

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 79127 / October 20, 2016**

**ACCOUNTING AND AUDITING ENFORCEMENT**  
**Release No. 3816 / October 20, 2016**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-17639**

**In the Matter of**

**FMC TECHNOLOGIES,  
INC., JEFFREY FAVRET,  
CPA, and STEVEN K.  
CROFT, CPA,**

**Respondents.**

**ORDER INSTITUTING PUBLIC  
ADMINISTRATIVE AND CEASE-AND-  
DESIST PROCEEDINGS PURSUANT TO  
SECTIONS 4C AND 21C OF THE  
SECURITIES EXCHANGE ACT OF 1934  
AND RULE 102(e) OF THE  
COMMISSION'S RULES OF PRACTICE,  
MAKING FINDINGS AND IMPOSING  
REMEDIAL SANCTIONS, CEASE-AND-  
DESIST ORDERS AND PENALTIES**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against FMC Technologies, Inc. (“FMCTI”), Jeffrey Favret, CPA (“Favret”), and Steven K. Croft, CPA (“Croft”) (collectively, “Respondents”), and that public administrative proceedings be, and hereby are, instituted against Favret and Croft pursuant to Section 4C<sup>1</sup> of the Exchange Act and Rule 102(e)(1)(iii)<sup>2</sup> of the Commission’s Rules of Practice.

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<sup>1</sup> Section 4C provides, in relevant part, that:

The Commission may censure any person, or deny, temporarily or permanently, to any person the privilege of appearing or practicing before the Commission in any way, if that person is found . . . (1) not to possess the requisite qualifications to represent others . . . (2) to be lacking in character or integrity, or to have engaged in unethical or improper professional conduct; or (3) to have willfully violated, or willfully aided and abetted the violation of, any provision of the securities laws or the rules and regulations thereunder.

<sup>2</sup> Rule 102(e)(1)(iii) provides, in pertinent part, that:

The Commission may . . . deny, temporarily or permanently, the privilege of appearing or practicing before it . . . to any person who is found . . . to have willfully violated, or willfully aided and abetted the violation of any provision of the Federal securities laws or the rules and regulations thereunder.

## II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) 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, which are admitted, Respondents consent to the entry of this Order Instituting Public Administrative and Cease-and-Desist Proceedings Pursuant to Sections 4C and 21C of the Securities Exchange Act of 1934 and Rule 102(e) of the Commission’s Rules of Practice, Making Findings and Imposing Remedial Sanctions, Cease-and-Desist Orders and Penalties (“Order”), as set forth below.

## III.

On the basis of this Order and Respondents’ Offers, the Commission finds<sup>3</sup> that:

### SUMMARY

This matter involves various books and records and internal accounting controls violations by FMC Technologies, Inc. and two of its former executives: segment controller Jeffrey Favret and his subordinate, business unit controller Steven Croft.

During the first quarter of 2013, Favret and Croft improperly reversed required accruals to improve their segment’s results. Their improper adjustments, which overstated their segment’s pre-tax operating profits by \$800,000 in that period, enabled the segment to meet its internal target. Favret and Croft continued to understate this accrual inappropriately in part of the second quarter of 2013.

Favret and Croft also failed to comply with FMCTI’s internal accounting controls by not reporting internally, as required, that they had corrected a \$730,000 error recorded in 2012 that increased their segment’s operating results in the first quarter of 2013. Within about two weeks of discussing this correction, Favret and Croft signed management representation letters attesting there had been no out-of-period adjustments larger than \$250,000 recorded during the period ending March 31, 2013.

Separately, Croft failed to comply with FMCTI’s internal accounting controls by directing that his business unit switch to a new accounting system before obtaining assurance that the new system would operate properly. This failure resulted in errors that significantly overstated the segment’s results in two quarterly periods in 2014.

