

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10085 / June 1, 2016

SECURITIES EXCHANGE ACT OF 1934
Release No. 77967 / June 1, 2016

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3776 / June 1, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-17268

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In the Matter of	:	ORDER INSTITUTING ADMINISTRATIVE
	:	PROCEEDINGS PURSUANT TO RULE
JANE E. STARRETT,	:	102(e) OF THE COMMISSION’S RULES OF
CPA,	:	PRACTICE, MAKING FINDINGS, AND
	:	IMPOSING REMEDIAL SANCTIONS
Respondent.	:	
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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 Jane E. Starrett, CPA (“Respondent” or “Starrett”) 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 her 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. Starrett, age 62, is a resident of Flagstaff, Arizona. From April 2007 to July 2008, Starrett served as chief accounting officer for Thornburg Mortgage, Inc. (“Thornburg”) and helped prepare Thornburg’s financial statements and public filings such as quarterly and annual SEC reports. Starrett also served as one of Thornburg’s principal contacts with its outside auditor. Starrett became a certified public accountant in California in 1976, but her license has been inactive since 1989.

2. Thornburg was, at the time of Starrett’s employment, a Maryland corporation with its principal place of business in Santa Fe, New Mexico. Thornburg was a single-family residential mortgage lender focused primarily on the prime segment of jumbo and super-jumbo adjustable rate mortgage loans. Thornburg was a reporting company that had five classes of securities, including its common stock, registered with the Commission under Section 12(b) of the Securities Exchange Act of 1934 (“Exchange Act”). Its common stock was listed on the New York Stock Exchange under the ticker symbol “TMA.” Thornburg filed for Chapter 11 bankruptcy and ceased operations in 2009.

3. On March 13, 2012, the Commission filed a Complaint against Starrett in SEC v. Larry A. Goldstone, et al., Civil Action No. 1:12-cv-00257 (D.N.M). On May 31, 2016, the Court entered an order permanently enjoining Starrett, by consent, from future violations of Section 17(a)(3) of the Securities Act of 1933 (“Securities Act”) and Exchange Act Rule 13b2-1, and aiding and abetting violations of Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act and Rules 12b-20 and 13a-1 thereunder.

4. The Commission’s Complaint alleged, among other things, that due to the acts and omissions of Starrett and two other senior Thornburg executives, Thornburg made material misstatements concerning its other-than-temporary impairment (“OTTI”) conclusion in its annual report on Form 10-K for the fiscal year ended December 31, 2007. According to the Complaint, in the weeks leading to the filing of its 2007 Form 10-K, Thornburg received more than \$300 million in margin calls and was late in meeting margin calls from at least three lenders and

therefore subject to being declared in default of its lending agreements. The Complaint also alleged that given Thornburg's severe liquidity crisis, Thornburg improperly failed to recognize on its income statement over \$400 million in losses associated with its impaired assets serving as collateral for the company's loans, and also incorrectly reported that it had returned to profitability in the fourth quarter of 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 Starrett's Offer.

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

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

B. After three years from the date of this order, Respondent may request that the Commission consider her 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 her practice before the Commission will be reviewed either by the independent audit committee of the public company for which she works or in some other acceptable manner, as long as she 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 she 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 she 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 her 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 her state CPA license is current and she 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.

Brent J. Fields
Secretary