

18-02718 - FOIA

foiapa

From: Colleen Honigsberg <[REDACTED]>
Sent: Monday, August 06, 2018 1:13 PM
To: foiapa; Katilius, Lizzette
Subject: FOIA Request
Attachments: FOIA Request 082018.pdf

Dear FOIA Office,

Please see the attached request.

Many thanks!
Best,
Colleen



--
Colleen Honigsberg
Assistant Professor of Law
Stanford Law School
[REDACTED]
[REDACTED]

August 4, 2018

U.S. Securities and Exchange Commission
Office of FOIA Services
100 F Street, NE Mail Stop 2745
Washington, DC 20549-5100

Dear FOIA Office:

Under the Freedom of Information Act (FOIA), we are requesting a copy of the following:

Comment letter to Form 10-K filed June 27, 2001 by Activision Blizzard, Inc.
CIK NUM: 718877

Process this request up to our education-use entitlements.

Thank You,

Colleen Honigsberg
Assistant Professor of Law
Stanford Law School

[REDACTED]
[REDACTED]



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
STATION PLACE
100 F STREET, NE
WASHINGTON, DC 20549-2465

Office of FOIA Services

August 9, 2018

Ms. Colleen Honigsberg
Stanford Law School
Crown Quadrangle
559 Nathan Abbott Way
Stanford, CA 94305-8610

RE: Freedom of Information Act (FOIA), 5 U.S.C. § 552
Request No. **18-02718-FOIA**

Dear Ms. Honigsberg:

This letter is in response to your request, dated and received in this office on August 6, 2018, for access to SEC comment letter issued to Activision Blizzard, Inc., concerning the Form 10-K filed on June 27, 2001.

The search for responsive records has resulted in the retrieval of four (4) pages of records that may be responsive to your request. They are being provided to you with this letter.

If you have any questions, please contact me at burrowsi@sec.gov or (202) 551-5105. You may also contact me at foiapa@sec.gov or (202) 551-7900. You also have the right to seek assistance from Ray J. McInerney as a FOIA Public Liaison or contact the Office of Government Information Services (OGIS) for dispute resolution services. OGIS can be reached at 1-877-684-6448 or Archives.gov or via e-mail at ogis@nara.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Indria Burrows", written over a horizontal line.

Indria Burrows
FOIA Research Specialist

Enclosures

February 28, 2002

Mail Stop 0406

William J. Chardavoyne
Chief Financial Officer and Chief Accounting Officer
Activision, Inc.
3100 Ocean Park Blvd.
Santa Monica, CA 90405

RE: Activision, Inc. (file no 001-15839)
Form 10-K: For the Year Ended March 31, 2001
Form 10-Q: For the Quarterly Period Ended June 30, 2001
For the Quarterly Period Ended September 30, 2001

Dear Mr. Chardavoyne,

We have reviewed the above referenced filings and have the following comments. Please note that we have limited the scope of our review to the financial statements and related disclosures. Where indicated, we think you should revise your documents in response to these comments. If you disagree, we will consider your explanation as to why our comment is inapplicable or a revision is unnecessary. Please be as detailed as necessary in your explanation. In some of our comments, we may ask you to provide us with supplemental information so we may better understand your disclosure. After reviewing this information, we may or may not raise additional comments.

Please understand that the purpose of our review process is to assist you in your compliance with the applicable disclosure requirements and to enhance the overall disclosure in your filing. We look forward to working with you in these respects. We welcome any questions you may have about our comments or on any other aspect of our review. Feel free to call us at the telephone numbers listed at the end of this letter.

Form 10-K for the year ended March 31, 2001

Sales of Unregistered Equity Securities, Page 21

1. You disclose that you issued 77,031 shares of common stock in connection with a 40% equity investment in Gray Matter Studios. Tell us how your accounting complies with ABP 18. You also indicate that you have minority interests in Pandemic Studios and Raster Productions. See your disclosure on page 15. Tell us and disclose how you are accounting for these investments (cost, equity, SFAS 115). Revise accordingly.

Management's Discussion and Analysis

2. Tell us and disclose why accounts payable increased over 80% from March 31, 2000 to March 31, 2001.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk, page 34

3. Refer to your use of a 1% hypothetical change in interest rates. Revise to select hypothetical changes in market rates that are expected to reflect reasonably possible near-term changes in those rates. In this regard, absent economic justification for the selection of a different amount, use changes that are not less than 10% of end of period market rates. In this regard, refer to instruction #3 to paragraph 305(a) of Regulation S-K. Revise Form 10-K and Form 10-Q accordingly.

Note 1 Summary of Significant Accounting Policies

4. Tell us your customary payment terms. Tell us about any extended payment terms you may offer. If you do offer extended payment terms, tell us how your payments are fixed or determinable. Refer to paragraphs 27 and 28 of SOP 97-2. In addition, we note that you provide payment terms depending on the customer. See your disclosure on page 8. Further explain these variable terms and how your payments are considered fixed or determinable in accordance with SOP 97-2.