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<sup>3</sup> The findings herein are made pursuant to Respondents’ Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

FMCTI committed other books and records and internal accounting controls violations as well. Another business that FMCTI acquired in 2012 failed to account properly for the same accrual account that Favret and Croft used improperly. And FMCTI improperly accounted for interest income associated with certain large intercompany loans, which resulted in an \$8 million out-of-period adjustment in 2014.

## RESPONDENTS

1. FMC Technologies, Inc., a Delaware corporation headquartered in Houston, Texas, describes itself as a global provider of technology solutions for the energy industry. FMCTI is a Fortune 500 company whose common stock is registered with the Commission pursuant to Section 12(b) of the Securities Act of 1933 and trades on the New York Stock Exchange. FMCTI has three reporting segments: Subsea Technologies, Surface Technologies, and Energy Infrastructure. Energy Infrastructure is FMCTI's smallest segment. During most of the relevant period, Jeffrey Favret was Energy Infrastructure's controller. During 2012, Energy Infrastructure acquired Automation & Control ("A&C") as a new business unit. Steven Croft was A&C's controller.

2. Jeffrey Favret, CPA, 55, is a resident of Spring, Texas and holds a Louisiana CPA license, which expired in 2012. From May 2012 until May 2013, Favret was the controller of FMCTI's Energy Infrastructure segment.

3. Steven K. Croft, CPA, 42, is a resident of Manhattan, Kansas and holds an inactive Louisiana CPA license. Croft is currently the controller of a private company. Croft served as FMCTI's consolidations and reporting manager from April 2010 until mid-2012, when he became the controller of Automation & Control ("A&C"), a newly acquired FMCTI business unit in the company's Energy Infrastructure segment. As controller of A&C, Croft reported to Segment Controller Jeffrey Favret until Favret's departure from FMCTI in May 2013.

## FACTS

### **Favret's and Croft's Manipulation of a Paid Time Off Account to Improve Segment Results**

#### FMCTI's Paid Time Off Policy

4. FMCTI has an atypical paid time off ("PTO") policy in that employees earn their full-year PTO allowances on January 1 of each year, instead of ratably in each pay period. For example, whereas in most companies, an employee who receives 12 days of PTO per year earns 1 day of leave each month, an FMCTI employee with the same amount of PTO would earn the entire 12 days on January 1. If that employee were to resign from FMCTI on January 2, she would be paid for all 12 days. Because this liability accrues on January 1, Generally Accepted Accounting Principles ("GAAP") require FMCTI to establish a reserve for its full-year PTO liabilities as of January 1.<sup>4</sup> Throughout the relevant period, FMCTI had internal accounting policies, described as "Financial Standards," which specified that PTO accruals must be maintained in this manner.

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<sup>4</sup> ASC 710-10-25-1 Compensated Absences, states that "An employer shall accrue a liability for employees' compensation for future absences if . . . [t]he obligation relates to rights that vest or accumulate."

5. Like many employers, FMCTI allowed its employees to roll over a certain amount of unused PTO from one year to the next. GAAP required FMCTI's PTO accounts to hold the full year PTO liabilities for the current year as well as the amount of unused PTO employees were allowed to carry from the prior year (the "roll-over") on January 1 of each year.

Croft Records the Required PTO Accruals.

6. In May 2012, FMCTI acquired a private company that it renamed Automation and Control ("A&C"). A&C had a traditional PTO policy wherein employees earned their leave over the course of each year. A&C accrued this liability ratably. A&C continued using this PTO policy throughout 2012.

7. FMCTI required A&C to adopt FMCTI's PTO policy as of January 1, 2013. Consequently, on January 1, 2013, A&C was required to record an accrual for its full-year 2013 PTO liability, while also maintaining an accrual for the 2012 PTO roll-over.

8. As A&C's controller, Croft was responsible for ensuring that the business unit was appropriately accounting for its PTO liability. Because he was new to the role, Croft consulted in January 2013 with a long-time FMCTI employee to determine what accrual he needed to establish for A&C's 2013 PTO liability. At that point, FMCTI's PTO accrual included only the 2012 roll-over (\$223,000). They concluded that A&C was required to also accrue the entire amount of its full-year 2013 PTO liability (\$928,000). In late January 2013, Croft directed his staff to accrue this additional liability.

