

# DOLLAR GENERAL CORP

## **FORM 8-K/A** (Amended Current report filing)

Filed 10/09/01 for the Period Ending 10/09/01

Address	100 MISSION RIDGE GOODLETTSVILLE, TN, 37072
Telephone	6158554000
CIK	0000029534
Symbol	DG
SIC Code	5331 - Retail-Variety Stores
Industry	Discount Stores
Sector	Consumer Cyclical
Fiscal Year	02/02

# DOLLAR GENERAL CORP

## FORM 8-K/A (Unscheduled Material Events)

Filed 10/9/2001 For Period Ending 10/9/2001

Address	100 MISSION RIDGE GOODLETTSVILLE, Tennessee 37072
Telephone	615-855-4000
CIK	0000029534
Industry	Retail (Specialty)
Sector	Services
Fiscal Year	01/31

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

October 9, 2001

(Date of Report)

## DOLLAR GENERAL CORPORATION

(Exact name of registrant as specified in its charter)

TENNESSEE  
(State or other jurisdiction  
of incorporation)

001-11421  
(Commission File  
Number)

61-0502302  
(IRS Employer  
Identification No.)

100 Mission Ridge  
Goodlettsville, Tennessee 37072  
(Address of principal executive offices) (Zip code)

(615) 855-4000

(Registrant's telephone number, including area code)

The undersigned registrant hereby amends Item 4 and Item 7 of its Current Report on Form 8-K filed with the Securities and Exchange Commission on September 21, 2001 as follows:

#### **Item 4. Changes in Registrant's independent Accountant**

##### **Change in Independent Accountant**

On September 14, 2001, Dollar General Corporation (the "Company") dismissed Deloitte & Touche LLP ("Deloitte") as its independent accountant. The Company's decision was approved by both the Audit Committee of the Board of Directors and by the Company's Board of Directors. Deloitte's reports on the Company's financial statements for fiscal years 1998 and 1999 contained no adverse opinion or disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope, or accounting principles. Deloitte has not issued an audit report on any of the Company's financial statements since January 28, 2000, the Company's 1999 fiscal year end.

Also on September 14, the Company retained the services of PricewaterhouseCoopers LLP ("PricewaterhouseCoopers") as its new independent accountant to audit the Company's financial statements. The retention of PricewaterhouseCoopers was recommended by the Audit Committee and approved, by resolution, by the Board. PricewaterhouseCoopers orally consented to serve as the Company's independent accountant.

On September 20, 2001, prior to the Company's announcement of its retention of PricewaterhouseCoopers in a Form 8-K, PricewaterhouseCoopers resigned as the Company's independent accountant because of an irreconcilable conflict of interest that was previously unknown to the PricewaterhouseCoopers representatives associated with the Dollar General engagement. PricewaterhouseCoopers has advised the Company that its resignation was not related in any respect to the matters on which the Company consulted with PricewaterhouseCoopers prior to its engagement to serve as the Company's independent accountant, or any matter respecting the Company that came to its attention subsequent to its retention.

Neither the Audit Committee nor the Company's Board of Directors have been provided information relating to the nature of PricewaterhouseCoopers' conflict. As a result, the Audit Committee and the Board are not in a position to recommend or to approve or disapprove of PricewaterhouseCoopers' resignation.

PricewaterhouseCoopers has never issued any opinion on the Company's financial statements.

On September 21, 2001, Ernst & Young LLP ("Ernst & Young") advised the Company that it was prepared to serve as the Company's independent accountant, subject to the completion of certain acceptance procedures which it expected to successfully conclude. On October 5, 2001, the Company retained Ernst & Young as the Company's independent accountants. The retention of Ernst & Young was recommended by the Audit Committee and approved by the Board of Directors of the Company.

