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PUBLIC ACCOUNTING REPORT

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AM's Colvin Named Marketer of the Year

Firm's culture conducive to marketing

Armanino McKenna's Marketing Director Lori Colvin was named 2007 Marketer of the Year.

The award, which recognizes marketing excellence within the accounting profession, was presented by *CPA Practice Management Forum* at the 18th Annual AAM Summit in Savannah, Ga.

Colvin has been with AM/San Ramon, Calif. (FY06 net revenue: $49.9 million; 56th on *PAR*'s 2006 Top 100; 23 partners, 190 nonpartner professionals; four offices) for eight and half years.

Although she was the first marketer at the firm, AM has always had a culture conducive to marketing, Colvin told *PAR*.

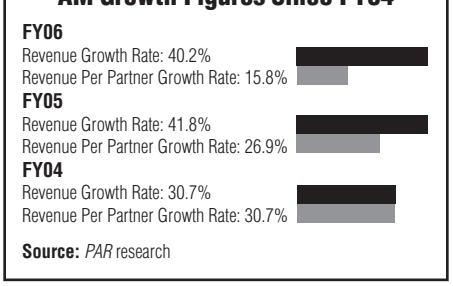
She cited Andy Armanio's mentoring as another key to her success.

The numbers certainly point to the perfect blending of Colvin's marketing efforts and the firm's receptiveness to those efforts.

In the past three years, AM's revenue growth rate has exploded, surpassing 30% each year. In FY06 and FY05, AM's revenue growth rate topped 40%

See **COLVIN**, page 7

AM Growth Figures Since FY04



Source: *PAR* research

PCAOB Takes First Discipline Action in 2007

W&W censured, founding shareholder barred

Williams & Webster/Spokane, Wash. (three partners, 17 total staff; two offices) was censured; the firm's founding shareholder barred and a former shareholder suspended for violating **PCAOB** auditing standards in the completion of a client's 2003 financial statement.

W&W founding shareholder Kevin Williams received a bar from being an associated person of a registered public accounting firm. The PCAOB's order did give Williams the right to file a petition after a period of two years for PCAOB consent to associate with a registered public accounting firm. Former W&W shareholder John Webster was suspended for one year from being an associated person of a registered public accounting firm.

The action marks the first disciplinary action handed out by the PCAOB in 2007. The watchdog handed out punishments in three actions during 2006 and four in 2005. (*See editor's note.*)

Williams served as the lead engagement partner on the Diatect International Corp./Heber City, Utah. John Webster served as the concurring review partner on the audit. Webster was a W&W shareholder from 1996 until 2006.

W&W served as Diatect's auditor from 2000 until the firm was dismissed Nov. 4, 2004.

The PCAOB contended in its action, W&W, Williams and Webster failed to exercise due professional care, failed to exercise professional skepticism and failed to obtain sufficient competent evidence to afford a reasonable basis for an opinion regarding the financial statements in connection with the audit of Diatect's FY 2003 financial statements.

The PCAOB said, "Williams failed to perform adequate audit procedures and failed to exercise due care and professional skepticism in the evaluation of evidential matter related to Diatect's reported gain on the sale of mining rights; and its reported revenue with respect to products for which a right of return existed."

The PCAOB said Webster failed to exercise due professional care and objectivity in the performance of his concurring partner review of the audit.

"Specifically, during the audit Webster raised issues about apparent departures from U.S. generally accepting accounting principles [GAAP] and documented his

See **PCAOB**, page 8

WS+B Deal Bolsters N.J. and Pa. Operations

Firm closes its first deal of 2007

WithumSmith+Brown/Princeton,N.J. (FY06 net revenue: $53.1 million; 34th on *PAR*'s 2006 Top 100; 26 partners, 212 nonpartner professionals; seven offices) bolstered its offices in New Jersey and Pennsylvania with the completion of a deal with **M.D. Oppenheim & Co.**/Cherry Hill, Pa. Under the terms of the transaction, MDO merged its Iselin and Cherry Hill, N.J. and Philadelphia, Pa. offices with WS+B. The deal gives WS+B approximately 50 professional and support staff and new office locations to serve the Greater Philadelphia Area business, not-for-profit and government communities, according to WS+B.

The deal was effective May 1.

MDO's Iselin, N.J. staff will remain temporarily in their existing office before moving into new digs in New Brunswick, N.J. WS+B's New Brunswick staff will also move from their current location into the new office. The New Brunswick office, currently under construction, will increase the firm's space from 14,000 in WS+B's current location to 34,000 square feet.

MDO's offices in Cherry Hill and Center City Philadelphia will continue as new additional WS+B offices. All staff from the former Iselin, Cherry Hill and Philadelphia MDO offices are now WS+B staff.

"We are confident this merger will create exciting opportunities for the staff of both firms," said WS+B MP Ivan Brown.

