

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 65271 / September 6, 2011

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3318 / September 6, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-14532

In the Matter of

RAN H. FURMAN, 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 Ran H. Furman ("Respondent" or "Furman").

II.

The Commission finds that:

A. RESPONDENT

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.

1. Furman, age 42, resides in San Diego, California. From September 2003 through January 2005, Furman was the Chief Financial Officer (“CFO”) of Island Pacific, Inc. (“Island Pacific”), whose common stock was registered with the Commission pursuant to Section 12(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and traded on the American Stock Exchange until it was delisted on October 25, 2005, as a result of the company’s failure to file periodic reports. As Island Pacific’s CFO, Furman oversaw Island Pacific’s financial operations, participated in the preparation of Island Pacific’s financial statements, and certified the accuracy of Island Pacific’s quarterly and annual reports, which were filed with the Commission. Furman was licensed as a certified public accountant (“CPA”) in 1991 by the State of Washington and was employed as an auditor by a public accounting firm for two years. Both prior to and subsequent to his employment with Island Pacific, Furman was the CFO of other public companies. Presently, he performs consulting work through his own company, Black Rock Management, providing interim finance and CFO-type services to smaller companies, including a public company where he previously was the CFO.

B. CIVIL INJUNCTION

1. On July 8, 2011, the United States District Court for the Southern District of California entered a final judgment against Furman, permanently enjoining him from future violations, direct or indirect, of Sections 10(b) and 13(b)(5) of the Exchange Act and Rules 10b-5, 13a-14, 13b2-1, and 13b2-2 thereunder, and from aiding and abetting violations of Section 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). The final judgment also prohibits Furman for a period of seven years from serving as an officer or director of a public company and orders him to pay a third-tier civil penalty of \$75,000.

2. On November 18, 2009, the Court entered an Order granting partial summary judgment in the Commission’s favor, holding that Furman had violated Section 13(b)(5) of the Exchange Act and Rules 13b2-1 and 13b2-2 thereunder. On February 25, 2011, following trial, a jury returned a verdict in the Commission’s favor on its remaining claims for relief, finding that Furman had violated Section 10(b) of the Exchange Act and Rules 10b-5 and 13a-14 thereunder, and had aided and abetted one or more violations by Island Pacific of Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1, and 13a-13 thereunder. Subsequently, on June 23, 2011, the Court entered Orders in support of the above final judgment and making findings of fact and conclusions of law concerning the relief sought by the Commission and then awarded by the Court. The Court found that the evidence presented at trial and on summary judgment demonstrated that “Furman played an essential and knowing role in the securities law violations at issue.” The Court found, among other things, that:

- Furman knowingly participated in and facilitated the alteration of a license agreement, which permitted Island Pacific to improperly record revenue of \$3.9 million in its fiscal second quarter 2004, and then directed Island Pacific to record a second transaction in its fiscal

third quarter 2004 that offset the \$3.9 million receivable issued in the prior quarter, based on a sublicense agreement Furman knew was not finalized, and that Furman further knew it was improper to record under both Generally Accepted Accounting Principles (“GAAP”) and Island Pacific’s own revenue recognition policy;

- Furman drafted or was responsible for the means by which Island Pacific’s fiscal 2004 second and third quarter and annual financial information was disseminated to the investing public and knew that this information materially misrepresented Island Pacific’s financial results and also contained material omissions;
- Furman knowingly and willingly participated in the termination of a whistleblower employee and subsequent efforts to conceal the whistleblower’s concerns and allegations of potential fraud from the company’s auditors;
- Furman knowingly withheld and concealed other material information from the auditors, including the various versions of the license and sublicense agreements and documents showing that neither transaction was finalized by the end of the quarter in which the transaction was reported;
- Furman signed management representation letters knowing they contained false and/or misleading statements, including that he had no knowledge of any allegations of fraud or suspected fraud affecting the company received in communications from employees or former employees, even though he had received an email from the whistleblower explaining in detail why “certain transactions...appear to be structured in a manner that is intended to inflate revenues for the purpose of boosting the share price,” and had responded by firing the whistleblower the next day -- just a few days before signing one management representation letter;
- Furman knowingly circumvented the company’s system of accounting controls by signing false management representation letters;
- At each step in the process, Furman had the opportunity to refuse to continue to participate in the infractions and/or concealment of the infractions; and
- The nature of Furman’s work as a consultant performing “officer-like” activities presents an ongoing opportunity for him to violate the securities laws.

III.

Based upon the foregoing, the Commission finds that a court of competent jurisdiction has permanently enjoined Furman, 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 Furman be temporarily suspended from appearing or practicing before the Commission.

IT IS HEREBY ORDERED that Furman 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 Furman 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 Furman personally or by certified mail at his last known address.

By the Commission.

Elizabeth M. Murphy
Secretary