

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 60676 / September 15, 2009

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3051 / September 15, 2009

ADMINISTRATIVE PROCEEDING
File No. 3-13617

In the Matter of	:	ORDER INSTITUTING
	:	ADMINISTRATIVE PROCEEDINGS
BERDJ J. RASSAM, CPA,	:	PURSUANT TO RULE 102(e) OF THE
	:	COMMISSION'S RULES OF PRACTICE,
Respondent.	:	MAKING FINDINGS, AND IMPOSING
	:	REMEDIAL SANCTIONS
	:	

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 Berdj J. Rassam (“Respondent” or “Rassam”) pursuant to Rule 102(e)(3)(i) of the Commission’s Rules of Practice.¹

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, and the findings contained in Section III. C. below, which are admitted,

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.

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:

A. Berdj J. Rassam, age 43, was at all relevant times a certified public accountant licensed to practice in the state of California. He became Controller at Peregrine Systems, Inc. in November 2000. He was promoted to Vice President of Finance and Chief Accountant in September 2001 and served in that role until he resigned at management's request in June 2002.

B. Peregrine Systems, Inc. was, at the time of Rassam's employment, a Delaware corporation with principal offices in San Diego, California. Peregrine's primary business involved selling infrastructure management software. From its initial public offering in April 1997, until it merged with Hewlett-Packard in 2005, Peregrine's common stock was registered with the Commission pursuant to Section 12(g) of the Securities Exchange Act of 1934 ("Exchange Act"). It traded on the Nasdaq National Market System from its initial public offering until August 30, 2002, when it was delisted and quoted on the Pink Sheets. In February 2003, Peregrine announced the restatement of \$509 million of revenue it had improperly recorded during the fraud.

C. On September 14, 2009, a final judgment was entered against Rassam, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933 ("Securities Act") and Sections 10(b) and 13(b)(5) of the Exchange Act and Rules 10b-5 and 13b2-1 thereunder, and from 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, 13a-1, and 13a-13 thereunder, in the civil action entitled Securities and Exchange Commission v. Stephen P. Gardner et al., Civil Action No. 04 CV 2002 (S.D. Cal.). The Court also barred Rassam for ten years from serving as an officer or director of any issuer that has a class of securities registered with the Commission or that is required to file reports with the Commission.

D. The Commission's complaint alleged, among other things, that Peregrine and its senior officers fraudulently inflated the revenues Peregrine reported in its filings with the Commission and elsewhere. Peregrine improperly recorded millions of dollars of revenue based on non-binding arrangements with resellers. This ultimately caused uncollectible receivables from the non-binding arrangements to swell on Peregrine's balance sheet. The complaint further alleges that Peregrine's management, including Rassam, improperly wrote off the unpaid receivables by falsely characterizing the write-offs as unrelated acquisition costs. According to the complaint, by engaging in this and other conduct Rassam violated the antifraud provisions of the federal securities laws and the books and records, reporting, and internal accounting control

provisions of the Exchange Act.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanction agreed to in Respondent Rassam's Offer.

Accordingly, IT IS HEREBY ORDERED, effective immediately, that Rassam is suspended from appearing or practicing before the Commission as an accountant.

By the Commission.

Elizabeth M. Murphy
Secretary