See **WS+B DEAL**, page 7

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PAR News Digest

Glick Inducted into AAM Hall of Fame

Sobel & Co. CMO and Director of Marketing Consulting Services Sally Glick is the most recent inductee into the Association for Accounting Marketing Hall of Fame. Glick was honored at AAM's 18th Annual Summit in Savannah, GA. "I am personally honored," Glick told *PAR*. "I am glad that AAM has matured to the point that we have a hall of fame. It is one more piece that demonstrates the importance of accounting marketing." Glick's accomplishments in the accounting profession are numerous including winning the CPA Marketing Report's Marketer of the Year award in 2003. Glick has been a member of AAM since 1995. Criteria for AAM's Hall of Fame Award includes 10 or more years of service in the profession, accomplishments within the accounting profession and accomplishments within AAM. AAM honored its initial Hall of Fame inductees in 2001. (*See chart, right.*) Glick has been at Sobel/Livingston, N.J. since 2005.

AAM Hall of Famers

Individual	Year Inducted
Sally Glick	2007
Suzanne Verity	2006
Howard Wolosky	2005
Russ Molinar	2004
Melinda Guillemette	2004
August Aquila	2003
Allan Koltin	2003
Edward Gabrielse	2002
Warren Garling	2002
Jean Marie Caragher	2001
Adrian Ornik	2001

Source: *PAR* research

BKB Expands Office Space

Blackman Kallick Bartelstein/Chicago (FY05 net revenue: $38.6 million; 47th on *PAR*'s 2006 Top 100; 17 partners, 190 total staff) is adding nearly 25% to its existing space at its Chicago office to accommodate its recent growth. "The firm will come fairly close to filling the space fairly quickly when it makes the move," BKB MP Dan Fensin told *PAR*. "We will open up space for people joining the firm this year. Twenty people are slated to join the firm by year end." The firm currently occupies approximately 57,000 square feet on two floors and is adding an additional 13,500 square feet on a third floor. The additional space should give the firm enough room for approximately 60 additional people. BKB expects to move into the new space by mid-July. It is a good bet the firm isn't stopping with the recent additional space. The firm has an option within a year for an additional 8,000 square feet in the building. The firm also has the right of first refusal on additional space. The firm has been in its existing location for a little more than three years.

Deloitte Launches Center for Corporate Governance Web Site

Deloitte recently launched its new online Center for Corporate Governance. The center is designed to be a publicly available online resource that offers regularly updated, balanced governance information for board of directors, c-suite executives, investors, attorneys and others interested in governance, according to the firm. Steve Wagner is Deloitte's Center for Corporate Governance MP. In addition to serving as the online center's MP, Wagner is co-chair of the firm's Sarbanes-Oxley internal control steering committee and serves as Partner-in-Charge of Deloitte's Assurance Innovation group. Previously, Wagner served as MP for Deloitte's New England Assurance practice. "The Web site provides a 'one-stop shop' for boards and committee members to find governance thought-ware which includes perspectives from various experts on the latest governance topics and best practices as well as tools and resources to assist them in fulfilling their responsibilities as board members," Wagner said.

According to Deloitte, The Center for Corporate Governance provides the latest research and in-depth information on leading governance practices for directors and board committees contained in four categories: Audit Committees, Board Governance, Compensation Committees and Deloitte Periodicals. The audit committee section focuses on the increased audit committee responsibilities and contains information on the role of the committee, performance evaluations, working with internal and external auditors, whistleblower provisions and risk oversight. The board governance section addresses board related questions including the

following: What are the roles and responsibilities of the board? How does a company develop and evaluate its board members? What are the essential elements of an effective ethics and compliance program? The compensation committee section focuses on director and executive compensation issues including information on how the **SEC**'s newly adopted executive compensation disclosure rules have changed compensation committee responsibilities. The Deloitte publications section provides updates on accounting and regulatory developments from the **FASB**, **PCAOB**, the SEC and other standard-setting agencies. The online center will also have Deloitte Web casts, podcasts and events focused on governance issues along with monthly postings on relevant topics, discussions regarding governance issues and data on board practices and composition, according to the firm. The center can be accessed online at *www.corpgov.deloitte.com.*

New MP at BHZ

Boulay, Heutmaker, Zibell & Co./Minneapolis (Revenue $19.3 million; 20 partners; 140 total staff) recently named Mark DeNucci MP. Longtime MP Rick Burrock is taking the chairman role. Both changes were effective June 1. As MP, DeNucci will oversee BHZ's day-to-day operations. In his role chairman, Burrock will act as an advisor to the management committee while continuing to work with BHZ clients on business management and finance, business succession, mergers and acquisitions and litigation support, according to the firm. Burrock joined BHZ in 1978 and became a partner in 1982. He served as the firm's MP since 1995. DeNucci joined BHZ in 1977. He became Partner in 1989. According to BHZ, under Burrock's tenure as MP the firm has "grown from 90 to 140 employees, doubled its partner ranks and revenues—with no acquisitions." BHZ was established in 1934. ■

SMG Launches Compensation Consulting Services

The Schonbraun McCann Group/Roseland, N.J. (FY06 net revenue: $29.0 million; 74th on *PAR*'s 2006 Top 100; nine partners, 150 nonpartner professionals; three offices) formed **SMG Advisory Group** to provide compensation consulting services to companies within the real estate, REIT and finance industries.

