UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 55556 / March 29, 2007

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 2588 / March 29, 2007

ADMINISTRATIVE PROCEEDING
File No. 3-12604

In the Matter of **ATLAS AIR WORLDWIDE HOLDINGS, INC.,** **Respondent.**	**ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 ("Exchange Act"), against Atlas Air Worldwide Holdings, Inc. ("Atlas" or "Respondent").

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 it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings, Making Findings, and Imposing a Cease-and-Desist Order Pursuant to Section 21C of the Securities Exchange Act of 1934 ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

RESPONDENT

1. **Atlas** is a Delaware corporation engaged in the business of providing air cargo and related services to commercial airlines and others. Since 2000, Atlas's principal executive offices have been located in Purchase, New York. Atlas's common stock has been publicly traded on the Nasdaq Global Select Market since May 31, 2006, and has been registered with the Commission pursuant to Section 12(b) of the Exchange Act since July 31, 2006. Atlas's common stock was previously registered with the Commission pursuant to Section 12(b) of the Exchange Act and was traded on the New York Stock Exchange until September 9, 2003, when the Exchange suspended trading in the stock. Atlas's stock was delisted from the Exchange, and was also deregistered under Section 12(b), as of November 28, 2003 due to Atlas's failure to file current audited financial statements and related factors. From November 28, 2003 through July 31, 2006, Atlas's common stock was, however, registered with the Commission under Section 12(g) of the Exchange Act. On January 30, 2004, Atlas filed a petition under Chapter 11 of the Bankruptcy Code. For the fiscal year ended December 31, 2003, Atlas reported a net loss of $100.9 million on revenue of $1.38 billion. On July 27, 2004, Atlas's then outstanding common stock was cancelled and new common stock was issued to Atlas's general unsecured creditors pursuant to the reorganization plan. From September 9, 2003 through May 30, 2006, Atlas stock traded in the over-the-counter market and was quoted in the Pink Sheets.

FACTS

2. As described below, Atlas violated the financial reporting, recordkeeping and internal control provisions of Section 13 of the Exchange Act and related Rules due to its failure to report accurately its financial results, maintain requisite accounting records and implement adequate internal accounting controls.[1] The relevant facts are as follows:

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[1] Section 13(a) of the Exchange Act requires issuers whose securities are registered with the Commission under the Exchange Act to file periodic reports with the Commission containing such information as the Commission prescribes by rule, and the information contained in such reports is required to be materially accurate. Exchange Act Rule 13a-1 requires registrants to file annual reports on Form 10-K, and Rule 13a-13 requires issuers to file quarterly reports on Form 10-Q. Rule 12b-20 provides that these reports must contain, in addition to disclosures expressly required by the pertinent statutes and rules, such other information as is necessary to ensure that the statements made in the report are not, under the circumstances, materially misleading. Section 13(b)(2)(A) requires registrants to make and keep books, records and accounts which, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets. Section 13(b)(2)(B) requires registrants to devise and maintain a system of internal accounting controls

Overview

a. On October 16, 2002, Atlas issued a press release disclosing that there were material inaccuracies in some of the financial results it had previously reported and that, as a result, (i) a restatement of certain prior financial statements was required; and (ii) its financial statements for the fiscal years ended December 31, 2000 ("FY 2000") and 2001 ("FY 2001") would be re-audited. Atlas's financial statements for FY 2000 and FY 2001 and certain interim periods were materially inaccurate because Atlas, among other things, understated the expenses it incurred during those periods for aircraft maintenance, excess and obsolete inventory, and doubtful accounts receivable and overstated the value of its aircraft fleet.

b. On December 12, 2003, Atlas filed a current report on Form 8-K in which Atlas disclosed that as a result of the adjustments needed to correct previously reported financial statements, Atlas's retained earnings as of December 31, 2001 decreased from the $185.1 million it had previously reported to an accumulated deficit of $180.2 million. Atlas further disclosed that adjustments were also required to correct financial results that Atlas had previously reported for the quarters ended March 31, 2002 and June 30, 2002. Atlas was unable, however, to issue restated financial statements for FY 2001 and FY 2000 or any other prior period, because Atlas lacked the accounting records needed to re-audit those periods and to determine the specific prior period or periods in which adjustments were needed.

