UNITED STATES OF AMERICA Before the SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934 Release No. 61708 / March 15, 2010

ADMINISTRATIVE PROCEEDING File No. 3-13815

In the Matter of

infoUSA Inc., k/n/a infoGROUP Inc.,

Respondent.

ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER

T.

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 infoUSA Inc., k/n/a infoGROUP Inc. ("Info" 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 Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds¹ that:

Summary

Info materially understated the compensation of its former CEO and Chairman, Vinod Gupta, in the company's 2003 through 2007 Forms 10-K, which incorporated its proxy statements by reference. Info paid Gupta approximately \$9.5 million of unauthorized and undisclosed perquisites, which arose out of Gupta's personal use of company-chartered aircraft and Info's payment of other personal expenses. The filings for fiscal years 2003 through 2005 also understated, mischaracterized, or omitted significant related party transactions involving various entities owned by Gupta.

Respondent

1. Info, a Delaware corporation based in Omaha, Nebraska, compiles and sells business and consumer databases for sales leads, mailing lists, and direct and email marketing. Info stock is registered under Section 12 of the Exchange Act. Info's common stock trades on the NasdaqGS under the symbol "IUSA."

Background

- 2. Info materially understated Gupta's compensation in its Forms 10-K for fiscal years 2003 through 2007 that incorporated by reference its proxy statements. The Forms 10-K and associated proxy statements for fiscal years 2003 through 2005 also contained material understatements, misstatements, and omissions concerning related party transactions with Gupta or his entities.
- 3. Info paid Gupta approximately \$9.5 million of unauthorized and undisclosed perquisites. The perquisites related to Info's payments for Gupta's personal use of company-chartered aircraft, his credit cards expenses, Gupta's yacht and houses, leases and purchases of cars for Gupta's use, 28 golf and country club memberships, and life insurance premiums, among other things.
- 4. Info's related party disclosures in its 2003 through 2005 Forms 10-K and proxy statements regarding its transactions with Gupta and his entities failed to disclose properly: (1) substantial payments to a Gupta entity for leasing Gupta's aircraft, yacht and houses, (2) car lease payments to another Gupta owned entity, and (3) the provision of free office space to Gupta's

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¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

entities. Info also failed to disclose in these filings related party payments to a third-party jet leasing company on behalf of a Gupta owned entity. Additionally, Info failed to disclose in its 2003 Form 10-K and related proxy statement and its third quarter 2004 Form 10-Q two purchases of jet interests from a Gupta entity. Finally, Info failed to disclose in its first quarter 2005 Form 10-Q and 2005 Form 10-K and related proxy statement its purchase of cars from another Gupta owned entity. Moreover, in its 2003 through 2007 Forms 10-K and proxy statements, Info failed to disclose properly payments to Quest Venture Coordinators Pvt. Ltd., an entity in which Gupta owned an interest until October 2003 and was a member of the board until as late as March 2008. As a result, Info failed to disclose properly payments to, or on behalf of, entities related to Gupta during 2003 through 2007 totaling \$9,297,000. Approximately \$2.5 million of these undisclosed related party transaction payments are also reflected in the \$9.5 million paid to Gupta for unauthorized and undisclosed perquisites as reported in paragraph three above.

- 5. As a result of the conduct described above, Info violated Section 13(a) of the Exchange Act and Rules 13a-1, 13a-13, and 12b-20 thereunder, which require every issuer of a security registered pursuant to Section 12 of the Exchange Act file with the Commission information, documents, and annual and quarterly reports as the Commission may require, and mandate that periodic reports contain such further material information as may be necessary to make the required statements not misleading.
- 6. Because Info improperly recorded its compensation to and related party transactions with Gupta, its books, records and accounts did not, in reasonable detail, accurately and fairly reflect these transactions.
- 7. In addition, Info maintained a system of internal accounting controls that permitted Gupta to obtain a significant amount of unreported compensation. Info also failed to implement internal controls for related party transactions until December 2004 and, thereafter, failed to enforce effectively its related party transactions policy. These internal control lapses allowed Gupta to direct payments to himself directly or his entities and failed to provide reasonable assurances that these transactions were accurately recorded to permit the preparation of Info's financial statements in conformity with generally accepted accounting principles.
- 8. As a result of the conduct described above, Info violated Section 13(b)(2)(A) of the Exchange Act, which requires reporting companies to make and keep books, records, and accounts which, in reasonable detail, accurately and fairly reflect their transactions and dispositions of their assets.
- 9. Also as a result of the conduct described above, Info violated Section 13(b)(2)(B) of the Exchange Act, which requires all reporting companies to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles.

- 10. Info solicited and filed definitive proxy statements in connection with its 2003 through 2007 annual meetings which materially understated Gupta's compensation and understated, misstated, and omitted material related party transactions for the same time period.
- 11. As a result of the conduct described above, Info violated Section 14(a) of the Exchange Act and Rules 14a-3 and 14a-9 thereunder, which require that proxy statements include information specified by Schedule 14A, including executive compensation and related party transactions and prohibit the use of proxy statements containing materially false or misleading statements or materially misleading omissions.

Info's Remedial Efforts and Cooperation

In determining to accept the Offer, the Commission considered remedial acts undertaken by Respondent and cooperation afforded the Commission staff. Specifically, Info undertook remedial efforts, including (i) replacing officers and directors, (ii) creating a new position of executive vice president for business conduct and general counsel; (iii) instituting mandatory director and executive officer training programs; (iv) hiring an independent compensation consultant to advise on compensation matters; and (v) implementing new internal control procedures and policies concerning reimbursement for expenses, perquisites, and related party transactions. Further, Info formed a Special Litigation Committee ("SLC") comprised of independent members of Info's board of directors, which, in turn, hired independent outside counsel to conduct an internal investigation of Gupta's expenses and related party transactions and presented the results of the internal investigation to the Commission staff. Moreover, Info dedicated several months to review and analyze certain expenses submitted to the company by Gupta between 2003 and 2007 to determine the amount of undisclosed perquisites paid to Gupta. This effort reduced the time and resources necessary for the Commission staff to conclude the investigation.

IV.

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

Accordingly, it is hereby ORDERED that:

Pursuant to Section 21C of the Exchange Act, Respondent Info 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), and 14(a) of the Exchange Act and Rules 12b-20, 13a-1, 13a-13, 14a-3, and 14a-9 thereunder.

By the Commission.

Elizabeth M. Murphy Secretary