SMG Advisory Group was created as part of SMG's strategic expansion plan that included the spin-off of SMG's executive compensation consulting practice into a distinct and separate firm focused solely on providing highly personalized executive and board compensation consulting services, including guidance on compliance with SEC, tax and accounting rules, according to the firm.

Larry Portal serves as partner-in-charge of SMG Advisory Group.

"Real estate executive compensation is a highly complex area that requires a unique understanding of the real estate and REIT marketplace," Portal said. "We bring unmatched real estate industry experience and a profound understanding of the business issues related to real estate and finance to the realm of compensation consulting." All of SMG's FY06 revenue was generated from real estate–related work, according to the firm. Consulting revenue accounted for 52% of the firm's FY06 revenue. ■

M&A 2Q 2007

June

J.H. Cohn/Roseland, N.J. (FY07 net revenue: $175.3 million; 16th on *PAR*'s 2006 Top 100; 107 partners, 741 total staff; eight offices)
Haggett Longobardi/Glastonberry, Conn. (11 partners, 85 total staff)

Eide Bailly/Fargo, N.D. (FY06 revenue: $84.1 million; 23rd on PAR's 2006 Top 100; 56 partners, 537 nonpartner professionals; 12 offices)
Henry Scholten & Co./Sioux Falls, S.D.

RSM McGladrey/Minneapolis
Tedder, James, Worden & Assoc./Orlando, Fla.

May

J.H. Cohn/Roseland, N.J. (FY07 net revenue: $175.3 million; 16th on *PAR*'s 2006 Top 100; 107 partners, 741 total staff; eight offices)
Berenson/New York (nine partners, 47 total staff)

Mir Fox and Rodriguez/Houston (71 total staff)
Leon & Partners/Houston (Five total staff)

Lewis & Knopf/Flint, Mich. (46 total staff)
Rachor, Purman & Tucker/Flint, Mich. (10 total staff)

WithumSmith+Brown/Princeton, N.J. (FY06 net revenue: $53.1 million; 34th on *PAR's* 2006 Top 100; 26 partners, 212 nonpartner professionals; seven offices)
M.D. Oppenheim & Co./Cherry Hill, Pa.

April

Clifton Gunderson/Peoria, Ill. (FY06 net revenue: $197.6 million; 13th on *PAR*'s 2006 Top 100; 159 partners, 1,066 nonpartner professionals [NPP]; 40 offices)
Chavarria Dunne & Lamey/Albuquerque, N.M. (Three partners, 100 total staff)

Braver/Newton, Mass. (150 total staff; three offices)
Prescott Chatellier Fontaine & Wilkinson/Providence, R.I.

Israeloff, Trattner & Co./Garden City, N.Y. (Eight partners, 55 total staff; two offices)
Bloom & Co./New York

This chart covers deals that have an effective date through June. It is possible to have months on the chart at various times that do not have any deals and are intentionally left out. It is also possible for those months to be updated in subsequent issues as *PAR* is notified of a deal. **Editor's Note:** Acquiring or surviving firm in bold. Deal is included in month it became effective, not necessarily the month it was announced. Parenthetical information referring to *PAR* is the issue a story was published in regarding the transaction. **Source:** *PAR* research

E&Y Makes Houston Moves

Charles Swanson took the reigns as **Ernst & Young**'s Houston OMP effective June 1. He succeeded Scott Halliday. Prior to taking the firm's top job in Houston, Swanson served as E&Y's America's oil and gas sector leader. He also helped establish the firm's Global Oil & Gas Center based in Houston, according to the firm. Halliday took a position with the firm in the U.K. as sub-area managing partner of industrial, commercial and governmental services for the greater London area. The firm named Marcela Donadio Southwest Sub-Area Energy Industry Leader and Americas Oil & Gas Sector Leader. As Americas Oil & Gas Sector Leader, Donadio will be responsible for leading one of the firm's most well-established and highest revenue generating industry groups, according to the firm. Donadio officially assumed her new leadership role effective June 1. Prior to taking her new role role, Donadio served as a member of the Operating Committee for E&Y's Global Energy Center and led the firm's Energy Trading and Risk Management Practice. ■

Deloitte Takes Top Spot in Financial Services Audits

Deloitte tops rivals in all categories in financial services audit analysis

Deloitte took the top honors in *PAR*'s analysis of the leading auditors of U.S.-based financial services companies.

