

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 59596 / March 18, 2009

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 2952 / March 18, 2009

ADMINISTRATIVE PROCEEDING
File No. 3-13412

In the Matter of

William D. Shovers, CPA

Respondent.

ORDER INSTITUTING PUBLIC
ADMINISTRATIVE PROCEEDINGS AND
IMPOSING TEMPORARY SUSPENSION
PURSUANT TO RULE 102(e)(3) OF THE
COMMISSION'S RULES OF PRACTICE

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Rule 102(e)(3)¹ of the Commission’s Rules of Practice against William D. Shovers (“Respondent” or “Shovers”).

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.

The Commission finds that:

A. RESPONDENT

1. Shovers, age 54, is and has been a certified public accountant (“CPA”). He was first licensed as a CPA in Wisconsin in 1980; his license has been expired since 1995. He served as Chief Financial Officer of Hayes-Lemmerz International, Inc. (“Hayes”) from approximately 1999 until October 2001. He also was Chief Accounting Officer at least during the period of October 2000 through October 2001. From October 2001 until mid-2003, Shovers remained an officer with Hayes Lemmerz.

B. CIVIL INJUNCTION

2. On December 18, 2008, the U.S. District Court for the Eastern District of Michigan entered a final judgment against Shovers. The Final Judgment followed a jury trial in which the jury found that Shovers had violated the following provisions of the securities laws and rules and regulations promulgated thereunder: (1) Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 204.10b-5] thereunder; (2) Section 17(a)(3) of the Securities Act of 1933 (the “Securities Act”) [15 U.S.C. § 77q(a)(3)]; and (3) Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)], and Rules 13b2-1 [17 C.F.R. § 240.13b2-1] and 13b2-2 [17 C.F.R. § 240.13b2-2] thereunder. The jury also found that he aided and abetted certain of Hayes’ violations of the federal securities laws.

3. The Final Judgment permanently enjoined Shovers from violating Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 204.10b-5] thereunder; Section 17(a)(3) of the Securities Act [15 U.S.C. § 77q(a)(3)]; Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)], and Rules 13b2-1 [17 C.F.R. § 240.13b2-1] and 13b2-2 [17 C.F.R. § 240.13b2-2] thereunder; and from aiding and abetting violations of Section 13(a), Section 13(b)(2)(A), and Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. § 78m(a), § 78m(b)(2)(A), and § 78m(b)(2)(B)], and Rules 12b-20, 13a-1, and 13a-13 [17 CFR § 240.12b-20, 17 CFR § 240.13a-1, and 17 CFR § 240.13a-13] thereunder. The Final Judgment also barred Shovers, for a period of five (5) years, 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 [15 U.S.C. § 78I] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)], and ordered him to pay a civil money penalty of \$50,000.

4. The Commission's complaint in this matter alleged that, from fiscal year 1999 through the first quarter of 2001, senior officers and employees of Hayes engaged in a fraudulent scheme to achieve corporate earnings targets and mask declining operating results. The complaint alleged that Hayes personnel used several mechanisms to increase income and revenue fraudulently, including: (1) inappropriately deferring operating expenses to balance sheet accounts, (2) failing to process vendor invoices, (3) understating employee fringe benefits

and (4) improperly recording certain customer discounts to balance sheet accounts. As a result, the complaint alleged, Hayes made materially false filings with the Commission in fiscal years 1999 and 2000 and for the first quarter of 2001, including the company's annual report on Form 10-K for the fiscal year ending January 31, 2001, and the quarterly reports on Forms 10-Q for the quarterly periods ended April 30, 2000, July 31, 2000, October 31, 2000 and April 30, 2001.

5. The complaint alleged that after Shovers learned about the ongoing financial fraud at the company, he made affirmative misrepresentations to the company's outside independent auditor about Hayes' financial statements and caused Hayes to make Commission filings containing material misrepresentations. The complaint also alleged that Shovers took affirmative steps to conceal information about the improper accounting practices from Hayes' outside independent auditor and Hayes' Audit Committee and Board of Directors.

III.

Based upon the foregoing, the Commission finds that a court of competent jurisdiction has permanently enjoined Shovers, a CPA, from violating the Federal securities laws within the meaning of Rule 102(e)(3)(i)(A) of the Commission's Rules of Practice. In view of these findings, the Commission deems it appropriate and in the public interest that Shovers be temporarily suspended from appearing or practicing before the Commission.

IT IS HEREBY ORDERED that Shovers be, and hereby is, temporarily suspended from appearing or practicing before the Commission. This Order shall be effective upon service on the Respondent.

IT IS FURTHER ORDERED that Shovers may within thirty days after service of this Order file a petition with the Commission to lift the temporary suspension. If the Commission within thirty days after service of the Order receives no petition, the suspension shall become permanent pursuant to Rule 102(e)(3)(ii).

If a petition is received within thirty days after service of this Order, the Commission shall, within thirty days after the filing of the petition, either lift the temporary suspension, or set the matter down for hearing at a time and place to be designated by the Commission, or both. If a hearing is ordered, following the hearing, the Commission may lift the suspension, censure the petitioner, or disqualify the petitioner from appearing or practicing before the Commission for a period of time, or permanently, pursuant to Rule 102(e)(3)(iii).

This Order shall be served upon Shovers personally or by certified mail at his last known address.

By the Commission.

Elizabeth M. Murphy
Secretary