

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 58693 / September 30, 2008**

**ACCOUNTING AND AUDITING ENFORCEMENT**  
**Release No. 2893 / September 30, 2008**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-13269**

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<b>In the Matter of</b>	:	
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<b>TIMOTHY S. WEBSTER (CPA),</b>	:	<b>ORDER INSTITUTING ADMINISTRATIVE</b>
	:	<b>PROCEEDINGS PURSUANT TO RULE</b>
<b>Respondent.</b>	:	<b>102(e) OF THE COMMISSION'S RULES OF</b>
	:	<b>PRACTICE, MAKING FINDINGS, AND</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 Timothy S. Webster (“Respondent” or “Webster”) pursuant to Rule 102(e)(3)(i) of the Commission’s Rules of Practice.<sup>1</sup>

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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.

## 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.3. 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. Webster, age 46, is a resident of Mission Hills, Kansas. Webster served as president and chief executive officer of American Italian Pasta Company (“AIPC”) from May 1992 until December 2005, when he left the company. Webster also served as chief financial officer and chief operating officer of AIPC between 1989 and 1992. Webster was licensed as a Certified Public Accountant in Missouri, but his license lapsed in 1991.

2. At all relevant times, AIPC was a Delaware corporation with its principal place of business in Kansas City, Missouri. AIPC is a producer and marketer of dry pasta. At all relevant times, AIPC’s common stock was registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 (“Exchange Act”). The company filed annual, quarterly, and current reports with the Commission on Forms 10-K, 10-Q, and 8-K, respectively. AIPC stock was traded on the New York Stock Exchange (“NYSE”) until December 20, 2006, when the NYSE suspended trading based on AIPC’s failure to keep current its Commission filings. The NYSE filed a Form 25 on April 23, 2007 and, as a result, AIPC’s common stock was deregistered from Section 12(b) of the Exchange Act effective April 23, 2007.

3. On September 15, 2008, the Commission filed a complaint against Webster in United States District Court for the Western District of Missouri (Civil Action No. 4:08-CV-00674). On September 23, 2008, the court entered an order permanently enjoining Webster, by consent, from future violations of Sections 10(b) and 13(b)(5) of the Exchange Act and Rules 10b-5, 13a-14, 13b2-1, and 13b2-2 thereunder, and from aiding and abetting violations of Sections 13(a) and 13(b)(2) of the Exchange Act and Rules 12b-20, 13a-1, 13a-11 and 13a-13 thereunder. The court further ordered that Webster pay \$751,978 in disgorgement; \$32,610 in prejudgment interest; and a \$250,000 civil money penalty. The court further ordered that Webster be barred from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act or that is required to file reports pursuant to Section 15(d) of the Exchange Act.

4. The Commission's complaint alleged, among other things, that Webster and others at AIPC engaged in a fraudulent scheme that hid from the investing public the true financial state of the company by filing materially false and misleading statements in the company's annual reports on Forms 10-K, quarterly reports on Forms 10-Q, and current reports on Forms 8-K, for AIPC's fiscal years 2002, 2003, and 2004. The complaint alleged that to meet aggressive external targets, Webster and others engaged in numerous accounting practices that departed from generally accepted accounting principles ("GAAP"), including, among other things, capitalizing improperly millions of dollars of normal operating costs; understating improperly millions of dollars of trade promotion expenses; overstating improperly by millions of dollars the company's spare parts inventory; recognizing improperly millions of dollars of current period revenue on sales of products that were not shipped until after the end of the current periods; structuring round-trip cash transactions; and eliminating improperly the company's vacation and paid time off liability.

#### IV.

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

Accordingly, it is hereby ORDERED, effective immediately, that Webster is suspended from appearing or practicing before the Commission as an accountant.

By the Commission.

Florence E. Harmon  
Acting Secretary