

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. Landmann, age 47, is and has been a holder of a certificate of public accountancy in the State of Missouri. He served as Controller of Engineered Support Systems, Inc. (“ESSI”) from 1998 until January 2006.
2. ESSI was, at all relevant times, a Missouri corporation with its principal place of business in St. Louis, Missouri. ESSI was engaged in the business of manufacturing electronics and equipment, and providing systems integration services for the United States and foreign militaries. At all relevant times, ESSI’s common stock was registered with the Commission pursuant to Section 12(g) of the Securities Exchange Act of 1934 (“Exchange Act”), and was traded on the NASDAQ NMS.
3. On February 6, 2007, the Commission filed a complaint against Landmann in SEC v. Landmann (Civil Action No. 4:07-cv-00271-CAS). On February 12, 2007, the court entered an order, by consent, permanently enjoining Landmann from future violations of Section 17(a) of the Securities Act of 1933, Sections 10(b), 13(b)(5), and 14(a) of the Exchange Act and Rules 10b-5, 13b2-1, 13b2-2, and 14a-9 thereunder, and aiding and abetting violations of Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act and Rules 12b-20, 13a-1, and 13a-13 thereunder. Landmann was also ordered to pay \$518,972.50 in disgorgement of ill-gotten gains from his sales of stock while participating in the fraud, and \$108,099 in prejudgment interest; and a \$259,486 civil money penalty.
4. The Commission’s complaint alleged, among other things, that Landmann, at the direction of others, engaged in a fraudulent scheme which resulted in ESSI filing materially false and misleading statements and/or materially misstated financial statements in the company’s annual reports on Form 10-K for the fiscal years ended October 31, 1997 through 2002, in quarterly reports on Form 10-Q filed during fiscal years 1997 through 2002, and in proxy statements filed from 1997 through 2003. The Complaint alleged that Landmann, at the direction of others, backdated ESSI stock options to coincide with low points in the closing market price for ESSI common stock, resulting in approximately \$20 million of ill-gotten benefits to ESSI insiders

through grants of disguised “in-the-money” options. The Complaint also alleged that, in two instances when ESSI’s stock price fell after options were awarded, Landmann, at the direction of others, cancelled those options and reissued them with a new backdated grant date and price. The Complaint further alleged that Landmann, at the direction of others, issued stock options to non-employee directors beyond what the directors were authorized to receive under ESSI’s stock option plans. None of these practices were disclosed in Commission filings. The Complaint alleged that these undisclosed practices caused ESSI to make false and misleading statements relating to ESSI’s stock options in filings with the Commission, including the false statement that the options were granted with an exercise price equal to the closing price of ESSI’s common stock on the date the options were awarded. The Complaint alleges that Landmann prepared portions of financial statements filed with the Commission that materially understated ESSI’s compensation expense and materially overstated its income in its financial statements filed with the Commission.

IV.

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

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

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

By the Commission.

Nancy M. Morris
Secretary