UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
May 13, 2009

ADMINISTRATIVE PROCEEDING
File No. 3-13470

In the Matter of CHANDRASHEKHAR GOPINATHAN, Respondent.	ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933, AND SECTIONS 15(b) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 AND NOTICE OF HEARING

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 ("Securities Act") and Sections 15(b) and 21C of the Securities Exchange Act of 1934 ("Exchange Act") against Chandrashekhar Gopinathan ("Respondent" or "Gopinathan").

II.

After an investigation, the Division of Enforcement alleges that:

A. NATURE OF PROCEEDINGS

1. This proceeding arises out of materially misleading statements and omissions in offering documents in connection with a major, private securities offering backed by a portfolio of regional aircraft manufactured by Bombardier, Incorporated ("Bombardier"). RASPRO Trust 2005 ("RASPRO"), a special purpose entity created by Bombardier, sponsored the $1.67 billion offering and Wachovia Capital Markets, LLC. ("Wachovia") served as the underwriter. On September 23, 2005 the offering closed. Within the first three months after closing, Bombardier discovered that RASPRO would have to draw on a liquidity reserve to make

the first payment on one of the three tranches of securities involved in the offering, the B Notes, and that a guarantor would have to step in and purchase the B Notes in the fifth year of the 18 year transaction.

2. Respondent Gopinathan, a vice-president, and a junior associate served on the Commercial Aviation Team of Wachovia's Structured Asset Finance Group, and were responsible for preparing the cash flow models for the transaction. One of the purposes of the models was to show that the transaction would have sufficient liquidity to pay interest and principal when due. Gopinathan, the junior associate, and a managing director – the three members of the Commercial Aviation Team – were aware of the potential shortfalls as early as July 2005, but did not tell anyone else at Wachovia. Instead, Gopinathan and the junior associate, on the managing director's orders, manipulated certain payment assumptions in order to hide the shortfalls. As a result, the offering memorandum provided materially false and incomplete information about the liquidity of the B Note transaction.

3. By engaging in the acts alleged herein, Respondent Gopinathan violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. RESPONDENT

1. Respondent Gopinathan, age 32, currently resides in London, England. During the relevant time period, Gopinathan was a Vice-President at Wachovia on the Commercial Aviation Team in the Structured Asset Finance Group. Gopinathan assisted in the preparation of the cash flow models and payment assumptions for the RASPRO offering. While at Wachovia, Gopinathan had passed neither the Series 7 nor the Series 63 exams and was not a registered representative. Gopinathan was placed on administrative leave by Wachovia on December 22, 2005, and resigned from Wachovia on March 7, 2006. Gopinathan is currently employed by a securities firm in London, England, but is not a registered representative.

C. OTHER RELEVANT ENTITIES

1. Wachovia Capital Markets, LLC, during the relevant time period, was an indirect wholly-owned subsidiary of Wachovia Corporation. On January 1, 2009, Wachovia Corporation became part of Wells Fargo & Co. Wachovia is a registered broker-dealer incorporated in Delaware and an affiliate of Wachovia Bank NA. Wachovia's principal place of business is in Charlotte, NC. Wachovia was the lead underwriter and sole lead manager of the RASPRO offering.

2. Bombardier Incorporated is a Canadian manufacturer of aircraft and rail transportation equipment and a foreign private issuer under Section 12(g) of the Exchange Act. Its primary offices are located Montreal, Québec, Canada, but it has U.S. offices in Vermont and Kansas.

D. FACTS

The RASPRO OFFERING

1. Bombardier created RASPRO, a special purpose entity, to finance the manufacture and sale of 70 regional aircraft. Bombardier sold the 70 aircraft to RASPRO, which leased the 70 aircraft to four airline companies. To finance the purchase of the 70 aircraft from Bombardier, RASPRO issued $1.67 billion in securities and leveraged lease equity in a private offering.