#### **Disagreement with Prior Independent Accountant -- Deloitte**

During the Company's two most recent fiscal years and through the date of this report, there were no disagreements with Deloitte on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements if not resolved to the satisfaction of Deloitte would have caused it to make reference to the subject matter of the disagreement in its report on the Company's financial statements, provided however:

In the course of preparing to restate its financial statements for fiscal years 1998 and 1999, as well as revising the previously released unaudited financial information for fiscal year 2000 (collectively, the "Restatements"), the Company has more closely examined its previous accounting practices with regard to certain synthetic lease facilities entered into in 1997 and 1999 with respect to its use and occupancy of certain real property, including approximately 400 stores, two of the Company's distribution centers and the Company's corporate headquarters in Goodlettsville, Tennessee (the "Synthetic Leases"). After review and consultations with outside accountants from KPMG LLP, the Company has determined that its previous treatment of the Synthetic Leases as operating leases for accounting purposes was in error. The Company intends to restate its financial statements to treat these leases as capital leases. The Company and representatives from KPMG LLP, as well as the Audit Committee of the Board of Directors, through its representatives, have discussed the subject of the accounting treatment for Synthetic Leases with Deloitte. At the time of its termination, Deloitte had expressed the view that it had not been provided sufficient information by the Company to conclude that the Company's previous treatment of Synthetic Leases as operating leases was in error.

#### **Disagreement with Prior Independent Accountant -- PricewaterhouseCoopers**

During the Company's two most recent fiscal years and through the date of this report, there were no disagreements with PricewaterhouseCoopers on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements if not resolved to the satisfaction of PricewaterhouseCoopers would have caused it to make reference to the subject matter of the disagreement in its report on the Company's financial statements.

### **Other Reportable Events -- Deloitte**

During the Company's two most recent fiscal years and through the date of this report, there were no "reportable events," by Deloitte, as that term is defined in Item 304(a)(1)(v) of Regulation S-K, provided however:

As previously disclosed, the Company and the Audit Committee of the Board of Directors are reviewing certain accounting issues that will cause the Company to restate its financial statements. Following a report from the Company to Deloitte in April 2001 on its discovery of these issues, Deloitte gave the Company notice as provided under Section 10A of the Securities Exchange Act of 1934 (the "Exchange Act") that such issues may have included "illegal acts" as that term is defined in the Exchange Act. The Audit Committee of the Board of Directors is continuing its investigation of these matters, assisted by its outside counsel, Dechert Price & Rhoads, and the independent accounting firm Arthur Andersen LLP, in order to assure that the Audit Committee is adequately informed with respect to the issues raised by the Restatements. On the Audit Committee's recommendation and with the Board of Directors' approval, the Company has implemented certain appropriate interim remedial actions in response to the matters included in the Audit Committee's review.

In connection with these events, Deloitte has informed the Company that information has come to its attention that, if further investigated, (i) may materially impact the fairness or reliability of its previously issued audit reports and the underlying financial statements as well as the financial statements to be issued for the Company's 2000 fiscal year; (ii) may cause it to be unwilling to rely on the representations of certain members of management; and (iii) due to Deloitte's dismissal, it will be unable to conduct such further investigation or resolve these issues to its satisfaction.

### **Other Reportable Events - PricewaterhouseCoopers**

During the Company's two most recent fiscal years and through the date of this report, there were no "reportable events," by PricewaterhouseCoopers, as that term is defined in Item 304(a)(1)(v) of Regulation S-K.

### **Authorization to Respond to Successor Independent Accountant**

The Company has authorized Deloitte and PricewaterhouseCoopers to respond fully to the inquiries of Ernst & Young concerning these issues.

### **Consultations with Independent Accountant -- PricewaterhouseCoopers**

Prior to its retention as the Company's independent accountant, PricewaterhouseCoopers was engaged as accounting consultants by counsel for the Company advising a special committee of the Board of Directors with respect to certain shareholder derivative lawsuits currently pending against the Company and several current and former members of its Board of Directors and management. In connection

with this engagement, counsel directed PricewaterhouseCoopers to consult with Company personnel regarding the appropriate accounting treatment for the Synthetic Leases. PricewaterhouseCoopers has in oral communications provided the special committee a preliminary view, based on information made available to it by the Company, that the Synthetic Leases should be treated as capital leases for accounting purposes. The Company's consultation with Deloitte on the subject of the accounting treatment for Synthetic Leases and Deloitte's views thereon are discussed above under the caption "Disagreement with Prior Independent Accountant."

