

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 64808 / July 5, 2011

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3300 / July 5, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-14451

In the Matter of

Lawrence Collins, 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 Lawrence Collins ("Respondent") pursuant to Rule 102(e)(3)(i) of the Commission's Rules of Practice.¹

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.

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 him 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. Respondent, age 61, a resident of Maine, was hired by Cabletron Systems, Inc. (“Cabletron”) and thereafter Enterasys Networks, Inc. (“Enterasys”) and worked in the finance department from March 2000 through December 2001. Respondent was licensed as a certified public accountant (“CPA”) in Maine from 1984 through 1987.

2. At all relevant times, Cabletron was a Delaware corporation with its principal place of business in Rochester, New Hampshire. Cabletron was a holding company that provided worldwide telecommunications and networking services and products through four operating subsidiaries, including Enterasys. Cabletron’s common stock was registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 (“Exchange Act”). The company filed annual, quarterly, and current reports with the Commission on Forms 10-K, 10-Q, and 8-K, respectively. At all relevant times, Cabletron stock was traded on the New York Stock Exchange. On August 6, 2001 Cabletron was merged into Enterasys and Cabletron ceased to exist.

3. On February 9, 2007, the Commission filed its complaint against Respondent in the United States District Court for New Hampshire (Civil Action No. 1:07-cv-00039). An Amended Complaint was filed on October 15, 2008. On June 24, 2011, the court entered an order permanently enjoining Collins, by consent, from future violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933 and Section 13(b)(5) of the Exchange Act and Rule 13b2-1, thereunder. By consent, the court further ordered that Respondent pay \$12,000 in disgorgement; \$2,443.54 in prejudgment interest; and a \$10,000 civil money penalty.

4. The Commission’s amended complaint alleged, among other things, that Respondent and others at Cabletron and Enterasys reported revenues of the companies that did not qualify as revenue under generally accepted accounting principles (“GAAP”), while representing to the public that the companies reported revenue according to GAAP. The conduct hid from the

investing public the true financial state of the company by filing materially false and misleading statements in the company's annual reports on Forms 10-K, quarterly reports on Forms 10-Q, and current reports on Forms 8-K for fiscal years 2001 and 2002.

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:

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

B. After two (2) 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