2. *The Asset Side of the Transaction:* Once Bombardier sold the 70 new passenger airplanes to RASPRO, those aircraft were RASPRO's assets.[1] RASPRO leased the 70 aircraft to four regional airlines in return for regular lease payments. In addition to these regular lease payments, the airlines also made a one-time additional payment, payable at the same time the first regular payment was due. When RASPRO received the airline payments, it placed them into a collections account. The incoming payments remained in this account for 15 days, except for the one-time additional payment which stayed in the collections account for 105 days. While held in the collections account, the lease-payment funds earned interest.

3. *The Liability Side of the Transaction:* After the incoming lease payments accrued interest in the collections account, RASPRO then used these funds to pay various fees, including a 1% servicing fee. After paying these fees, RASPRO used the incoming funds to satisfy its other liabilities, in descending order of priority, including interest payments due to the classes of noteholders. The transaction included a $41.4 million liquidity reserve that could be used in the event RASPRO did not have sufficient cash at any given time to pay the noteholders. The $1.67 billion private placement involved three tranches. The first, and most senior, tranche consisted of $905 million in G Notes.[2] Nineteen investment banks and other sophisticated institutional investors purchased the G Notes. The second tranche consisted of $275 million leveraged lease equity that provided the equity purchaser with a tax benefit. The leveraged lease equity was not guaranteed. Wachovia purchased the leveraged lease equity tranche.

4. The third, and most junior, tranche was $485 million in B Notes. A New York commercial and investment bank purchased the B Notes. The B Notes were guaranteed by Investissement Quebec ("IQ", and Financial Security Assurance Inc. ("FSA").[3] If the incoming cashflows and liquidity reserve were insufficient to fund interest payments for the B Note holders, then IQ would make timely interest payments of up to $48.5 million. If the $48.5 million in interest payments were exhausted, IQ would be required to purchase the B Notes in their entirety.

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[1] RASPRO kept ownership of some of the planes and sold-and-leased-back others.

[2] The G Notes were guaranteed for timely payment of interest and principal and rated AAA with a shadow rating of a single A. A shadow rating is a rating performed on an issuer by a credited institution, which is not publicly announced.

[3] The B Notes were rated A1 as to timely payment of interest and principal and shadow rated the B Notes as B- or BBB to ultimately payment of interest and principal.

5. IQ had a counter-guarantee from Bombardier. If IQ were required to purchase the B Notes, it could seek reimbursement from Bombardier for 10% of the total outstanding guarantees between IQ and Bombardier, which would cover most or the entire amount owed on the B Notes. If IQ sought reimbursement under the counter-guarantee, Bombardier would likely be required to consolidate RASPRO onto its balance sheet, which would significantly increase Bombardier's debt and make it difficult for Bombardier to finance the cost of manufacturing aircraft.[4]

6. The G Notes and B Notes paid investors a monthly coupon rate (that is, the interest rate on the note) of LIBOR plus a fixed percentage.[5] In order to protect against fluctuations in LIBOR rates and give RASPRO and the noteholders certainty about the monthly interest payment amounts, RASPRO entered into two separate interest rate swap agreements with Wachovia – one for the G Notes and one for the B Notes. In each case, RASPRO swapped the floating LIBOR interest rate income stream for a fixed rate income stream on the G Notes for the life of the transaction and on the B Notes for the first six years of the transaction. As a result of the swap agreements, RASPRO agreed to make fixed monthly payments to the G Note holders for the life of the transaction and the B Note holder for the first six years.

GOPINATHAN'S KNOWLEDGE OF THE EARLY DRAW

7. Wachovia was the sole structuring, underwriting and placement agent for the RASPRO offering.

8. The managing director, Gopinathan, and the junior associate, the three members of the Commercial Aviation Team, were responsible for preparing the cash flow models used in structuring the transaction. Although the models themselves were not part of the offering memorandum, the outputs (or results) from the models and the payment assumptions used in the models were included in the offering memorandum (in a section titled "Payment Assumptions"). The Commercial Aviation Team was responsible for preparing that section of the offering memorandum.

9. The Commercial Aviation Team modeled "base case" and "stress scenarios" for the offering memorandum. The "base case" cash flow model assumed that all of the airlines made their lease payments throughout the life of the transaction with no defaults. The "stress scenarios" assumed that certain airlines defaulted on their lease payments at certain times or that there were percentage reductions in the gross lease revenues received in the transaction.