Favret and Croft Revise A&C's Approach to the PTO Accrual.

9. The 2013 PTO accrual had a significant, negative impact on not only A&C's January results, but on the Energy Infrastructure segment's results as well. Favret and other executives in the segment were under pressure from the head of Energy Infrastructure to "push" their teams "to discomfort" to make up for lower revenues and earnings, and Favret began to question whether it was necessary for A&C to record the entire 2013 PTO accrual in January.

10. In early February 2013, Favret and Croft decided – without consulting FMCTI's corporate accounting office – to accrue for A&C's 2013 PTO liability ratably over the course of 2013, instead of accruing the liability all at once. Croft then directed a subordinate to reduce A&C's 2013 PTO accrual by almost \$800,000, leaving only the 2012 roll-over accrual (\$223,000) plus two-twelfths (representing two months' worth of accruals) of the full-year 2013 accrual (\$154,667). This method of accruing for A&C's PTO liability did not comply with FMCTI's accounting policy and resulted in an understatement of the required liability, which was not in compliance with GAAP.

11. Neither Favret nor Croft ever sought or received guidance, much less approval, from FMCTI's corporate accounting office before adopting this new approach.

12. In mid-March 2013, an FMCTI internal audit manager conducting a review of A&C advised Croft that his business unit needed to record the full 2013 PTO accrual.

Favret and Croft Revise the Approach Again, Completely Eliminating the 2013 PTO Accrual.

13. During the quarterly closing process in April 2013, Favret and Croft again sought to improve results for the first quarter. The head of Energy Infrastructure directed Favret to "push everyone for a couple of hundred k each above their stretch" and to "[s]ee if you can scratch out 100k somewhere" and told Favret to "keep following up with [Croft] please - has to be more there."

14. During this effort, Croft informed Favret that A&C's results may be even lower than they had anticipated. Croft warned Favret that A&C's bonus accrual was not sufficient to cover a larger-than-expected bonus payout for 2012.

15. To improve the segment's results, Favret and Croft decided during early April 2013 to eliminate A&C's 2013 PTO accrual entirely. Doing so left only the 2012 roll-over accrual (\$223,000) on A&C's general ledger for the quarter ended March 31, 2013.

16. The failure to accrue anything for A&C's 2013 PTO liability meant FMCTI's accrued liability for PTO was understated and was not in compliance with GAAP.

17. By not accruing anything for the 2013 PTO liability, Favret and Croft overstated the Energy Infrastructure segment's operating profits by about 10 percent for the quarter ended March 31, 2013 and allowed the company to claim that the segment's operating profit as a percentage of revenue had increased from 6.8 percent to 7.4 percent as compared to the prior year's first quarter. But for Favret and Croft's misconduct, Energy Infrastructure's operating profit as a percentage of revenue would have decreased to 6.7 percent.

18. Croft eliminated the 2013 PTO accrual at Favret's direction. After Favret and Croft "scrubbed" A&C's quarterly numbers together, Favret reported to the head of the Energy Infrastructure segment that he had changed Croft's computation for PTO, which subsequently reflected no accrual for 2013. Croft did not seek advice from anyone in FMCTI's internal audit or corporate accounting group even though an FMCTI internal audit manager had recently told him that A&C needed to have the full 2013 PTO accrual on its books and even though Croft was in contact with FMCTI's corporate accounting group at that time on other issues.

19. One of FMCTI's internal accounting controls required segment and business unit controllers to certify whether all significant liabilities, including accounts payable and payroll, had been properly recorded. Both Favret and Croft signed quarterly management representation letters to FMCTI's corporate controller on April 15, 2013 and April 11, 2013, respectively, in which they represented that all such liabilities had been properly recorded.