Deloitte audits 13 of the 44 financial services companies included in the analysis, good for a 30.4% client share.

Bolstered by the fact the firm holds the two largest clients in the analysis, Morgan Stanley/New York and Merrill Lynch & Co./New York, Deloitte also took the No. 1 spot in client revenue audited.

The firm's financial services clients in the analysis combine to give Deloitte approximately $179.44 billion in revenue audited, good for a 48.8% share of the market.

Deloitte also boasts the largest average client in the analysis.

Despite the fact **PricewaterhouseCoopers** finished tied for third place with **KPMG**, in terms of the number of audit clients in the analysis each with nine, the firm has a commanding hold on second place in revenue audited category.

Driving PwC to the No. 2 position in revenue audited is the fact the firm audits four of the 10 largest U.S.-based financial services companies in the analysis, in terms of annual revenue, on the list: The Goldman Sachs Group/New York (No. 3); American Express Co./New York (No. 5); Franklin Resources/San Mateo, Calif. (No. 7); and Legg Mason/Baltimore (No. 10). Those five companies represent approximately $106.07 billion in revenue audited.

Combined Deloitte and PwC clients account for nearly 80% of the revenue audited of the companies included in the analysis.

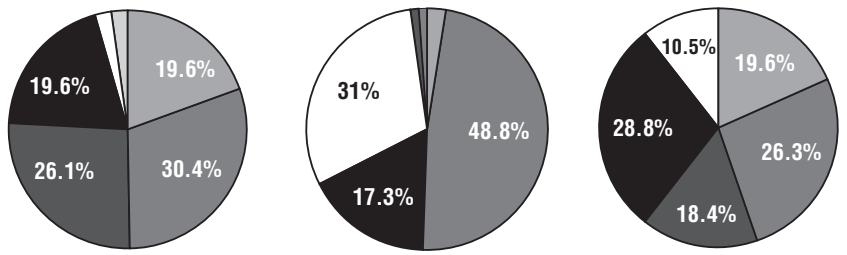
Ernst & Young audits 11 of the 44 companies included in the financial services analysis, good for second in client share. (*See chart, above.*)

E&Y placed second in terms of client share, 26.1%, and finished third in revenue audited, 17.3%.

KPMG tied for third in client share, 19.6%.

The firm had the smallest average client in terms of revenue, approximately $1.11 billion.

*See **DELOITTE**, page 5*



KPMG: 19.6%
Deloitte: 30.4%
E&Y: 26.1%
PwC: 19.6%
Grant Thornton: 2.2%
Rothstein Kass: 2.2%

KPMG: 2.7%
Deloitte: 48.8%
E&Y: 17.3%
PwC: 31.0%
Grant Thornton: Less than 1%
Rothstein Kass: Less than 1%

KPMG: 18.4%
Deloitte: 26.3%
E&Y: 15.8%
PwC: 28.9%
Anderson: 10.5%

Editor's Note: Percentages may not add up to 100 because figures are rounded. **Source:** *PAR* research.

Leading Financial Services, Company Auditors

Auditor/Office	Client/HQ	Rev. ($mil)
PwC/New York	The Goldman Sachs Group/New York	69,353.00
Deloitte/New York	Morgan Stanley/New York	76,551.00
Deloitte/New York	Merrill Lynch & Co./New York	70,591.00
PwC/New York	American Express Co./New York	27,136.00
E&Y/New York	Lehman Brothers Holdings/New York	46,709.00
Deloitte/San Francisco	The Charles Schwab Corp./San Francisco	4,988.00
Deloitte/New York	The Bear Stearns Companies/New York	16,551.40
E&Y/Minneapolis	Ameriprise Financial/Minneapolis	8,140.00
E&Y/Chicago	TD AMERITRADE Holding Corp./Omaha, Neb.	1,803.50
Deloitte/McLean, Va.	E*TRADE Financial Corp./New York	2,420.30
Deloitte/New York	BlackRock/New York	1,191.40
KPMG/Baltimore	T. Rowe Price Group/Baltimore	1,819.30
PwC/Baltimore	Legg Mason/Baltimore	4,343.70
Deloitte/Chicago	CBOT Holdings/Chicago	621.10
PwC/New York	AllianceBernstein Holding/New York	4,138.20
Deloitte/St. Louis	A.G. Edwards/St. Louis	3,126.10
PwC/Philadelphia	SEI Investments Co./Oaks, Pa.	1,175.80
Deloitte/Boston	Eaton Vance Corp./Boston	862.20
PwC/San Francisco	Franklin Resources/San Mateo, Calif.	5,050.70
KPMG/Tampa	Raymond James Financial/St. Petersburgh, Fla.	2,632.80
KPMG/New York	Jefferies Group/New York	1,963.20
E&Y/New York	The Nasdaq Stock Market/New York	1,657.80
E&Y/New York	Fortress Investment Group/New York	1,521.30
PwC/Boston	Affiliated Managers Group/Prides Crossing, Mass.	1,170.30
E&Y/Chicago	Chicago Mercantile Exchange Holdings/Chicago	1,089.90
Deloitte/Denver	Janus Capital Group/Denver	1,026.70
Rothstein Kass/Roseland, N.J.	International Assets Holding Corp./Altamonte Springs, Fla.	102.80
E&Y/Pittsburgh	Federated Investors/Pittsburgh	978.90
PwC/New York	Knight Capital Group/Jersey City, N.J.	951.20
PwC/Columbus, Ohio	The BISYS Group/Roseland, N.J.	842.80
Deloitte/New York	GFI Group/New York	747.20
KPMG/Chicago	Nuveen Investments/Chicago	709.80
KPMG/Kansas City, Mo.	Waddell & Reed Financial/Overland Park, Kan.	718.70
KPMG/New York	Investment Technology Group/New York	599.50
Deloitte/St. Louis	Stifel Financial Corp./St. Louis, Mo.	471.40
KPMG/New York	LaBranche & Co./New York	674.00
KPMG/Chicago	Calamos Asset Management/Naperville, Ill.	485.20
GT/Dallas	SWS Group/Dallas	391.60
E&Y/Minneapolis	Piper Jaffray Companies/Minneapolis	535.20
KPMG/New York	KBW/New York	406.60
E&Y/Chicago	Morningstar	315.20
E&Y/New York	Cowen Group/New York	345.00
Deloitte/San Francisco	Thomas Weisel Partners Group/San Francisco	287.20
E&Y/New York	GAMCO Investors/New York	261.50