In addition, in connection with its work relating to the shareholder derivative litigation, counsel directed PricewaterhouseCoopers to consult with Company personnel on the application of the accounting standards to the valuation of certain deferred state income tax liabilities. PricewaterhouseCoopers, in oral communications, gave the special committee its preliminary views that the applicable accounting standards require the Company to determine deferred income tax liabilities using differentiated rates as opposed to a consolidated tax rate. After review and consultations with KPMG LLP and taking into account the oral observations received from PricewaterhouseCoopers, the Company intends to restate its financial statements accordingly. The Company did not consult with Deloitte on this subject.

Other than with respect to the two preceding matters, the Company has not consulted with PricewaterhouseCoopers regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered on the Company's financial statements, and either a written report was provided to the Company or oral advice was provided that PricewaterhouseCoopers concluded was an important factor considered by the Company in reaching a decision as to the accounting, auditing or financial reporting issue, or (ii) any matter that was either the subject of a disagreement, as that term is defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions to Item 304 of Regulation S-K, or a reportable event, as that term is defined in Item 304(a)(1)(v) of Regulation S-K.

PricewaterhouseCoopers was not requested to and did not perform an engagement under Statement on Auditing Standards No. 50 with respect to either consultation.

#### **Consultations with Independent Accountant - Ernst & Young**

During the two most recent fiscal years the Company consulted with Ernst & Young on various tax related matters which, the Company has been advised by Ernst & Young, did not involve matters that are the subject of Item 304(a)(2)(i) or (ii) of Regulation S-K.

## **Review of Disclosure by Former Accountants**

The Company has provided Deloitte and PricewaterhouseCoopers, as the Company's former independent accountants, with a copy of the disclosures set forth above regarding Deloitte and PricewaterhouseCoopers, which disclosures were originally reported by the Company on Form 8-K on September 21, 2001. On October 4, 2001, the Company received from Deloitte a letter, addressed to the Securities and Exchange Commission and dated October 3, 2001, which letter is filed as Exhibit 16.1 to this Form 8-K. On October 5, 2001, the Company received from PricewaterhouseCoopers a letter, addressed to the Securities and Exchange Commission and dated October 5, 2001, which letter is filed as Exhibit 16.2 to this Form 8-K.

## **Item 7. Financial Statements and Exhibits**

### (c) Exhibits

16.1 Letter of Deloitte & Touche LLP, dated October 3, 2001.

16.2 Letter of PricewaterhouseCoopers LLP, dated October 5, 2001.



**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

*Dated: October 9, 2001*

*DOLLAR GENERAL CORPORATION*

*By: /s/ James J. Hagan*

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*Name: James J. Hagan*

*Title: Chief Financial Officer*

## INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
16.1	Letter of Deloitte & Touche LLP, dated October 4, 2001.
16.2	Letter of PricewaterhouseCoopers LLP, dated October 5, 2001.

[LETTERHEAD DELOITTE & TOUCHE]

October 3, 2001

Securities and Exchange Commission  
Mail Stop 11-3  
450 Fifth Street, N.W.  
Washington, D.C. 20549

Dear Sirs/Madam

We have read the statements in Item 4 of Form 8-K of Dollar General Corporation (the "Company") dated September 21, 2001 and have the following comments:

"Change in Independent Accountant"

- o We agree with the statements made in the first, third, and fourth sentences of the first paragraph of this section. We have no basis on which to agree or disagree with the statements made in the second sentence of the first paragraph of this section.
- o We have no basis on which to agree or disagree with the statements made in the second, third, fourth, fifth and sixth paragraphs of this section.