Favret and Croft Revise the Approach Yet Again, Using the 2012 Rollover Accrual to Improve April 2013 Results.

20. During April 2013, Favret and Croft reduced A&C's PTO accrual yet again. With nothing left on the books for A&C's 2013 PTO liability, this time they decided to release most of the 2012 PTO rollover. The new approach was to accrue the 2012 PTO rollover ratably such that A&C would not be fully accrued for this liability, which clearly existed as of the end of 2012, until the end of 2013.

21. After discussing with Favret, Croft directed a subordinate to reverse all but one-third (\$74,357) of the 2012 PTO rollover (\$223,000) that had remained on A&C's books at the end of the first quarter. This action improved A&C's income by nearly \$150,000 for the month.

22. The change in methodology to a ratable accrual of the 2012 rollover and the failure to accrue anything for A&C's 2013 PTO liability, meant FMCTI was not in compliance with GAAP.

FMCTI Re-Establishes A&C's 2013 PTO Accrual and the 2012 Roll-Over.

23. FMCTI's corporate accounting group learned about the issues with A&C's PTO accrual in late May or early June 2013. Before the end of the second quarter, the corporate accounting group directed A&C to re-establish its full-year 2013 PTO accrual and the 2012 rollover accrual by adding \$1.18 million to A&C's vacation accrual account.

**Schilling Robotics' Improper Accounting for its 2013 PTO Liability**

24. Schilling Robotics was another entity FMCTI acquired in 2012 that, like A&C, adopted FMCTI's PTO policy on January 1, 2013. Schilling, which was part of FMCTI's Subsea segment, also failed to properly accrue for its PTO liabilities in accordance with GAAP and FMCTI's accounting policies. Upon adoption of FMCTI's benefits program, Schilling took ratable accruals for its PTO liability throughout 2013 rather than recording the entire 2013 PTO liability (\$1.4 million) as of January 1, 2013.

**Favret and Croft Fail to Report Internally an Out-of-Period Adjustment as Required by FMCTI's Internal Controls.**

25. On March 30, 2013, during the same quarter in which Favret and Croft eliminated A&C's 2013 PTO accrual, Croft sought approval from Favret to capitalize \$730,000 in research and development costs that A&C had previously expensed in 2012. This spending should have been capitalized as incurred during 2012. Favret approved the capitalization, which corrected the earlier accounting treatment. Favret directed Croft to reverse the \$730,000 into income and capitalize the research and development costs. Though FMCTI's corporate accounting office had, only three weeks earlier, notified Favret that FMCTI's threshold for reporting internally out of period adjustments was \$250,000 (pre-tax), he instructed Croft that the \$730,000 was "not material enough to call an out of period charge."

26. One of FMCTI's internal accounting controls was to require segment and business unit controllers to certify whether they had made accounting entries during any given quarter over the \$250,000 threshold that related to a prior period. Both Favret and Croft signed quarterly management representation letters to FMCTI's corporate controller on April 15, 2013 and April 11, 2013, respectively, in which they represented that they had made no such entries. These statements were false. Both Favret and Croft knew that A&C had recorded the \$730,000 adjustment related to 2012 less than two weeks prior.

#### **Croft's Additional Failure to Comply with FMCTI's Internal Controls**

27. In January 2014, A&C implemented a new accounting system to replace a legacy accounting system that required the business unit to calculate revenue manually. FMCTI's internal accounting controls required that A&C either adequately test the new system before relying on it or maintain the old and new systems in parallel until the new system proved reliable. Despite this, Croft discontinued the legacy system as soon as the new accounting system became operable, before it was tested and found to be working reliably.

28. During A&C's transition to the new system, contractors made errors in using the new system that resulted in the Energy Infrastructure segment improperly recognizing \$6.7 million in revenue. These errors went undetected for two quarters, causing overstatements in the Energy Infrastructure segment's operating results in FMCTI's Forms 10-Q for the quarters ended March 31, 2014 and June 30, 2014.

