UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 8958 / September 19, 2008

ADMINISTRATIVE PROCEEDING
File No. 3-13225

In the Matter of **ERIC R. WILKINSON,** **Respondent.**	:	**ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933, 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 8A of the Securities Act of 1933 ("Securities Act"), against Eric R. Wilkinson ("Wilkinson" 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 8A of the Securities Act of 1933 ("Order"), as set forth below.

III.

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

Respondent

1. Wilkinson, age 52, is a resident of Iping, West Sussex, in the United Kingdom. At various times, from 1993 through mid-2000, Wilkinson was a partner or principal of a private equity firm and/or certain of its affiliates (collectively, the "Private Equity Firm").

Overview

2. Wilkinson served as a non-employee director of National Century Financial Enterprises, Inc. ("NCFE"), a Dublin, Ohio healthcare financing company which is now defunct. Wilkinson served as a non-employee director of NCFE from approximately mid-1998 through July 2002. Wilkinson became a non-employee director of NCFE as the result of a $40 million investment in NCFE in July 1998 by a private equity fund (the "Fund") that the Private Equity Firm managed.

3. From approximately 1991 through 2002, NCFE subsidiaries (collectively, the "programs") purchased medical accounts receivable ("receivables") from health-care providers and issued asset-backed notes ("notes") that securitized those receivables. NCFE and the programs collapsed in November 2002 when investors and others discovered massive reserve-account transfers and collateral shortfalls. The collapse caused significant investor losses. Several NCFE employees orchestrated the fraud; four employees have pled guilty to a criminal conspiracy, and five other employees have been criminally convicted of fraud charges.

4. In late 2000, NCFE asked Wilkinson and others at the Private Equity Firm to cause the Fund to guarantee a portion of a short-term loan to NCFE. In late September 2000, Wilkinson and others at the Private Equity Firm caused the Fund to guarantee a portion of the short-term loan. NCFE used the short-term loan to mask the depletion of certain reserve accounts that the NCFE programs were required to maintain ("Reserve Accounts") by making it appear that the programs were maintaining the Reserve Accounts at required levels, when in fact NCFE was consistently and severely depleting the Reserve Accounts.

NCFE Makes Misrepresentations to Investors and Engages In Fraud

5. In the private placement memoranda through which the NCFE programs offered asset-backed notes to institutional investors, NCFE represented, among other things, that NCFE would use the proceeds from the note offerings for the purchase of healthcare account receivables by the programs, that the programs would purchase receivables only less than 180 days old, and that the programs would maintain specified balances ("Specified Balances") for separate Reserve Accounts. While NCFE used some investor funds to purchase healthcare account receivables that were less than 180 days old, NCFE used a substantial portion of the private placement proceeds and Reserve Account funds to make either unsecured loans or loans secured by collateral other than healthcare account receivables, or to purchase healthcare account receivables that were over 180 days old.

6. Further, NCFE improperly depleted and manipulated the Reserve Accounts in the programs. A principal feature of NCFE's fraudulent scheme was the transfer of huge amounts of Reserve Account funds on or around the first and last business day of every month. The indentures required the programs to report on the balances in the Reserve Accounts as of one day of the month, called the "Determination Date." NCFE concocted a scheme to kite funds back and forth between the programs on or around the Determination Dates to make it appear that the programs were maintaining the Specified Balances in the Reserve Accounts. In fact, NCFE was consistently and severely depleting the balances in these Reserve Accounts without telling investors. NCFE's practices were contrary to NCFE's representations to investors and contrary

to the requirements of the master trust indentures ("indentures") that governed NCFE's note offerings.

Wilkinson Helps Cause the Fund to Guarantee a Short-Term Loan to NCFE

7. At the time of the Fund's investment in NCFE, Wilkinson reviewed certain offering materials for NCFE note offerings. The offering materials that Wilkinson reviewed represented in substance, among other things, that the programs held the Specified Balances in the Reserve Accounts.

8. Wilkinson understood that the indentures required that the Reserve Accounts hold the Specified Balances on the monthly Determination Dates. Wilkinson should have known that the offering materials for NCFE's note offerings represented that the programs were maintaining the Reserve Account balances at the Specified Balances. He also should have known that there should not have been any shortfall in the Reserve Accounts.