"Disagreement with Prior Independent Accountant - Deloitte"

- o We agree with the statements made in the first paragraph of this section that there were no disagreements, except for the matter discussed in the second paragraph of this section.
- o We have no basis on which to agree or disagree with the statements made in the first, second and third sentences of the second paragraph of this section.
- o We agree with the statement made in the fourth sentence of the second paragraph of this section that the Company and representatives from KPMG LLP discussed the subject of the accounting treatment for synthetic leases with Deloitte & Touche. Deloitte & Touche did not discuss the subject of the accounting treatment for synthetic leases with the Audit Committee of the Board of Directors ("The Audit Committee").
- o We disagree with the statement made in the fifth sentence of the second paragraph that at the time of its termination Deloitte & Touche had expressed the view that it had not been provided sufficient information by the Company to conclude that the "Company's" previous treatment of Synthetic Leases as operating leases was in error. Prior to its

dismissal as independent auditors, Deloitte & Touche had advised the Company that it disagreed with the Company's tentative conclusion that the accounting treatment for the leases should be revised; and, at the time that the Company notified Deloitte & Touche that it was being dismissed as independent auditors was advised that the reason it was being dismissed was because it disagreed with the Company's conclusion concerning the accounting for the leases.

Prior to its termination as independent auditors, management or the Company advised Deloitte & Touche that the Company and its accounting consultants, KPMG LLP, were reviewing the accounting treatment that had been historically afforded to synthetic leases entered into in 1997 and 1999. Deloitte & Touche advised management of the Company that it believed that under applicable professional standards, KPMG, LLP was required to discuss the underlying facts with Deloitte & Touche before reaching a conclusion concerning the accounting treatment, and suggested a meeting among Deloitte & Touche, KPMG LLP and the Company to discuss any questions or concerns that had been identified with respect to the accounting treatment. On August 24, 2001 Deloitte & Touche, met with representatives of KPMG LLP and the Company and discussed the accounting for these leases. The accounting for these leases was discussed further among representatives of KPMG LLP and Deloitte & Touche's respective national office consultation groups and a representative of the Company on September 12 and 13, 2001. During these discussions, the Company and KPMG LLP made Deloitte & Touche aware of the questions and concerns that had been identified during the course of their review of the accounting for the leases and advised Deloitte & Touche that the Company had tentatively concluded that the accounting treatment that had been afforded to the leases should be revised. Deloitte & Touche informed the Company and KPMG LLP about its understanding of the underlying facts and assumptions on which the original accounting treatment had been based. Deloitte & Touche also described the representations that had been provided to Deloitte & Touche by management at the time the transactions had been entered into and the factors that Deloitte & Touche considered in its assessment of the Company's accounting for the leases. The questions and concerns that the Company and KPMG LLP discussed with Deloitte & Touche about the accounting for the leases related to questions about the available evidence as to the assumptions and judgments made by management at the time the transactions had been entered into, taking into consideration subsequent changes in the Company's plans and activities using the benefit of hindsight, as opposed to any oversight or misuse of facts that existed at the inception of the leases. Neither during those discussions, nor at any other time, was Deloitte & Touche provided with any information that caused it to believe that the original accounting treatment was inappropriate based on the assumptions and judgments made by management at the inception of the leases. Deloitte & Touche advised the Company that it did not believe that using subsequent changes in the Company's plans or activities, or applying hindsight, was appropriate, and that it disagreed with the Company's tentative conclusion that the accounting treatment for the leases should be revised. On September 14, 2001, the Company notified Deloitte & Touche that it had concluded that the synthetic leases entered into by the Company during fiscal years 1997 and 1999, which had been originally recorded by management as operating leases, should have been recorded as capital leases. The Company also advised

Deloitte & Touche that it intended to restate its financial statements to reflect the revised accounting treatment.

"Disagreement with Prior Independent Accountant - PricewaterhouseCoopers"

o We have no basis on which to agree or disagree with the statements made in this section.