#### **Internal Controls Failures in Recording Inter-Company Loans Result in Additional Out-of-Period Adjustments.**

29. As part of an April 2012 tax restructuring of FMC subsidiaries in Europe, FMC's Luxembourg subsidiary, which functions in U.S. dollars, made an 11.5 billion Norwegian Kroner (NOK) inter-company loan to FMC's Norwegian subsidiary, which functions in NOK. The loan between the two subsidiaries was considered to be part of FMC's net investment in the Norwegian subsidiary under GAAP within FMCTI's consolidated financial statements, which meant that only the interest income and accrued interest receivable (and not the principal balance) needed to be re-measured quarterly for currency fluctuations.<sup>5</sup>

30. FMCTI's Luxembourg entity did not, however, perform the required re-measurements. Due to a lack of internal accounting controls for non-routine tax transactions, the Luxembourg entity recorded its interest income receivable along with the loan principal in a general ledger account that did not automatically re-measure for currency fluctuations. As a result, the entity failed to re-measure the interest payments from NOK into U.S. dollars from the time of the loan's inception in April 2012 until the accounting error was discovered in the third quarter of 2014. The Norwegian entity also failed to make the necessary interest payments to the Luxembourg entity, triggering penalties that also needed to be re-measured. The required re-measurement of the penalties and interest required FMCTI to record an unrealized foreign currency

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<sup>5</sup> See ASC 830-20-35-2 through 35-4.

loss of \$20.9 million in the quarter ended September 30, 2014, \$8.1 million of which was an out-of-period adjustment to correct the prior failures to re-measure.

## VIOLATIONS

31. Exchange Act Section 13(b)(2)(A) requires reporting companies to make and keep books, records, and accounts which, in reasonable detail, accurately and fairly reflect their transactions and the dispositions of their assets.

32. Exchange Act Section 13(b)(2)(B) requires all reporting companies to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP.

33. Exchange Act Section 13(b)(5) provides that no person shall knowingly circumvent or knowingly fail to implement a system of internal accounting controls or knowingly falsify any book, record, or account.

34. Exchange Act Rule 13b2-1 provides that no person shall, directly or indirectly, falsify or cause to be falsified, any book, record or account subject to Exchange Act Section 13(b)(2)(A).

35. As a result of the conduct described above, FMCTI violated Exchange Act Sections 13(b)(2)(A) and 13(b)(2)(B) because it failed to make and keep appropriate books and records and devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that its newly acquired business units recorded the necessary accruals for their PTO liabilities, reported out-of-period adjustments, appropriately tested new revenue calculation systems before discontinuing old systems, and properly recorded inter-company loans.

36. As a result of the conduct described above, Favret violated Exchange Act Section 13(b)(5) and Exchange Act Rule 13b2-1 and caused FMCTI's violations of Exchange Act Sections 13(b)(2)(A) and 13(b)(2)(B) because he willfully manipulated FMCTI's PTO accrual and failed to report an out-of-period adjustment.

37. As a result of the conduct described above, Croft violated Exchange Act Section 13(b)(5) and Exchange Act Rule 13b2-1 and caused FMCTI's violations of Exchange Act Sections 13(b)(2)(A) and 13(b)(2)(B) because he willfully manipulated FMCTI's PTO accrual, failed to report an out-of-period adjustment, and discontinued A&C's old revenue calculation system before the new system was found to be working properly.

## **FINDINGS**

38. Based on the foregoing, the Commission finds that FMCTI violated Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act.

39. Based on the foregoing, the Commission finds that Favret (a) willfully violated Section 13(b)(5) of the Exchange Act and Exchange Act Rule 13b2-1; and (b) willfully aided and abetted and caused FMCTI's violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act.

40. Based on the foregoing, the Commission finds that Croft (a) willfully violated Section 13(b)(5) of the Exchange Act and Exchange Act Rule 13b2-1; and (b) willfully aided and abetted and caused FMCTI's violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act.