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[4] Bombardier hired RISConsulting ("RISC") to perform an analysis under FASB Interpretation No. 46 ("FIN 46") to determine whether it needed to consolidate RASPRO on its balance sheet.

[5] "LIBOR," or the London InterBank Offered Rate, is the average interest rate charged when banks in the London interbank network lend to each other. LIBOR rates are used internationally as a benchmark for pricing, among other things, debt instruments and securities.

10. The managing director, Gopinathan and the junior associate knew as early as July 2005 that there would be an early draw on the B Note guarantee in the transaction even in the base case.

11. In July 2005, the junior associate informed the managing director that the transaction models were showing an early draw on the B Note guarantee. The managing director instructed the junior associate that the models could not show such a draw in the base case and told him to consult with Gopinathan.

12. The managing director and the junior associate spoke separately to Gopinathan. Gopinathan suggested making changes to the payment assumptions in the offering memorandum on the liability side of the transaction because it was too complicated to make changes on the asset side of the transaction and there was time pressure on the transaction.

13. During the relevant period, Gopinathan assisted the junior associate with making changes to the liability side of the transaction.

THE CHANGES TO THE PAYMENT ASSUMPTIONS AND TRANSACTION MODEL

14. The payment assumptions in the offering memorandum, which were used to model the transaction, did not reflect the interest rate swap agreements that modified the coupon payments to the G and B Note holders. Instead the assumptions and models assumed a fixed three-month LIBOR rate of 3.66% as the coupon rate for both notes over the life of the transaction. The effect of not modeling the swap agreements and instead using a constant 3.66% LIBOR rate was to understate the liability on the B Notes and overstate expected cashflows. The failure to model the swap agreements had the greatest impact on overstating expected cashflows. It accounted for almost 80% of the aggregate amount of the cash flow overstatement from all four changes, and overstated cash flows by over $3.5 million during the first quarter of the transaction.

15. Gopinathan was aware that the payment assumptions and cashflow model outputs in the offering memorandum and the cashflow model inaccurately reflected a lower interest rate for the G and B Note coupons and that the change was made to the interest rate to mask the draw on the B Note guarantee, but incorporated this false assumption into the offering memorandum and cashflow models regardless of that knowledge.

16. Cashflows came into the transaction in the form of airline lease payments that were deposited into a collections account. Before payments were made from the collections account to the bondholders, the proceeds in the collections account earned interest for the short reinvestment period during which the cash was in the account. The model used a 5% reinvestment rate for this period when the industry standard, and the standard used in the rating agencies' models, for short-term investments at the time, was closer to 3%. The inflated 5% reinvestment rate had the second greatest impact in overstating expected cashflows, overstating

cash flows in the first quarter by $742,000. This accounted for approximately 15.5% of the aggregate overstated cashflows in the first quarter.

17. Gopinathan was aware that the payment assumptions and cashflow model outputs in the offering memorandum and the cashflow model inaccurately reflected a higher reinvestment rate and that the reinvestment rate was raised to mask the draw on the B Note guarantee, but incorporated this false assumption into the offering memorandum and cashflow models regardless of that knowledge.

18. The transaction was structured such that the regular incoming airline lease payments accrued interest in the collections account for a 15-day reinvestment period, except for a one-time additional up-front payment that accrued interest in the collections account for 105 days. The payment assumptions in the offering memorandum stated that a 15-day reinvestment period was modeled. The model reflected a 105-day reinvestment period for all incoming lease payments instead of a 15-day reinvestment period. The 105-day reinvestment period had the third greatest impact on overstating expected cashflows. Because the first reinvestment period in the transaction was modeled correctly, the false assumption did not impact cash flows until the second quarter. Nevertheless, this false assumption overstated expected cash flows in the second quarter by $606,000, which was approximately 13% of the total first period cash flow overstatement and approximately 12% of the aggregate cash flow overstatement for the second quarter.[6]

19. Gopinathan was aware that the payment assumptions in the offering memorandum reflected a 15-day reinvestment period, as intended in the transaction, while the cashflow model and those cashflow model outputs used in the offering memorandum inaccurately reflected a 105-day reinvestment period, and that the period was inflated in the modeling to mask the draw on the B Note guarantee. Regardless of this knowledge he decided to incorporate the inflated reinvestment period into the cashflow models and into the cashflow model outputs that were used in the offering memorandum.

