

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 95054 / June 7, 2022**

**ACCOUNTING AND AUDITING ENFORCEMENT**  
**Release No. 4307 / June 7, 2022**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-20888**

**In the Matter of**

**STEPHEN G. WALDIS,**

**Respondent.**

**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**

**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 Stephen G. Waldis (“Waldis” 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, and except as provided herein in Section V, Respondent consents to the entry of this 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 (“Order”), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds<sup>1</sup> that:

#### Summary

1. Synchronoss Technologies, Inc. ("SNCR"), a New Jersey-based technology company, that primarily provides products, software, and services to telecommunications companies engaged in improper accounting from at least 2013 through 2017. As a result, SNCR filed with the Commission materially misstated financial statements in its annual, quarterly and current reports during the period.

2. In May 2017, SNCR announced that it would not be able to file its Form 10-Q on time. On June 8, 2017, SNCR's audit committee announced that it concluded that the financial statements for the fiscal years ("FY") ending December 31, 2015 and 2016 and their respective quarterly periods should not be relied on. On October 5, 2017, SNCR's audit committee announced that it concluded that the financial statements for FY 2014 and its quarterly periods should not be relied on.

3. On July 2, 2018, SNCR filed a Form 10-K with the Commission that included restated financial statements for FY 2015 and 2016 and restated certain financial data for FY 2013 and 2014 as well as its previously unissued financial statements for FY 2017. In the filing, it acknowledged that it had accounted for numerous transactions improperly during the restated period.

4. Stephen Waldis, SNCR's Chief Executive Officer during relevant times, received bonuses, incentive-based compensation, equity-based compensation, and realized profits from his sales of SNCR's stock during the 12-month period following the filings containing financial results that SNCR restated as a result of misconduct. Waldis has not, however, reimbursed SNCR for those profits as required under Section 304(a) of the Sarbanes-Oxley Act.

#### Respondent

5. Waldis, age 54, resides in Naples, Florida. Waldis has never been associated with an entity registered with the Commission in any capacity. Waldis founded SNCR in 2000, and served as CEO from then through January 2017, and then again from April 2017 to November 2017. He also served on SNCR's board of directors from 2000 through 2018.

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<sup>1</sup> 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.

## **Related Entity**

6. SNCR is a Delaware corporation with its principal place of business in New Jersey. Its securities are registered pursuant to Section 12(b) of the Exchange Act. Its securities are currently listed on NASDAQ, although SNCR's common stock was suspended from trading on NASDAQ from May 2018 to October 2018 because it had become delinquent in its required filings.

## **Facts**

7. In February 2017, SNCR filed a Form 10-K with the Commission, announcing its operating and financial results for FY 2016.

8. In May 2017, SNCR announced that it would not be able to file its Form 10-Q on time.

9. On June 8, 2017, SNCR's audit committee announced that it concluded that the financial statements for FY 2015 and 2016 and their respective quarterly periods should not be relied on. On October 5, 2017, SNCR's audit committee announced that it concluded that the financial statements for FY 2014 and its quarterly periods should not be relied on.

10. SNCR did not file any financial statements for over a year from February 2017 to July 2018. As a result of SNCR's inability to file any financial statements for nearly two years, the company's common stock was suspended from trading on NASDAQ from May to October 2018.

11. In July 2018, SNCR announced a restatement of its audited financial statements for the fiscal years ended December 31, 2016 and 2015 and restated selected financial data for the fiscal years ended 2014 and 2013 totaling approximately \$190 million in cumulative revenues. In its restatement, SNCR also acknowledged "pervasive material weaknesses" in its internal control over financial reporting for the restatement period.

12. The restatement related to three categories of transactions, for which SNCR improperly recognized revenue: (1) transactions for which there was no persuasive evidence of an arrangement; (2) acquisitions/divestitures in which SNCR recognized revenue on license agreement(s) rather than combining those purported amounts with the purchase or sales prices; and (3) license/hosting transactions, in which SNCR converted prior multi-term software-as-a-service agreements into perpetual licenses, and improperly recognized the revenue upfront, instead of spreading it ratably over the term of the arrangements.

13. SNCR restated at least four transactions because, as SNCR acknowledged, it did not have persuasive evidence of an arrangement within the period of original revenue recognition.

14. In addition, SNCR restated at least two transactions in which SNCR sold a license in connection with an acquisition or divestiture when, as SNCR acknowledged, the license revenue

should have been treated as an adjustment to the consideration of the acquisition or divestiture instead of recognizing the license sale as revenue.

15. SNCR also prematurely recognized revenue from software licenses and services provided in connection with certain hosting arrangements for at least four transactions.

16. At least two of the above revenue misstatements were facilitated through the use of “side letters or agreements” that had not initially been considered in recognizing revenue and materially changed the terms of the transactions. SNCR’s audit committee discovered these “side letters or agreements” as part of its investigation and presented these findings to Waldis, who was the CEO of the Company, which resulted in the Company terminating the responsible employees.

### **Compensation and Stock Sales of CEO Waldis**

17. During the 12-month periods that followed the filing of financial statements in SNCR’s quarterly and annual reports requiring restatement (“clawback period”), Waldis received bonuses, incentive-based compensation, equity-based compensation, and realized profits from his sales of SNCR’s stock.

18. Waldis has not reimbursed these amounts to SNCR. Waldis has already returned all of the options granted during the clawback period.

### **Violation**

19. As a result of the conduct described above, Waldis violated Section 304 of the Sarbanes-Oxley Act of 2002, which requires the chief executive officer or chief financial officer of any issuer required to prepare an accounting restatement due to material noncompliance with the securities laws as a result of misconduct to reimburse the issuer for (1) any bonus or other incentive-based or equity-based compensation received by that person from the issuer during the 12-month period following the first public issuance or filing with the Commission of the financial document embodying such financial reporting requirement and (2) any profits realized from the sale of securities of the issuer during that 12-month period. Section 304 does not require that a chief executive officer or chief financial officer engage in misconduct to trigger the reimbursement requirement.

## **IV.**

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

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondent Waldis cease and desist from committing or causing any violations and any future violations of Section 304 of the Sarbanes-Oxley Act of 2002.

B. Respondent shall, within 30 days of the entry of this Order, reimburse SNCR for a total of \$1,312,326 pursuant to Section 304(a) of the Sarbanes-Oxley Act of 2002. In addition, Waldis will return 16,266 shares he received as incentive compensation (or the cash equivalent value calculated based on the last closing price as of January 24, 2022). Respondent shall simultaneously deliver proof of satisfying this reimbursement obligation to Lara S. Mehraban, Division of Enforcement, Securities and Exchange Commission, 100 Pearl Street, Suite 20-100, New York, NY 10004.

**V.**

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

By the Commission.

Vanessa A. Countryman  
Secretary