Source: *PAR* research and *Audit Analytics.com*

DC Forges Strategic Alliance

Deloitte Consulting forged a strategic alliance with Informatica Corp. that calls for DC to collaborate with the technology company to deliver offerings for enterprise information management, data quality, governance and compliance. DC has implemented an Informatica data integration environment at its Glenn Mills, PA data center and established Informatica Centers of Excellence in Mumbai and Hyderabad, India for Deloitte Consulting clients and prospects in support of the strategic alliance, according to the firm. The firm said more than 350 DC professionals worldwide have been trained on the Informatica data integration platform and a program has been launched to educate new DC hires when they join the firm. "Through this alliance, Deloitte Consulting and Informatica will continue to provide clients with the Business Intelligence and Enterprise Data Integration experience that can help companies enhance the consistency, accuracy, and integrity of all types of data across the Enterprise," said DC Principal and U.S. practice leader for Business Intelligence and Data Warehousing Scott Sognefest. Under terms of the alliance, DC and Informatica are also enhancing their collaborative market education program by adding a new series of joint seminars and other educational activities. DC is a subsidiary of **Deloitte & Touche** USA.■

J.H. Cohn Moves into Connecticut

Firm combines with Haggett Longobardi

J.H. Cohn/Roseland, N.J. (FY07 net revenue: $175.3 million; 16th on *PAR*'s 2006 Top 100; 107 partners, 741 total staff; eight offices) took another step toward maintaining its position as the largest non–Big Four national firm based in the Northeast, closing a deal to combine practices with **Haggett Longobardi**/Glastonbury, Conn. (11 partners, 85 total staff).

It is JHC's first physical location in Connecticut.

The firm has offices in New York, New Jersey, California and the Cayman Islands.

HL's 11 partners and three principals became partners and principals at JHC. The deal had a June 1 effective date. The two firms began discussions on a deal last fall.

HL specializes in the manufacturing and distribution, real estate and healthcare sectors and has significant expertise in the global business environment, regularly working with companies throughout Europe, Canada, Asia and Central America, according to J.H. Cohn. HL was founded in 1984.

The Connecticut office will operate as Haggett Longobardi, a division of J.H. Cohn. It is not the first time JHC has allowed firms it has done deals with to operate as divisions. JHC adopted a similar arrangement when the firm consummated a deal with **The Weiner Group** in 1998. It still operates as a division of the firm.

Whatever the name the firm goes to market under, it obviously has bigger plans for HL.

The firm is currently negotiating to lease an additional 8,000 square feet in their current location. HL occupies 18,000 square feet in its Connecticut office.

It has been a busy first half of the year on the M&A trail for JHC.

In May, the firm finalized a deal to combine with **Berenson**/New York (nine partners, 47 total staff).

This year's M&A activity for JHC has eclipsed last year's, when the firm closed only one deal, a merger with **Mintz Rosenfeld & Co.**/Fairfield, N.J. In 2005, the firm closed multiple deals. JHC merged in **Callahan & Co.**/Red Bank, N.J. and **Becker & Co.**/New York.

