

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 54661 / October 27, 2006

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 2499 / October 27, 2006

ADMINISTRATIVE PROCEEDING
File No. 3-12462

In the Matter of
MARTIN J. MERRITT, CPA,
Respondent.

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**ORDER INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO RULE
102(e) OF THE COMMISSION'S RULES OF
PRACTICE, MAKING FINDINGS, AND
IMPOSING REMEDIAL SANCTIONS**

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 Martin J. Merritt (“Respondent” or “Merritt”) pursuant to Rule 102(e)(3)(i) of the Commission’s Rules of Practice.¹

¹ 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. Merritt, age 43, is and has been a certified public accountant licensed to practice in the State of Massachusetts. He served as Controller of RenaissanceRe Holdings Ltd. (“RenRe”) from at least 2000 until March 2005, and was a Vice President of RenRe from 2000 through 2002 and a Senior Vice President of RenRe from 2003 through March 2005. From March 2005 through approximately November 1, 2005, he was RenRe’s Senior Vice President of Finance.

2. RenRe was, at all relevant times, a Bermuda corporation with its principal place of business in Bermuda. RenRe was a reinsurance company specializing largely in property catastrophe reinsurance. At all relevant times, RenRe’s common stock was registered with the Commission pursuant to Section 12(b) of the Securities Exchange Act of 1934 (“Exchange Act”), and traded on the New York Stock Exchange.

3. On September 27, 2006, the Commission filed a complaint against Merritt in SEC v. Stanard, et al. (Civil Action No. 06 cv 7736 (GEL)). On October 6, 2006, the court entered an order permanently enjoining Merritt, by consent, from future violations of Section 17(a) of the Securities Act of 1933 (“Securities Act”); Sections 10(b) and 13(b)(5) of the Exchange Act; and Rules 10b-5, 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-13, and 13b2-1 thereunder. The Commission deferred resolution of any civil penalties and disgorgement against Merritt.

4. The Commission’s complaint alleged, among other things, that Merritt participated in a fraudulent scheme which resulted in RenRe filing materially false and misleading financial statements in the company’s annual report on Form 10-K for the fiscal years ended December 31, 2001 and December 31, 2002, and in the company’s quarterly reports on Form 10-Q for the first and third quarters of 2001 and the third quarter of 2002. The complaint alleged that Merritt participated in a sham reinsurance transaction whose sole purpose was to smooth and defer \$26 million of RenRe’s earnings from 2001 to 2002 and 2003. The complaint also alleged that Merritt engaged in improper accounting for the transaction in a departure from generally accepted

accounting principles (“GAAP”). In addition, the complaint alleged that Merritt made material misrepresentations and omissions about the transaction to RenRe’s independent auditors.

IV.

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

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

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

By the Commission.

Nancy M. Morris
Secretary