c. Atlas's failure to report accurately its financial results for FY 2000, FY 2001 and the first two quarters of 2002 and its inability to restate its financial results in those periods had three principal causes. First, numerous accounting records that Atlas was required to maintain were never created or were discarded. Second, Atlas did not devise and implement an adequate system of internal accounting controls. Third, Atlas did not account for an impairment of the value of its aircraft fleet and expenses associated with aircraft maintenance, excess and obsolete inventory and uncollectible accounts receivable in accordance with GAAP. As a result, the annual and quarterly reports that Atlas filed during this period were materially false and misleading.[2]

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sufficient to provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles ("GAAP") and to maintain accountability for assets. No showing of scienter is required to prove violations of Sections 13(a) and 13(b)(2) of the Exchange Act and Rules 12b-20, 13a-1 and 13a-13 thereunder.

[2] The periodic reports at issue were filed before the effective date of the certification requirements imposed on principal executive and financial officers of public companies by the Sarbanes-Oxley Act. Those provisions took effect on August 29, 2002 and require the officers to personally certify, among other things, that each periodic report filed thereafter is accurate in all material respects and that the officers have established adequate internal controls, evaluated the effectiveness of those controls during the relevant period and disclosed in the report and to the board of directors their conclusions about the effectiveness of, and any significant deficiencies in, the design and operation of the controls.

Impairment Of Aircraft Assets

d. In its Form 10-Q for the second quarter of FY 2001, Atlas stated that as a result of the global economic slowdown, it had removed six aircraft from its operating fleet and designated them for sale. Atlas recorded a charge of $54.1 million that quarter to account for the impairment in the value of those six aircraft. In the fourth quarter of FY 2001, Atlas recorded an additional $44.9 million impairment charge on those same aircraft, purportedly due to a further decline in global economic conditions and the adverse impact of the events of September 11, 2001 on the air cargo industry. Nevertheless, Atlas did not properly consider at that time, in accordance with GAAP, whether the rest of the aircraft and related equipment in its fleet were also impaired. According to the Form 8-K it filed on December 12, 2003, Atlas lacked sufficient documentation at the time it filed the Form 8-K to determine whether management had given any consideration to whether the entire fleet was impaired as of December 31, 2001. As disclosed in the Form 8-K, the information that was available at the time that Atlas filed its Form 10-K for FY 2001 demonstrated that the value of Atlas's entire fleet of aircraft was, in fact, impaired as of December 31, 2001. By failing to recognize the impairment in the value of its entire fleet, Atlas understated its impairment loss as of December 31, 2001 by at least $281.4 million.

Aircraft Maintenance Expenses

e. Atlas understated its aircraft maintenance expenses during the relevant period for two principal reasons. First, Atlas improperly capitalized and deferred certain repair costs that should have been recognized as expenses in the period in which they were incurred. Second, Atlas improperly calculated the expense incurred under so-called "power by the hour" agreements for long-term engine maintenance services. Specifically, Atlas employed a modified accrual accounting method to recognize its engine maintenance expenses that did not conform to GAAP and that did not properly take into account costs which increased in the later years of the maintenance contracts as the aircraft aged. In addition, the maintenance expense reserves that Atlas established under its modified accrual method were improperly reduced, as Atlas used some of those reserves to record expenses unrelated to aircraft maintenance. Moreover, Atlas failed to maintain records supporting its accounting for aircraft maintenance expenses. For example, Atlas did not maintain supporting documentation for scores of general ledger entries to engine maintenance reserve accounts that offset expenses unrelated to maintenance. Atlas also lacked procedures to prevent or even detect posting errors of this type, as accounting department staff were permitted to post journal entries without any supporting documentation and without first obtaining or recording management's authorization. As a result of these deficiencies, Atlas understated its maintenance expenses as of December 31, 2001 by a cumulative amount of at least $115.4 million.[3]

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[3] The amounts of this misstatement and those presented below in sub-paragraphs 2.f and 2.g are cumulative and reflect the aggregate impact on multiple prior reporting periods because, as noted above, Atlas's serious internal control and recordkeeping deficiencies render it unable to quantify the impact of these errors on specific annual and quarterly reporting periods. The cumulative amounts thus reflect the total estimated impact of these errors throughout 2000, 2001 and any prior affected periods.