20. The cashflow models also reflected incorrectly the assumption that no Class B Note acceleration event would occur. Therefore, once the $48.5 million in IQ interest payments were exhausted, the model did not show IQ stepping in to replace the original B Note investor by purchasing the B Notes in their entirety, as the transaction was structured. Instead, the model assumed a continuation of the interest shortfalls. This assumption was added at the end of August, well after the team learned that there would be a draw on the B Note guarantee.

21. Gopinathan was aware that the payment assumptions and cashflow model outputs in the offering memorandum and the cashflow model inaccurately reflected that no Class B Note acceleration event would occur and that this false assumption was made to mask the draw

[6] The errors in conjunction with each other compound the monetary effect on the cashflows. That is, each of the percentages reflects the effect of the particular false assumption being discussed on the overall cashflows without taking into account the effects of all the false assumptions on each other. So the percentages are correct despite the fact that they exceed 100%.

on the B Note guarantee, but decided to incorporate this false assumption into the offering memorandum and cashflow models regardless of that knowledge.

22. Gopinathan suggested that changes be made to assumptions on the liability side of the transaction. Gopinathan assisted the junior associate in making the changes to the model. Gopinathan was aware that the changes were made to mask the early draw on the B Note guarantee in the base case, and he made no effort to correct the model or disclose the facts regarding the changes or the early draw in the base case to anyone outside of the Commercial Aviation Team of which he was a part.

THE EARLY DRAW IS DISCOVERED BY BOMBARDIER AFTER CLOSING

23. On September 23, 2005, the transaction closed and RASPRO issued the bond offering. Nineteen institutional investors purchased the G Notes. Wachovia Bank NA purchased the equity interest with the purpose of selling it to the public. A New York commercial and investment bank purchased the entire B Note tranche.

24. A few weeks after closing, Bombardier's consulting firm completed its FIN 46 analysis and noticed a possible early draw on the IQ interest payments and principal. After further analysis, Bombardier learned that the transaction as structured would result in a draw on IQ's interest payments in month 13 and a draw on the IQ principal in month 63, requiring IQ to purchase the B Notes in their entirety approximately five years after the transaction closed.

WACHOVIA CONDUCTS AN INTERNAL INVESTIGATION, SELF-REPORTS THE TRANSACTION AND TAKES REMEDIAL ACTION

25. On December 22, 2005, Wachovia placed the three members of the Commercial Aviation Team on administrative leave.

26. In January 2006, Wachovia retained outside counsel to conduct an internal investigation.

27. In June 2006, Wachovia agreed to restructure the transaction using corrected payment assumptions and cash flow models. As a result of the restructuring, Wachovia paid an $87 million cash infusion into the transaction to prevent a premature draw on IQ's interest and note payments.[7] Wachovia also paid a $7 million insurance premium and $28.6 million in structuring and placement fees, as part of the restructuring.

28. Gopinathan resigned from Wachovia on March 7, 2006.

[7] Bombardier also made a cash infusion of $23 million in exchange for the rights to share in Wachovia's interest in the leveraged lease equity.

E. VIOLATIONS

1. As a result of the conduct described above, Gopinathan willfully violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in the offer and sale of securities and in connection with the purchase, or sale of securities.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative and cease-and-desist proceedings be instituted to determine:

A. Whether the allegations set forth in Section II are true and, in connection therewith, to afford Respondents an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act including, but not limited to, disgorgement and civil penalties pursuant to Section 21B of the Exchange Act;

C. Whether pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act, Gopinathan should be ordered to cease-and-desist from committing or causing violations of and any future violations of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder; and

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened not earlier than 30 days and not later than 60 days from service of this Order at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Elizabeth M. Murphy
Secretary