

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 61976 / April 23, 2010**

**ACCOUNTING AND AUDITING ENFORCEMENT**  
**Release No. 3129 / April 23, 2010**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-13870**

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<b>In the Matter of</b>	:	<b>ORDER INSTITUTING ADMINISTRATIVE</b>
	:	<b>PROCEEDINGS PURSUANT TO RULE</b>
<b>DAVID R. COSGROVE, CMA</b>	:	<b>102(e) OF THE COMMISSION’S RULES OF</b>
	:	<b>PRACTICE, MAKING FINDINGS, AND</b>
<b>Respondent.</b>	:	<b>IMPOSING REMEDIAL SANCTIONS</b>

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**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 David R. Cosgrove (“Respondent” or “Cosgrove”) pursuant to Rule 102(e)(3)(i) of the Commission’s Rules of Practice.<sup>1</sup>

**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

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<sup>1</sup> 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.

herein, except as to the Commission's jurisdiction over him and the subject matter of these proceedings and the findings contained in paragraph 3 of Section III below, which are admitted, 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:

1. Cosgrove, age 51, is a certified management accountant ("CMA") licensed to practice in Canada. At all times relevant to this matter, he was employed by Collins & Aikman Corporation ("C&A") in Troy, Michigan. From February 2002 until August 2002, Cosgrove was the Vice President of Finance in the North American Plastics Division. From August 2002 until October 2004, Cosgrove was the Vice President for Financial Planning and Analysis. From October 2004 until September 2005, Cosgrove was the Corporate Controller.

2. C&A, a Delaware corporation headquartered in Michigan, manufactured and assembled parts used in automobile production. Prior to May 2005, C&A's common stock was registered with the Commission pursuant to Section 12(b) of the Securities Exchange Act of 1934 ("Exchange Act") and was traded on the New York Stock Exchange. C&A entered bankruptcy in May 2005. On June 29, 2005, the Commission deregistered C&A's common stock and granted a New York Stock Exchange petition to delist C&A. C&A has subsequently dissolved.

3. On March 26, 2007, the Commission filed a complaint against Cosgrove and others in SEC v. Collins & Aikman et al (S.D.N.Y.) Civil Action No. 07-2419. On April 20, 2010, the Court entered an order permanently enjoining Cosgrove, by consent, from future violation of Sections 17(a)(2) and (3) of the Securities Act of 1933, Section 13(b)(5) of the Exchange Act, and Rules 13b2-1 and 13b2-2 under the Exchange Act, 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, 13a-11, and 13a-13 under the Exchange Act. The Court also required Cosgrove to pay a civil penalty of \$40,000.

4. The Commission's complaint alleged, among other things, that from the second quarter of 2002 through the third quarter of 2004 C&A and several of its officers and employees, including Cosgrove, engaged in accounting fraud by improperly accounting for rebates demanded from suppliers in exchange for future business from C&A. The Commission also alleged that C&A induced suppliers to provide false or misleading documentation regarding the rebates. The Complaint asserts that Cosgrove advised C&A employees on the language to be used in false documents regarding the rebates, knowing that these documents would be used to improperly account for the rebates.

#### IV.

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

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

A. Respondent is suspended from appearing or practicing before the Commission as an accountant.

B. After three years from the date of this order, Respondent 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 Respondent'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) Respondent, or the public accounting firm with which he/she 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) Respondent, or the registered public accounting firm with which he/she is associated, has been inspected by the Board and that inspection did not identify any criticisms of or potential defects in the Respondent's or the firm's quality control system that would indicate that the Respondent will not receive appropriate supervision;

(c) Respondent 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) Respondent acknowledges his/her responsibility, as long as Respondent 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.

C. The Commission will consider an application by Respondent to resume appearing or practicing before the Commission as an accountant provided that he is in possession of an accounting license in good standing and he has resolved any disciplinary

issues with any applicable licensing authority. However, if the resolution of any disciplinary action by a licensing authority 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 Respondent's character, integrity, professional conduct, or qualifications to appear or practice before the Commission.

By the Commission.

Elizabeth M. Murphy  
Secretary