9. As noted above, as part of NCFE's fraud, NCFE manipulated the Reserve Accounts on or around the monthly Determination Dates to make it appear that NCFE was maintaining the Specified Balances in the Reserve Accounts and produced false reports based on this manipulation.

10. In late September 2000, NCFE devised a scheme to attempt to obtain short-term loans during the period covering the Determination Dates for the programs to temporarily fund the Reserve Accounts. As part of this scheme, NCFE asked a bank (the "Bank") with whom NCFE had an existing lending relationship to make a short-term seven-day loan (the "Short-Term Loan") to NCFE.

11. The Bank agreed to make the Short-Term Loan on the condition that NCFE fully secure the loan amount. Since NCFE did not have sufficient collateral to fully secure the entire loan amount, NCFE asked Wilkinson and others at the Private Equity Firm to cause the Fund to guarantee a portion of the Short-Term Loan and told Wilkinson and others at the Private Equity Firm that the purpose of the Short-Term Loan was to cover a shortfall in the Reserve Accounts.

12. In late September 2000, Wilkinson and others at the Private Equity Firm caused the Fund to guarantee a portion of the Short-Term Loan to fund the Reserve Accounts, and the Bank made the Short-Term Loan to NCFE.

13. NCFE used the Short-Term Loan and other short-term loans at the end of September 2000 and the beginning of October 2000 Determination Dates to temporarily fund the Reserve Accounts and make it falsely appear that one of the Reserve Accounts was being maintained at the Specified Balance. NCFE then repaid the Short-Term Loan. NCFE did not tell investors and others that NCFE had used the Short-Term Loan to fund the Reserve Accounts.

14. Shortly after using the Short-Term Loan to temporarily fund the Reserve Accounts, NCFE successfully completed a $275 million October 2000 program note issuance ("October 2000 Note Issuance").

15. In the October 2000 Note Issuance, NCFE made misleading representations that the programs were maintaining the Reserve Account balances at the Specified Balances when in fact, as discussed above, NCFE had satisfied the Specified Balances for the end of September 2000 and beginning of October 2000 Determination Dates by the use of, among other things, the Short-Term Loan. NCFE's misrepresentations operated as a fraud or deceit upon the purchasers of the October 2000 Note Issuance.

16. Wilkinson should have known that, by causing the Fund to guarantee a portion of the loan to NCFE to fund the Reserve Accounts, he would contribute to NCFE's violation.

Violation

17. Section 8A of the Securities Act authorizes the Commission to order a person who "is, was, or would be a cause of [a] violation, due to an act or omission the person knew or should have known would contribute to such violation, to cease and desist from committing or causing such violation and any future violation. . ." 15 U.S.C. § 78u-3(a). To issue such an order, the Commission must find that: "(1) a primary violation occurred, (2) there was an act or omission by the respondent that was a cause of the violation, and (3) the respondent knew, or should have known, that his conduct would contribute to the violation." *In the Matter of Robert M. Fuller*, AP. File No. 3-10576, 56 SEC 976, 984 (Aug. 25, 2003), *pet. denied*, 95 Fed. Appx. 361 (D.C. Cir. 2004) (unpublished). Such "causing" liability can be based on negligence when the underlying primary violation requires a showing of negligence. *KPMG Peat Marwick LLP*, 54 S.E.C. 1135, 1175 & n.100 (2001), *pet. denied, KPMG Peat Marwick, LLP v. SEC*, 289 F.3d 109, 120 (D.C. Cir. 2002).

18. As a result of the conduct described above, Wilkinson was a cause of NCFE's violation of Section 17(a)(3) of the Securities Act, which makes it unlawful for any person in the offer or sale of securities "to engage in any transaction, practice or course of business which operates or would operate as a fraud or deceit upon the purchaser." A finding of negligent conduct is sufficient to establish liability for causing a violation of Section 17(a)(3) of the Securities Act. *See Aaron v. SEC*, 446 U.S. 680, 697, 701-02 (1980).

IV.

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

Accordingly, it is hereby ORDERED that pursuant to Section 8A of the Securities Act, Respondent cease and desist from committing or causing any violations and any future violations of Section 17(a)(3) of the Securities Act.

By the Commission.

Florence E. Harmon
Acting Secretary