

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 90784 / December 22, 2020

ADMINISTRATIVE PROCEEDING
File No. 3-19927

In the Matter of

**SUPER MICRO COMPUTER,
INC.,**

Respondent.

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**ORDER APPOINTING
FUND ADMINISTRATOR AND SETTING
BOND AMOUNT**

ADMINISTRATIVE PROCEEDING
File No. 3-19928

In the Matter of

HOWARD HIDESHIMA,

Respondent.

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On August 25, 2020, the Commission issued an Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (“SMC Order”)¹ against Super Micro Computer, Inc. (“SMC”). In the SMC Order, the Commission determined that SMC, a producer of computer servers headquartered in California, engaged in improper accounting—prematurely recognizing revenue and understating expenses

¹ Securities Act Rel. No. 10822 (Aug. 25, 2020).

from at least fiscal year (“FY”) 2015 through FY 2017. As a result, SMC filed with the Commission materially misstated financial statements in its annual, quarterly and current reports during the period.

Also on August 25, 2020, in a related matter, the Commission issued a Corrected Order Instituting Cease-and- Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (“Hideshima Order”) against Howard Hideshima (“Hideshima”),² the former Chief Financial Officer of SMC. The Commission determined that Hideshima engaged in improper accounting and caused internal accounting controls failures, which resulted in Super Micro systematically prematurely recognizing and reporting revenue and understating expenses from at least FY 2015 through FY 2017. The Commission further determined that, from at least FY 2015 through FY 2017, Hideshima signed, and/or approved, annual, quarterly and current reports with the Commission that contained materially misstated financial statements.

As a result of the conduct described in the SMC Order and Hideshima Order (collectively, the “Orders”), the Commission ordered SMC to pay a civil money penalty of \$17,500,000.00, and Hideshima to pay disgorgement of \$260,844.00, prejudgment interest of \$40,212.00, and a civil money penalty of \$50,000.00, to the Commission. In the SMC Order, the Commission created a Fair Fund (the “Fair Fund”), pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the collected civil penalty could be distributed to investors harmed by the conduct described in the Orders. In the Hideshima Order, the Commission also established a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002

² Exchange Act Rel. No. 89657 (Aug. 25, 2020). The Hideshima Order was corrected from its original form to add the established Fair Fund to the Fair Fund established in the SMC Order (the “Fair Fund”) for distribution. *See* Paragraph IV.C. of the Hideshima Order

and ordered it to be added to the Fair Fund established in the SMC Order, so the collected civil penalty, along with collected disgorgement and prejudgment interest, would be combined into one fund for distribution to investors harmed by the conduct described in the Orders.

The Fair Fund is comprised of the \$17,851,056.00 paid by SMC and Hideshima pursuant to the Orders. Any additional funds ordered to be combined with the Fair Fund, as well as accrued interest, will be added to the Fair Fund.

The Division of Enforcement now seeks the appointment of Kurtzman Carson Consultants, LLC (“KCC”) as the fund administrator and requests that the administrator’s bond be set at \$17,851,056.00. KCC is included in the Commission’s approved pool of administrators.

Accordingly, IT IS HEREBY ORDERED that KCC is appointed as the fund administrator, pursuant to Rule 1105(a) of the Commission’s Rules of Fair Fund and Disgorgement Plans (“Commission’s Rules”),³ and shall obtain a bond in accordance with Rule 1105(c) of the Commission’s Rules⁴ in the amount of \$17,851,056.00.

For the Commission, by the Division of Enforcement, pursuant to delegated authority.⁵

Vanessa A. Countryman
Secretary

³ 17 C.F.R. § 201.1105(a).

⁴ 17 C.F.R. § 201.1105(c).

⁵ 17 C.F.R. § 200.30-4(a)(17).