

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 53717 / April 25, 2006

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 2418 / April 25, 2006

ADMINISTRATIVE PROCEEDING
File No. 3-12273

In the Matter of

ALLEN BUNTIN,

Respondent.

**ORDER INSTITUTING CEASE-AND-DESIST
PROCEEDINGS, MAKING FINDINGS, AND
IMPOSING A CEASE-AND-DESIST ORDER
PURSUANT TO SECTION 21C OF THE
SECURITIES EXCHANGE ACT OF 1934**

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 Allen Buntin (“Buntin” or “Respondent”).

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, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings, Making Findings, and Imposing a Cease-and-Desist Order Pursuant to Section 21C of the Securities Exchange Act of 1934 (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds¹ that:

A. Facts

Hayes Lemmerz International, Inc. ("Hayes") is a Delaware corporation that is headquartered in Northville, Michigan and has operations throughout the United States, South America, and Europe. The company is a major global supplier of automotive and commercial highway components (including wheels, brakes, powertrains, suspensions, and structural and other lightweight components). During the relevant period, Hayes was a publicly-held company with securities registered with the Commission pursuant to Section 12(b) of the Exchange Act. Hayes' shares traded on the New York Stock Exchange until it was de-listed after the disclosure of the fraudulent accounting scheme described below. Hayes' common stock is now listed on the NASDAQ National Market.

Allen Buntin, age 53, is a resident of Michigan. From May 1992 through October 2001, he was the Business Unit Controller for Hayes' North American Fabricated/Cast Wheel Group ("FWG"), which was a part of Hayes' North American Wheel Group ("NAWG"). Buntin's responsibilities as the Business Unit Controller involved ensuring that the FWG's books and records complied with Generally Accepted Accounting Principles ("GAAP") and Hayes' internal accounting policies.

From at least 1999 through the first quarter of 2001, Hayes, acting through senior officers and employees, engaged in a fraudulent scheme to achieve corporate earnings targets and mask declining operating results. Specifically, the fraudulent accounting scheme was carried out at certain Hayes plants and business units through three primary mechanisms: (1) inappropriately deferring operating expenses to balance sheet accounts, (2) failing to process vendor invoices, and (3) recording certain expenses as assets by improperly classifying expenses as gain contingencies or inaccurately recording customer discounts as receivables. Hayes employees, including senior officers and accounting personnel, directed, ratified and/or knew of the above-listed practices. As a result of Hayes' fraudulent scheme, Hayes made materially false filings with the Commission in fiscal years 1999 and 2000 and for the first quarter of 2001. In December 2001, Hayes restated its results for fiscal years 1999, 2000 and for the first quarter of 2001. On December 5, 2001, Hayes filed for Chapter 11 bankruptcy due, in part, to revelations about its improper accounting practices. Hayes emerged from bankruptcy in June 2003.

As FWG Business Unit Controller, Buntin knew of and participated in at least some of the improper accounting practices described above because he either authorized the action and/or ratified the improper records that resulted from the practices. Buntin was responsible for reconciling various income statements and balance sheet accounts. Specifically, Buntin knew that in 1999, 2000, and the first quarter of 2001, approximately \$.75 million, \$1.9 million, and \$1.8

¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

million respectively of excessive operating expenses (such as utility costs, freight, and machine repairs) were improperly deferred to FWG plant balance sheet accounts. Beginning in May 2000, Buntin directed at least one FWG plant to meet its earnings targets by deferring expenses to specific plant balance sheet accounts at almost every month-end. He also periodically made the expense deferrals at the FWG business unit level. Also, Buntin knew that the FWG business unit inappropriately deferred approximately \$5.1 million of operating expenses in 1999, \$5.6 million in 2000 and an additional \$1.1 million by the close of the first quarter of 2001. Buntin knew that by deferring operating expenses, the FWG improperly inflated net income. In 2000, Buntin failed to adequately accrue customer discounts on FWG financial statements, causing the FWG's net sales to be overstated. Buntin knew that failing to adequately accrue these discounts resulted in false entries on FWG's balance sheet and income statements. Additionally, Buntin knew that at both the plant and business unit level of FWG, fringe benefit liabilities were purposefully understated in Hayes' books and records.

B. Legal Analysis

As a result of the conduct described above, Buntin violated Section 13(b)(5) of the Exchange Act and Rule 13b2-1 thereunder and caused violations of Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act and Rules 13a-1 and 13a-13 thereunder.

1. Record-Keeping Provisions: Section 13(b)(2)(A) of the Exchange Act and Rule 13b2-1 Thereunder

Section 13(b)(2)(A) of the Exchange Act requires issuers with securities registered pursuant to Section 12 of the Exchange Act to make and keep books, records, and accounts that accurately and fairly reflect the transactions and dispositions of their assets. Rule 13b2-1 under the Exchange Act prohibits the falsification of any book, record, or account subject to Section 13(b)(2)(A) of the Exchange Act.

As FWG Business Unit Controller, Buntin was responsible for reconciling various income statements and balance sheet accounts and authorized and/or ratified entries in Hayes' books and records that he knew inaccurately reflected transactions and dispositions of the company's assets. Buntin therefore caused Hayes' violation of Section 13(b)(2)(A) of the Exchange Act and violated Rule 13b2-1 under the Exchange Act.

2. Internal Controls Provisions: Sections 13(b)(2)(B) and 13(b)(5) of the Exchange Act

Section 13(b)(2)(B) of the Exchange Act requires issuers with securities registered pursuant to Section 12 of the Exchange Act to devise and maintain a system of internal accounting controls sufficient to reasonably assure, among other things, that transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP. Section 13(b)(5) of the Exchange Act prohibits any person from knowingly circumventing or knowingly failing to implement a system of internal accounting controls or knowingly falsifying any book, record, or account required to be made and kept pursuant to Section 13(b)(2) of the Exchange Act.

As FWG Business Unit Controller, Buntin knew that the inappropriate accounting entries he and others made at the FWG plants would be included in Hayes' books, records, and financial

results. Buntin therefore caused Hayes' books and records to contain inaccurate and incomplete descriptions of the accounting entries, which prevented Hayes from preparing financial statements in conformity with GAAP. Such conduct violated Section 13(b)(5) of the Exchange Act and caused Hayes' violation of Section 13(b)(2)(B) of the Exchange Act.

3. Reporting Provisions: Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-13 Thereunder

Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-13 thereunder require that issuers with securities registered under Section 12 of the Exchange Act file annual and quarterly reports with the Commission and keep this information current. By engaging in the above-described conduct, Buntin caused Hayes to file inaccurate quarterly and annual reports with the Commission. Accordingly, Buntin caused Hayes' violation of Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-13 thereunder.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Buntin's Offer.

Accordingly, it is hereby ORDERED that Respondent Allen Buntin cease and desist from (1) committing or causing any violations and any future violations of Section 13(b)(5) of the Exchange Act and Rule 13b2-1 thereunder, and (2) causing any violations and any future violations of Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act and Rules 13a-1 and 13a-13 thereunder.

By the Commission.

Nancy M. Morris
Secretary