

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

**SECURITIES EXCHANGE ACT OF 1934**

**Release No. 53517 / March 20, 2006**

**ACCOUNTING AND AUDITING ENFORCEMENT**

**Release No. 2395 / March 20, 2006**

**ADMINISTRATIVE PROCEEDING**

**File No. 3-12242**

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<b>In the Matter of</b>	:	<b>ORDER INSTITUTING PUBLIC</b>
	:	<b>ADMINISTRATIVE</b>
	:	<b>PROCEEDINGS PURSUANT TO RULE</b>
<b>BRUCE G. HILL, ESQ.</b>	:	<b>102(e) OF THE COMMISSION'S</b>
	:	<b>RULES OF PRACTICE, MAKING</b>
	:	<b>FINDINGS, AND IMPOSING</b>
<b>Respondent.</b>	:	<b>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 Bruce G. Hill, Esq. (“Hill” or “Respondent”) 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 attorney . . . 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 Public 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. Hill, age 42, has been an attorney licensed to practice in the Commonwealth of Massachusetts. He served as vice president, secretary, and general counsel of Inso Corporation from March 1994 through March 1999, and then vice president of business development from March 1999 until 2000.
2. Inso (SEC File No. 0-23384) was, during the relevant period, a Delaware corporation with its headquarters in Boston, Massachusetts. At all relevant times, Inso was a supplier of software for sharing and publishing electronic information whose common stock was traded on the NASDAQ National Market System and registered with the Commission pursuant to Section 12(g) of the Securities Exchange Act of 1934 (“Exchange Act”).
3. On June 21, 2002, the Commission filed a complaint in the United States District Court for the District of Massachusetts against Hill in SEC v. Bruce Hill, et al., Civil Action No. 02 CV 11244 (EFH) (D. Mass.). On March 2, 2006, the Court entered a final judgment by consent against Hill, permanently enjoining him from violating or aiding and abetting violations of Section 17(a) of the Securities Act of 1933 and Sections 10(b), 13(a), 13(b)(2)(A) and 13(b)(5) of the Exchange Act and Rules 10b-5, 12b-20, 13a-13, 13b2-1 and 13b2-2 thereunder. Hill was also ordered to disgorge \$66,674, together with prejudgment interest of \$30,362, for a total of \$97,036. Hill was further barred from acting as an officer or director of any publicly-traded company.
4. The Commission’s complaint alleged, among other things, that :
  - a. Hill participated in a scheme to inflate Inso’s revenue for the quarter ended September 30, 1998 (the company’s third quarter) and a subsequent cover-up of that scheme. In its Form 10-Q for the third quarter of 1998 filed with the Commission on or about November 16, 1998, and in a Form S-3 filed with the Commission on or about December 18, 1998, Inso falsely

reported \$3 million in revenue from a sham software transaction with a Malaysian distributor that was purportedly entered on September 30, 1998, the last day of the third quarter. The revenue from that transaction should not have been reported in Inso's filings with the Commission because Hill and another Inso employee had an undisclosed oral side agreement with the distributor which provided that Inso itself would sell the software to the end user and that the distributor would not have to pay for its supposed purchase of the software. Hill knew or was reckless in not knowing that the revenue had been improperly reported. Further, Hill later took steps to conceal the sham nature of the transaction with the Malaysian distributor. Among other things, Hill orchestrated the providing of \$4 million in letters of credit to the Malaysian distributor to finance the payment of the third quarter receivable, caused a false board resolution to be provided to Inso's bank purporting to authorize the letters of credit, and gave false information to Inso's chief financial officer and outside auditors about the purpose of the letters of credit. The complaint also alleged that Hill was unjustly enriched by his conduct when he avoided a loss of \$66,674 by selling 3,604 shares of Inso stock on or about November 23, 1998, before the fraud became public.

#### IV.

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

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

By the Commission.

Nancy M. Morris  
Secretary