Excess And Obsolete Inventory

f. Atlas's inventory was overvalued during the relevant period because Atlas did not properly account for the cost and reduced value of excess and obsolete inventory until the latter part of 2002. Atlas failed to maintain documents accurately reflecting the acquisition, age, average cost and usage of its inventory and lacked adequate systems and procedures for tracking and valuing inventory. For example, the purchase price was recorded haphazardly, if at all, and records documenting the cost, such as invoices, were often missing. Atlas's recordkeeping and internal control deficiencies prevented Atlas from determining when inventory became excess or obsolete. Atlas's inventory consisted largely of spare parts for its aircraft. Under GAAP, the cost of these spare parts, while they are in active use, may be depreciated gradually over the expected useful life of the aircraft for which they were acquired. When spare parts become obsolete, such as when the FAA prohibits their further use, GAAP requires that the cost of the parts must be fully expensed at that time and their value written down to scrap. Atlas failed to do so. When spare parts remain on the shelf for a certain time without being used (*e.g.* 18 months), they are then considered to be excess rather than active inventory and, under GAAP, must be written down to the lower of their cost or market value. Atlas failed to do so. In fact, Atlas had no procedure at all for determining when parts would be regarded as excess inventory for accounting purposes until the latter part of 2002. Due to the foregoing, Atlas did not properly record the expenses associated with excess or obsolete parts and the reported value of Atlas's inventory was therefore inflated. As of December 31, 2001, Atlas overstated the value of its inventory by at least $34.4 million.

Allowance For Doubtful Accounts

g. Atlas understated its bad debt expense during the relevant period because it did not maintain accurate records of its doubtful accounts receivable or implement procedures for tracking and estimating the collectibility of its accounts receivable. Specifically, Atlas failed to put in place a procedure to estimate what percentage of its accounts receivable would not be paid and to establish an appropriate allowance for those accounts. Contrary to GAAP, Atlas carried on its books many accounts receivable at the full amount of the debt owed, without any offsetting reserve, even though the accounts had been outstanding for substantial periods of time and were uncollectible. As a result, Atlas understated its allowance for doubtful accounts as of December 31, 2001 by at least $17.7 million.

Other Internal Control And Recordkeeping Deficiencies

h. In addition to the specific instances described above, there were broader, more systemic deficiencies in Atlas's internal controls and recordkeeping practices. The lack of key accounting records and controls made it impossible to determine, among other things, why certain journal entries were posted to the general ledger or even the identity of the person or persons responsible for making or directing such entries. Employees from outside the accounting department were permitted to make accounting entries without approval from senior management or the accounting department. Journal entry forms, where they existed, often contained nothing more than vague descriptions of the reasons for the entries and were not accompanied by any additional documentation to support the entries. Atlas also lacked proper procedures for the retention and preservation of the accounting documents that were created. In fact, Atlas did not establish a document retention policy until 2003. Some of Atlas's accounting records may have been lost when the company moved its accounting department from Colorado to New York in 2001, and Atlas failed to put in place adequate procedures to track the records during the move and to ensure that they all arrived and could be located in New York.

3. By reason of the foregoing, Atlas violated Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act and Rules 13a-1, Rule 13a-13 and 12b-20 thereunder.

4. In determining to accept the Offer, the Commission considered remedial acts undertaken by Atlas and cooperation afforded the Commission staff.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Atlas' Offer.

Accordingly, it is hereby ORDERED that Respondent Atlas cease and desist from committing or causing any violations and any future violations of Sections 13(a), 13(b)(2)(A), 13(b)(2)(B) of the Exchange Act and Rules 12b-20, 13a-1, 13a-13 thereunder.

By the Commission.

Nancy M. Morris
Secretary