



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. Davis, age 51, is and has been a certified public accountant licensed to practice in the Commonwealth of Virginia. Davis joined Dell Inc. ("Dell") in 1996. In 2001, he was named Vice President of Corporate Planning and Reporting. In November 2002, Davis was named Vice President of Corporate Finance and Chief Accounting Officer, positions he retained until he left Dell in February 2005.

2. Dell is a Fortune 50 company in the business of providing electronic products, including mobility products, desktop PCs, peripherals, servers, networking equipment, and storage. Dell also offers services, including software, infrastructure technology, consulting and applications, and business process services. Dell was incorporated in Delaware in 1984 and is based in Round Rock, Texas. Since July 2006, Dell's common stock has been registered with the Commission pursuant to Section 12(b) of the Securities Exchange Act of 1934 ("Exchange Act") and is traded on the NASDAQ Global Select Market. During the prior relevant period, Dell's common stock was registered with the Commission under Section 12(g) of the Exchange Act and quoted on the Nasdaq National Market System.

3. On August 27, 2010, the Commission filed a complaint against Davis in the U.S. District Court for the District of Columbia captioned Securities and Exchange Commission v. Robert W. Davis (Civil Action No. 1:10-cv-01464). On October 13, 2010, the court entered an order permanently enjoining Davis, by consent, from future violations of Section 17(a)(2) and Section 17(a)(3) of the Securities Act of 1933 ("Securities Act"), Exchange Act Section 13(b)(5) and Rules 13b2-1 and 13b2-2 thereunder, and from aiding and abetting violations of Exchange Act Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) and Rules 12b-20, 13a-1, and 13a-13 thereunder. Davis was also ordered to pay \$19,080 in disgorgement of ill-gotten gains, \$9,078 in prejudgment interest, and a \$175,000 civil money penalty.

4. The Commission's complaint alleges, among other things, that Dell fraudulently committed various accounting violations through the conduct of Davis and others. The Commission's complaint also alleges that Davis directed and engaged in improper accounting that resulted in Dell filing materially false and misleading financial statements in the company's annual reports on Form 10-K and in the company's quarterly reports on Form 10-Q from FY02 to FY05. The Complaint alleges that Davis directed Dell's improper use of reserves, including the Strat Fund and other "Corporate Contingencies," accrued relocation accruals, a Corporate restructuring reserve, and bonus and profit-sharing accruals. The Commission's complaint alleges further that Davis directed others to maintain and track excess reserves and to use excess reserves from prior periods to offset unforecasted expenses in order to meet financial targets. The

complaint also alleges that Davis was involved in Dell's improper accounting with respect to Dell's Europe, Middle East, and Africa segment restructuring reserve and Dell's failure to increase its reserves for Las Cimas liabilities.

#### IV.

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

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

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

B. After five years from the date of this order, Respondent 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'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, 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, 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 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 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  
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Securities and Exchange Commission  
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