G. Stoltz, Esq.
Chicago Regional Office
Securities and Exchange Commission
175 West Jackson Boulevard, Suite 900
Chicago, IL 60604-2615

Mr. Kevin J. Schott
c/o Christopher J. Petri, Esq.
Byron Carlson Petri & Kalb, LLC
411 St. Louis Street
Edwardsville, IL 62025

Christopher J. Petri, Esq.
Byron Carlson Petri & Kalb, LLC
411 St. Louis Street
Edwardsville, IL 62025
(Counsel for Kevin J. Schott)