5. You indicate that "subject to certain limitations," the Company permits customers to return products within certain "specified periods" and the Company provides price protection on "certain" unsold merchandise. Further explain these limitations and the periods in which they can obtain returns and the merchandise that is subject to price protection.

6. Tell us how your revenue recognition policy is in compliance with paragraph 6 of SFAS 48. Explain to us why your ability to estimate returns has not been impaired by the increasing competition and rapid technological change that are a part of your business. Tell us how your historical returns and price protections have compared to your estimated returns and price protections, the amount of returns during the periods presented and whether or not there have been any significant returns during these period.

7. Explain the reason your allowance for sales returns, price protection and doubtful accounts as a percentage of gross sales increased from approximately 11% in fiscal 1999 to 15% in fiscal 2000 and then decreased back to 11% in 2001.

Goodwill and Long-lived Assets, Page F-9

8. Explain to us your basis for a 5 to 20 year useful life of goodwill. Given that the information technology industry is highly competitive subject to technological change, use of a twenty-year life for goodwill appears excessive. Please advise and/or revise, accordingly.

Note 3 Strategic Restructuring, Page F-13

9. Revise the footnote to provide the components of your restructuring reserve in tabular format reconciling the beginning and ending liability balances. Separately depict cash versus non-cash transactions. In periods after the initial accrual of exit costs, EITF 94-3 requires disclosure of the type and amount of costs charged against the liability and any changes in estimate of the types and amounts of exit costs. Provide us with an explanation of costs remaining in the accrual at year-end, if any. Tell us when the reserve will be fully utilized.

10. Tell us who the third party distributors are, the nature of the relationships, if these distributors were granted special return privileges and the nature of the termination. Tell us when the initial sales were made to the distributors, your basis for establishing the \$11.7M reserve and that these products will be returned and not sold.

11. Refer to the \$3.4M allowance for doubtful accounts included in the restructuring plan. Tell us the nature of these accounts, when the related revenue was recognized, how you initially assessed collectibility and why these charges were not recorded in prior periods. In addition, tell us if the accounts included in the \$3.4M bad debt allowance and the \$11.7M sales return allowance are related and why it is appropriate to include the \$3.4M allowance in the restructuring plan. Explain the components of these entries recorded.

12. Revise to disclose a detailed explanation of the \$11.9M charge included in cost of sales. Provide the disclosure required by paragraph 14 of SFAS 121 for the certain assets associated with certain product lines that were impaired. Also, discuss how the impaired assets relate to future product releases. Specifically identify these future product offerings and discuss how and why your initial plans for these products were changed.

Note 7 Operations by Reportable Segments and Geographic Area

13. We note in your Business section disclosure that one customer accounted for 10% of consolidated revenues during fiscal 2001. Revise footnote in Form 10-K and Form 10-Q's to include information about major customers required by paragraph 39 of SFAS 131.

Note 9 Income Taxes, Page F-19

14. It is unclear how SOP 90-7 applies to your reorganization. Refer to paragraphs 18 and 19 of SOP 90-7. Revise accordingly.

Note 10 Long Term Debt, Page F-22

15. You indicate that the conversion terms of the \$60M convertible notes are subject to adjustment in certain circumstances. Tell us the nature of these adjustments and circumstances and if it was necessary to record a beneficial conversion feature in connection these notes. Explain to us how you considered EITF 98-5.

Note 12 Stock Compensation Plans - Non-Employee Warrants, Page F-26

16. Refer to the 100,000 warrants issued to a third party in fiscal 2000. Tell us how you valued the warrants, including the assumptions used, the period(s) in which the related expense was recorded and why the period(s) are appropriate and how your accounting for these warrants complies with EITF 96-18.

17. You indicate that the fair value of the 1,000,000 warrants issued during fiscal 1999 is capitalized and amortized to royalty expense when the related product is released and the related revenue is recognized. Cite the authoritative guidance that supports your accounting treatment and tell us how this accounting treatment complies with EITF 96-18. Also, disclose the magnitude of royalty expense recognized related to this award for each period in which an income statement is presented.

Form 10-Q for the Quarter Ended September 30, 2001

18. Clarify when the purchase of Treyarch was consummated. Clarify why the effective date differs from the date the Agreement and Plan of Merger was executed. Refer to paragraph 93 of APB 16. In addition, tell us how you have considered EITF 99-12 in valuing this acquisition.

Please respond to these comments within 10 business days and file your response letter via EDGAR. Please understand that we may have additional comments after reviewing your responses to our comments.

You may contact Melissa N. Rocha, Staff Accountant, at (202) 942-2896 or me at (202) 942-1862 if you have any questions regarding these comments.

Very truly yours,

Dennis N. Muse

Activision, Inc.
February 28, 2002
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