## **UNDERTAKINGS**

Respondent FMCTI undertakes to:

41. Cooperate fully with the Commission in any and all investigations, litigations, or other proceedings relating to or arising from the matters described in the Order. In connection with such cooperation, Respondent FMCTI shall:

a. Produce, without service of a notice or subpoena, any and all non-privileged documents and other information requested by the Commission staff subject to any restrictions under the law of any foreign jurisdiction;

b. Use its best efforts to cause its officers, employees, and directors to be interviewed by Commission staff at such times and places as the staff reasonably may direct;

c. Use its best efforts to cause its officers, employees, and directors to appear and testify without service of a notice or subpoena in such investigations, depositions, hearings, or trials as may be requested by the Commission staff; and

d. In connection with any testimony of Respondent FMCTI's officers, employees, and directors to be conducted at deposition, hearing, or trial pursuant to a notice or subpoena, Respondent FMCTI:

i. Agrees that any such notice or subpoena for Respondent FMCTI's officers', employees', and directors' appearance and testimony may be served by regular or electronic mail on: John C. Wander, Esq., Vinson & Elkins LLP, 2001 Ross Avenue, Suite 3700, Dallas, Texas 75201-2975; jwander@VELaw.com; and

ii. Agrees that any such notice or subpoena for Respondent FMCTI's officers', employees', and directors' appearance and testimony in any action pending in a United States District Court may be served, and may require

testimony, beyond the territorial limits imposed by the Federal Rules of Civil Procedure.

Respondent Favret undertakes to:

42. Cooperate fully with the Commission in any and all investigations, litigations, or other proceedings relating to or arising from the matters described in the Order. In connection with such cooperation, Respondent Favret shall:

- a. Produce, without service of a notice or subpoena, any and all non-privileged documents and other information requested by the Commission staff subject to any restrictions under the law of any foreign jurisdiction;
- b. Appear and be interviewed by Commission staff at such times and places as the staff reasonably may direct;
- c. Appear and testify without service of a notice or subpoena in such investigations, depositions, hearings, or trials as may be requested by the Commission staff; and
- d. In connection with any testimony of Respondent to be conducted at deposition, hearing, or trial pursuant to a notice or subpoena, Respondent Favret:
  - i. Agrees that any such notice or subpoena for Respondent Favret's appearance and testimony may be served by regular or electronic mail on: Kenneth P. Held, Esq., Schiffer Odom Hicks & Johnson PLLC, 700 Louisiana St., Suite 1200, Houston, TX 77002; kheld@sohjlaw.com; and
  - ii. Agrees that any such notice or subpoena for Respondent Favret's appearance and testimony in any action pending in a United States District Court may be served, and may require testimony, beyond the territorial limits imposed by the Federal Rules of Civil Procedure.

Respondent Croft undertakes to:

43. Cooperate fully with the Commission in any and all investigations, litigations, or other proceedings relating to or arising from the matters described in the Order. In connection with such cooperation, Respondent Croft shall:

- e. Produce, without service of a notice or subpoena, any and all non-privileged documents and other information requested by the Commission staff subject to any restrictions under the law of any foreign jurisdiction;
- f. Appear and be interviewed by Commission staff at such times and places as the staff reasonably may direct;

- g. Appear and testify without service of a notice or subpoena in such investigations, depositions, hearings, or trials as may be requested by the Commission staff; and
- h. In connection with any testimony of Respondent to be conducted at deposition, hearing, or trial pursuant to a notice or subpoena, Respondent Croft:

- iii. Agrees that any such notice or subpoena for Respondent Croft's appearance and testimony may be served by regular or electronic mail on: Josh Roseman, Esq., Jones Day, 2727 N. Harwood Street, Dallas, Texas 75201; jsroseman@JonesDay.com; and

- iv. Agrees that any such notice or subpoena for Respondent Croft's appearance and testimony in any action pending in a United States District Court may be served, and may require testimony, beyond the territorial limits imposed by the Federal Rules of Civil Procedure.