The firm has pulled the trigger on eight deals with accounting firms since 2001. The firm also completed a deal with business and technology consulting firm M.F. Smith & Assoc./Morristown, N.J. in 2003. (*See chart, p. 6.*) ■

JHC Deals Since 2001

2007
Haggett Longobardi/Glastonbury, Conn.
Berenson/New York
2006
Mintz Rosenfeld & Co./Fairfield, N.J
2005
Callahan & Co./Red Bank, N.J.
Becker & Co./New York.
2004
Levine, Levine & Meyrowitz/Great Neck, N.Y.
2003
M.F. Smith & Assoc./Morristown, N.J.
Videre Group/Parsippany, N.J.
Mason & Co./New York
2002
Harlan & Boettger/San Diego
Joseph R. Beyda & Co./New York
2001
Rudolf, Cinnamon and Calafato/Ocean Township, N.J.

JH Cohn More Than Triples Revenue Since FY01

FYE: Jan. 31	2007	2006	2005	2004	2003	2002	2001
U.S. Net Rev. ($mil)	175.3	143.4	125.0	103.1	70.3	60.4	54.0
% Change	22.2%	14.7%	21.2%	46.7%	16.4%	11.9%	28.9%
Partners	107	94	93	90	61	58	50
Nonpartner professionals	634	426	400	301	246	193	245
Offices	8	8	9	9	8	8	7
SEC Clients	58	45	39	39	41	37	50
Revenue Splits[1]							
AA(%)	47	53	54	54	49	49	43
Tax(%)	24	19	18	18	25	26	29
MCS(%)	4	15	14	8	6	6	9
Other(%)	25	13	14	20	20	19	19
Revenue Indicators							
Rev./Partner	$1,638,318	$1,525,532	$1,344,086	$1,145,556	$1,152,459	$1,041,379	$1,080,000
Rev./Nonpartner Professional	$276,498	$336,620	$312,500	$342,525	$285,772	$312,953	$220,408
Nonpartner professional/ Partner	5.9	4.5	4.3	3.3	4.0	3.3	4.9

Editor's Note: SEC Client figures for 2007 are taken from *PAR*'s Leading SEC Firm 2006 analysis published Dec. 15, 2006. SEC Client figures for 2006 are taken from *PAR*'s Leading SEC Firm 2005 analysis published Oct. 31, 2005. [1] May not equal 100 because some revenue classified outside AA, Tax, MCS and Other categories for some years and because revenue split figures are rounded. **Source:** *PAR* research

DELOITTE, continued from page 4

Clients on the list compiled by *PAR* range from Morgan Stanley, audited by Deloitte, to International Assets Holding Corp./Altamonte Springs, Fla., audited by regional powerhouse **Rothstein Kass**/Roseland, N.J.

Auditor information is the most current information available.

Editor's Note: *PAR*'s "Who Audits Analysis" analysis is not intended to be a comprehensive listing of companies and auditors in a given industry. The analysis is a snapshot of a given industry with a selection of companies based on *PAR*'s proprietary criteria. *PAR*'s analysis of the financial services industry did not include banks and insurance companies. *PAR* has separate analysis of those two groups.■

PCAOB Clean 2006 Inspection Reports Rate Stays Above 75%

Overall four-year clean report figure holds steady at 42.2%

The percentage "clean reports" issued by **PCAOB** inspectors for inspection in the past four years held steady since *PAR* last reported on it May 15 as the watchdog posted just one report, BDO Seidman's 2006 inspection, to its Web site since that analysis.

The percentage of the 436 reports covering inspections in 2004, 2005, 2006 and 2007 *PAR* analyzed that did not cite audit performance issues that in the inspection team's view resulted in the firm failing to obtain sufficient competent evidential matter to support its opinion on the issuer's financial statements held steady at 42.2%.

Slightly less than 24%, or 16 of 67, of the 2006 inspection reports available on the PCAOB's Web site through June 13 have a finding of audit performance issues that, in the inspection team's view, resulted in the firm failing to obtain sufficient competent evidential matter to support its opinion on the issuer's financial statements, according to *PAR*'s analysis of the reports.

The PCAOB did not file any reports on its Web site for either 2005 or 2007 since *PAR*'s last analysis.

