**UNITED STATES OF AMERICA**
**BEFORE THE**
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**
**Release No. 60600 / September 1, 2009**

**ACCOUNTING AND AUDITING ENFORCEMENT**
**Release No. 3042 / September 1, 2009**

**ADMINISTRATIVE PROCEEDING**
**File No. 3-13606**

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| **In the Matter of** | : | **ORDER INSTITUTING ADMINISTRATIVE PROCEEDINGS PURSUANT TO RULE 102(e) OF THE COMMISSION'S RULES OF PRACTICE, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS** |
| **Kenneth Selterman, Esq.,** | : | |
| **Respondent.** | : | |

## 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 Kenneth Selterman, Esq. ("Selterman" or "Respondent") 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 . . . 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 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. Selterman, age 59, is and has been an attorney licensed to practice in the State of New York. Selterman joined Take-Two Interactive Software, Inc. ("Take-Two" or "the Company") as General Counsel in 1999 where he worked until his resignation on February 28, 2007.

2. Take-Two was, at all relevant times, a Delaware corporation with its principal place of business in New York, New York. Take-Two develops, markets, publishes and distributes interactive entertainment software games for video game consoles and personal computers. Take-Two also publishes through its wholly-owned labels Rockstar Games, 2K Games, 2K Sports and 2K Play. Prior to July 31, 2006, Take-Two registered its common stock with the Commission pursuant to Section 12(g) of the Securities Exchange Act of 1934 ("Exchange Act") and traded on the NASDAQ NMS under the symbol "TTWO." Since July 31, 2006, Take-Two has registered its common stock with the Commission pursuant to Section 12(b) of the Exchange Act and has traded on the NASDAQ Global Market under the same symbol. The Company operates on an October 31 fiscal year.

3. On August 6, 2009, a final judgment was entered against Selterman, permanently enjoining him from future violations of Sections 10(b), 13(b)(5), and 16(a) of the Exchange Act and Exchange Act Rules 10b-5, 13b2-1, 13b2-2, and 16a-3, and aiding and abetting violations of Sections 13(a), 13(b)(2)(A), 13(b)(2)(B), and 14(a) of the Exchange Act and Exchange Act Rules 12b-20, 13a-1, 13a-11, 13a-13, and 14a-9, in the civil action entitled Securities and Exchange Commission v. Kenneth Selterman, et al., Civil Action Number 09-CV-6813 (DLC), in the United States District Court for the Southern District of New York. Selterman was also barred from serving as an officer or director of any public company and ordered to pay $363,185 in disgorgement of ill-gotten "in-the-money" gains from his exercise of backdated stock options, $111,115 in prejudgment interest, and a $125,000 civil money penalty.

4. The Commission's Complaint alleged, among other things, that Selterman enriched himself and others by knowingly or recklessly allowing Take-Two's former

CEO/Chairman Ryan Brant ("Brant") to backdate the Company's stock option grants. The Complaint alleged that Selterman knew, or was reckless in not knowing, that exercise prices for stock options had been picked with hindsight, and that he created Company records that falsely indicated that grants had occurred on earlier dates when the Company's stock price had been at a low. Specifically, the Complaint alleged that Selterman was, in part, responsible for ensuring that the options granting process complied with Take-Two's own stock option plans, including the 2002 Plan that he helped create and draft. The Complaint alleged that beginning in 2002 and continuing through the end of 2003, Selterman also was responsible for ensuring that the actions taken by the Company's Board or Compensation Committee to grant and approve stock options were properly documented in the Company's books and records, and he prepared or supervised the preparation of Board or Compensation Committee minutes for stock option grants. The Complaint alleged further that from at least as early as 2000, Selterman knew, or was reckless in not knowing, that stock options were being backdated, and from at least as early as January 2002, Selterman knew the accounting consequences of granting stock options at below fair market value. The Complaint alleged that in the instances before and beginning in 2002, when Selterman prepared Compensation Committee minutes for stock option grants, he knew, or was reckless in not knowing, that Brant was using hindsight to pick grant dates, yet, without inquiry, he simply recorded in the minutes what Brant told him about the granting and approval of option grants. Accordingly, the Complaint alleged that Selterman knew, or was reckless in not knowing, that Take-Two filed materially false and misleading reports, proxy statements, and financial statements with the Commission and that Take-Two's filings falsely represented that Take-Two was properly accounting for stock option grants. In addition, the Complaint alleged that Selterman received backdated "in-the-money" options.

**IV.**

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

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

Selterman is suspended from appearing or practicing before the Commission as an attorney.

By the Commission.

Elizabeth M. Murphy
Secretary