"Other Reportable Events - Deloitte"

o We agree with the statement made in the first paragraph of this section that there were no "reportable events" except for the matter discussed in the second and third paragraphs of this section.

o We agree with the statements made in the second sentence of the second paragraph of this section. We have no basis on which to agree or disagree with the statements made in the first, third and fourth sentences of the second paragraph of this section.

o We agree with the statements made in section (i) and (ii) of the third paragraph of this section. We disagree with the statement made in section (iii) of the third paragraph of this section that we specifically informed the Company that due to Deloitte & Touche's dismissal, it will be unable to conduct such further investigation or resolve these issues to its satisfaction; however, as stated below, we agree that as of the date of our dismissal we had not been able to resolve these issues to our satisfaction.

On April 23, 2001, the Audit Committee notified Deloitte & Touche that the Company had engaged counsel to conduct an investigation into possible fraudulent activities and accounting irregularities by Company personnel. Beginning on April 23, 2001, Deloitte & Touche participated in several meetings with Company management in which management informed Deloitte & Touche that they had identified potential accounting irregularities in a number of different areas and that they believed that there were significant efforts on the part of Company personnel to withhold information and mislead Deloitte & Touche during the performance of past audits. Deloitte & Touche met with management and the Audit Committee to discuss the alleged fraud and accounting irregularities and requested that the Audit Committee conduct an independent investigation, using outside counsel, and informed the Audit Committee that, upon completion of the investigation, Deloitte & Touche would assess the sufficiency of the scope and procedures of the investigation; the findings and conclusions, including the identification and quantification of the misstatements; any remedial actions taken or to be taken by the Company; and determine whether Deloitte & Touche would be willing or able to continue as the Company's independent auditors and whether the implications of the findings would negatively affect its ability to rely on the representations of management. Deloitte & Touche also informed the Audit Committee that Deloitte & Touche would not issue a report on the Company's financial statements for the fiscal year ended February 2, 2001 or be associated with the release of any financial results until the Company completed its investigation and Deloitte & Touche was satisfied with the resolution of the matter.

As of the date of its dismissal on September 14, 2001 Deloitte & Touche had not been apprised of the results of the investigation, and was therefore unable to conclude

whether the findings could materially impact the fairness or reliability of its previously issued audit reports; whether the Company's previously issued financial statements require revision; or whether the findings would cause it to be unwilling to rely on management's representations or to be associated with the financial statements prepared by management.

"Other Reportable Events - PricewaterhouseCoopers"

o We have no basis on which to agree or disagree with the statements made in this section.

"Authorization to Respond to Successor Independent Accountants"

o We agree with the statements made in this section insofar as they relate to Deloitte & Touche

"Consultations with Independent Accountant - PricewaterhouseCoopers"

o We have no basis on which to agree or disagree with the statements made in the first paragraph of this section.

o We agree with the statement made in the last sentence of the second paragraph of this section. We have no basis on which to agree or disagree with the statements made in the first, second, and third sentences of the second paragraph of this section.

o We have no basis on which to agree or disagree with the statements made in the third paragraph of this section.

o We have no basis on which to agree or disagree with the statements made in the fourth paragraph of this section. The Company did not advise Deloitte & Touche of the Company's consultation with PricewaterhouseCoopers and PricewaterhouseCoopers did not discuss either of the matters described in the first and second paragraphs of this section with Deloitte & Touche.

"Consultations with Independent Accountant - Ernst & Young"

o We have no basis on which to agree or disagree with the statements made in this section.

"Review of Disclosure by Former and Newly Engaged Accountants"

o We agree with the statements made in the first paragraph of this section insofar as they relate to Deloitte & Touche.

o We have no basis on which to agree or disagree with the statements made in the second paragraph of this section.

Yours truly,

*/s/ Deloitte & Touche LLP*

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*Deloitte & Touche LLP*

[LETTERHEAD - PRICEWATERHOUSECOOPERS LLP]

October 5, 2001

Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549

**Commissioners:**

We have read the statements made by Dollar General Corporation filed with the Commission, pursuant to Item 4 of Form 8-K, as part of the Company's Form 8-K report dated September 21, 2001. We agree with the statements concerning our Firm in such Form 8-K.

Very truly yours,

*/s/ PricewaterhouseCoopers LLP*  
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*PricewaterhouseCoopers LLP*

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**End of Filing**

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