In determining whether to accept the Respondents' Offers, the Commission has considered these undertakings.

#### **IV.**

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent FMCTI's, Respondent Favret's and Respondent Croft's Offers.

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

A. FMCTI Technologies, Inc. shall cease and desist from committing or causing any violations and any future violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act.

B. Jeffrey Favret shall cease and desist from committing or causing any violations and any future violations of Sections 13(b)(2)(A), 13(b)(2)(B), and 13(b)(5) of the Exchange Act and Exchange Act Rule 13b2-1.

C. Favret is denied the privilege of appearing or practicing before the Commission as an accountant. After two years from the date of this order, Favret 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 Favret'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) Favret, 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) Favret, 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 Favret’s or the firm’s quality control system that would indicate that Favret will not receive appropriate supervision;

(c) Favret 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) Favret acknowledges his responsibility, as long as Favret 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.

D. The Commission will consider an application by Favret 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 Favret’s character, integrity, professional conduct, or qualifications to appear or practice before the Commission.

E. Steven K. Croft shall cease and desist from committing or causing any violations and any future violations of Sections 13(b)(2)(A), 13(b)(2)(B), and 13(b)(5) of the Exchange Act and Exchange Act Rule 13b2-1.

F. Croft is denied the privilege of appearing or practicing before the Commission as an accountant. After two years from the date of this order, Croft 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 Croft’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) Croft, 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) Croft, 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 Croft’s or the firm’s quality control system that would indicate that Croft will not receive appropriate supervision;

(c) Croft 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) Croft acknowledges his responsibility, as long as Croft 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.

G. The Commission will consider an application by Croft 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 Croft’s character, integrity, professional conduct, or qualifications to appear or practice before the Commission.

H. FMCTI shall, within 10 days of the entry of this Order, pay a civil money penalty in the amount of \$2,500,000.00 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

Payment must be made in one of the following ways:

- (1) Respondent FMCTI may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent FMCTI may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or

- (3) Respondent FMCTI may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying FMC Technologies, Inc. as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Rami Sibay, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

I. Respondent Favret shall, within 10 days of the entry of this Order, pay a civil money penalty in the amount of \$30,000.00 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

Payment must be made in one of the following ways:

- (1) Respondent Favret may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent Favret may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent Favret may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Jeffrey Favret as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Rami Sibay, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

J. Respondent Steven K. Croft shall pay civil penalties of \$10,000.00, to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717. Payment shall be made in installments according to the following schedule: (1) \$2,500.00 within 14 days of the entry of this Order; (2) \$1,500.00 by December 31, 2016; (3) \$1,500.00 by March 31, 2017; (4) \$1,500.00 by June 30, 2017; (5) \$1,500.00 by September 30, 2017; and (6) \$1,500.00 by December 31, 2017. Payments shall be deemed made on the date they are received by the Commission and shall be applied first to post judgment interest, which accrues pursuant to 31 U.S.C. § 3717 on any unpaid amounts due after 14 days of the entry of this Order. Prior to making the final payment set forth herein, Respondent shall contact the staff of the Commission for the amount due for final payment. If any payment is not made by the date the payment is required according the schedule set forth above, the entire outstanding balance of civil penalties, plus any additional interest accrued pursuant to 31 U.S.C. § 3717, shall be due and payable immediately, without further application.

Payment must be made in one of the following ways:

- (1) Respondent Croft may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent Croft may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent Croft may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Steven Croft as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Rami Sibay, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

K. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalties, Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondents' payment of civil penalties in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a

Penalty Offset, Respondents agree that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondents by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondents Jeffrey Favret and Steven K. Croft, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondents Favret and Croft under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondents Favret and Croft of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Brent J. Fields  
Secretary