

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 58849 / October 24, 2008

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 2896 / October 24, 2008

ADMINISTRATIVE PROCEEDING
File No. 3-13278

In the Matter of
Barry Schechter, C.A.
Respondent.

ORDER INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO RULE
102(e) OF THE COMMISSION'S RULES OF
PRACTICE, MAKING FINDINGS, AND
IMPOSING REMEDIAL SANCTIONS

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 Barry Schechter (“Respondent” or “Schechter”) 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 . . . 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

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. Schechter, age 54, is a resident of La Jolla, California. In 1990, Schechter founded the company that eventually became Island Pacific, Inc. Schechter was CEO of Island Pacific from its inception to January 2001, October 2001 to June 2003, and April 2005 to June 2008. He was Chairman of the Board of Directors of Island Pacific from February 1994 to July 2003. From approximately August 2003 through January 2005, Schechter was designated as a consultant to Island Pacific. During this period, Schechter was a controlling person of Island Pacific and controlled a substantial number of its shares. Schechter was a Chartered Accountant in South Africa from 1979 to 1989, when he emigrated to the United States and allowed his license to lapse. On June 4, 2008, Island Pacific announced that Schechter had resigned from his CEO and director positions effective that day but that Schechter would continue to handle special projects on a part-time basis.

2. Retail Pro, Inc. (formerly known as Island Pacific, Inc.) was, at all relevant times, a Delaware corporation with its principal place of business in Southern California. Island Pacific was engaged in the business of developing and selling computer software to the retail industry. Its common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act, traded on the American Stock Exchange until it was delisted on October 25, 2005, for failing to file periodic reports, and currently trades through Pink OTC Markets, Inc. (RTPR.PK). On December 21, 2007, Island Pacific sold its Island Pacific division to an Australian company and renamed the unsold portion of the company Retail Pro, Inc.

3. On October 16, 2008, a final judgment was entered against Schechter, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933, and Sections 10(b) and 13(b)(5) of the Securities Exchange Act of 1934 (“Exchange Act”), and Rules 10b-5, 13b2-1 and 13b2-2 thereunder, and from aiding and abetting any violation of Section

the violation of any provision of the Federal securities laws or of the rules and regulations thereunder.

13(a) of the Exchange Act, and Rules 12b-20, 13a-1 and 13a-13 thereunder, in the civil action entitled Securities and Exchange Commission v. Retail Pro, Inc. (fka Island Pacific, Inc.) et. al, Civil Action Number 08 CV 1620 WQH (RBB), in the United States District Court for the Southern District of California. Schechter was also ordered to pay \$488,410 in disgorgement of ill-gotten gains from his sales of stock while participating in the unlawful conduct, and \$27,437 in prejudgment interest, and a \$120,000 civil money penalty.

4. The Commission's Complaint alleged, among other things, that Schechter participated in Island Pacific's financial fraud from the quarter ended September 30, 2003, through the fiscal year ended March 31, 2004, in which Island Pacific recognized \$3.9 million from a non-monetary transaction with QQQ Systems Pty Limited ("QQQ") in violation of Generally Accepted Accounting Principles; overstated its quarterly revenues by 140% and reported a small profit instead of a \$3.1 million loss for the quarter ended September 30, 2003; overstated its annual revenues by 22% and understated its losses by 47% for the fiscal year ended March 31, 2004; and failed to disclose the non-monetary nature of the transaction with QQQ in its periodic reports, earnings press releases, and its earnings conference call with analysts and shareholders. The Complaint alleged that Schechter participated in the financial fraud by, among other things, negotiating the non-monetary transaction with QQQ, approving the improper recognition of revenue, reviewing and approving Island Pacific's earnings press release and scripts for the conference calls, and providing false information to Island Pacific's auditor in connection with the audit of Island Pacific's fiscal year 2004 audit. The Complaint further alleged that Schechter profited from the financial fraud by selling through a trust he controlled 637,750 shares of Island Pacific stock.

IV.

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

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

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

By the Commission.

Florence E. Harmon
Acting Secretary