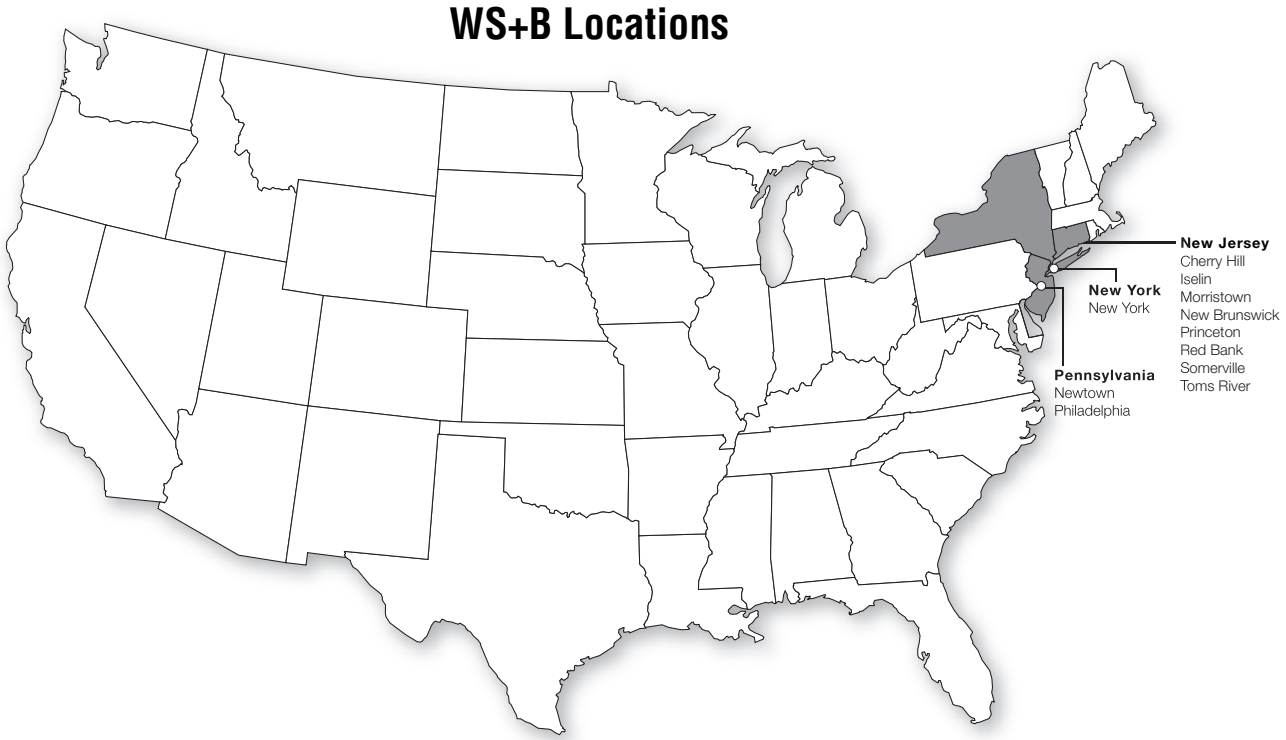
*See **PCAOB**, page 7*

Firms With Clean PCAOB Reports Posted in 2007

Firm/HQ/PAR SEC Ranking	Month/Year Inspection Concluded	Partners	Pros	Offices	SEC Clients	Client Audits PCAOB Reviewed
Goodman & Co./Norfolk, Va./NR	Oct-06	69	301	10	21	6
DeJoy, Knauf and Blood/Rochester, N.Y./NR	Feb-07	4	24	1	0	1
Collins Barrow Calgary/Calgary, Alberta, Canada/NR	Apr-05	13	70	1	1	1
Carlin, Charron & Rosen/Westborough, Mass./29	Dec-06	32	140	4	24	4
Joseph Decosimo and Co./Chattanooga, Tenn./87	Dec-06	26	128	7	5	4
KraftCPAs/Nashville, Tenn./NR	Dec-06	15	98	3	3	2
Lane Gorman Trubitt/Dallas/NR	Jul-06	15	48	1	7	5
McCrory & McDowell/Pittsburgh/NR	Feb-07	11	46	1	3	2
McGovern, Hurley, Cunningham/Toronto/NR	Nov-05	5	13	1	2	2
Reznick Group/Bethesda, Md./33	Sep-06	39	701	7	50	7
Robnett & Co./Austin, Texas/NR	Dec-06	2	17	2	2	1
Yount, Hyde & Barbour/Winchester, Va./54	Sep-06	19	101	5	32	4
Wolinetz, Lafazan & Co./Rockville Centre, N.Y./NR	Oct-06	3	6	1	12	4
Washington, Pittman & McKeever/Chicago/NR	Nov-06	2	17	1	4	3
Thompson Dunavant/Memphis, Tenn./NR	Oct-06	12	70	1	1	1
Swenson Advisors/San Diego/NR	Jul-06	4	16	2	4	2
Smith Elliott Kearns & Co./Haggerstown, Md./NR	Aug-06	21	52	4	8	3
Roy G. Hale/La Plata, Md./NR	Nov-06	1	0	1	1	0
Rowles & Co./Baltimore/NR	Sep-06	5	9	2	9	3
Pannell Kerr Foster/Boston/NR	Dec-06	4	20	1	1	1
Freed Maxick & Battaglia/Buffalo, N.Y./NR	Sep-06	23	144	2	12	4
Ciuni & Panichi/Beachwood, Ohio/NR	Oct-06	10	37	1	1	1
Altschuler, Melvoin and Glasser/Chicago/NR	Sep-06	85	373	3	23	6
Porter Keadle Moore/Atlanta/40	Sep-06	8	45	1	24	7
Tanner/Salt Lake City/51	Sep-06	6	56	1	19	7
Kaufman, Rossin & Co./Miami/50	Oct-06	32	127	5	3	3
Odenberg, Ullakko, Muranishi & Co./San Francisco/NR	Oct-06	8	36	2	11	3
Waters, Wright & Assoc./Mansfield, Texas/NR	Oct-06	2	7	1	1	1
Anchin, Block & Anchin/New York/NR	May-06	48	186	1	8	4
Harold J. Nicholson/Overland Park, Kan./NR	May-06	1	1	1	1	1
Lightfoot Guest Moore & Co./Dallas/NR	May-06	3	5	1	2	1
Coleman & Williams/Milwaukee/NR	Aug-06	1	14	1	7	2
Mohler, Nixon & Williams/Campbell, Calif./NR	Aug-06	23	101	2	21	6
Parente Randolph/Philadelphia/88	Aug-06	61	315	10	17	5
Thomas Leger & Co./Houston/NR	Aug-06	4	6	1	10	4

Editor's Note: Partner, professional, offices and SEC clients are based on figures the firms reported to the PCAOB. Covers reports posted on the PCAOB's Web site Jan. 1–June 13. **Source:** *PAR* research

WS+B Locations



Former KPMG Partners Seek Dismissal in Tax Shelter Case

Case on hold as fee dispute case plays out

A group of 16 former **KPMG** partners are among the defendants in what some published reports have called the largest-ever criminal U.S. tax case, seeking to have the criminal charges against them dismissed.

The defendants claim the government "has not remedied its misconduct," in the motion to dismiss filed June 8.

The filing also claimed the government could have intervened on the defendants' behalf but hasn't: "It has steadfastly refused either to use its influence with KPMG to induce the firm to pay fees or to pay the fees itself. Rather than recognize the wrongfulness of its actions, the government continues to defend them."

Southern District of New York Judge Lewis Kaplan scheduled oral arguments on the motion for July 2.

The request for dismissal centers around a ruling handed down May 23 by the 2nd Circuit Court of Appeals that Judge Kaplan didn't have jurisdiction over a related but separate legal-fee dispute between the former KPMG defendants and the firm, when Judge Kaplan attempted to hold a separate civil trial to decide the legal-fee dispute. The criminal case involving the former KPMG partners has been on hold while the legal-fee battle has gone on.

Last summer, Judge Kaplan ruled federal prosecutors violated the former KPMG partner's constitutional rights by putting pressure on the firm not to pay defense costs for partners that were targets of the investigation into the sale of allegedly improper tax shelters. At the time of the ruling, Judge Kaplan compared the pressure applied to KPMG by the government to holding a gun to the firm's head. "Had that pressure not been brought to bear, KPMG would have paid these defendants' legal expenses," Judge Kaplan said in his June 2006 decision when he ruled the defendants could sue KPMG for the legal costs.

One of the former KPMG partners named in the government's indictment that named a total of 17 KPMGers, former KPMG tax partner David Rivkin, has already pleaded guilty to criminal charges related to the matter.■

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The percentage of 2005 clean reports is 44.3%, or 121 clean reports out of 273 reports posted. The 2005 clean report percentage is still subject to some minor shifting because a smattering of 2005 reports have been posted in the first five months of 2007, it definitely is possible there could be a few more from 2005 posted this year.

Of the 94 inspection reports covering 2004 inspections only 10 firms received clean reports, or 10.6%.

Both firms that have had their 2007 inspection reports posted, **DeJoy, Knauf and Blood**/Rochester, NY and **McCrory & McDowell**/Pittsburgh (*see chart, right*), received clean bills of health.

WS+B DEAL, continued from page 1

MDO MP Richard Cohen said the decision to join WS+B was based on the belief that the union would prove beneficial to all parties involved—especially the firm's clients. "Assimilating into a well-respected regional firm with eight offices including an additional international affiliation allows our clients access to considerably more resources," he said.

MDO was founded in 1928. MDO was a member of **International Association of Practising Accountants** and a member of The UK 200 Group. WS+B is a member of **HLB International.**

The deal with MDO is WS+B's first since the firm pulled the trigger on three deals in 2005, merging in **Manuel S. Newman & Co.**/West Trenton, N.J.; **Gershon, Pierce, Lissak & Co.**/Morristwon, N.J. and **Weeks Holderbaum DeGraw & Nadkarni**/Bridgewater, N.J.■

COLVIN, continued from page 1

each year. (*See chart, p. 1.*)

Colvin's job at AM has also extended into recruiting in recent years.

Recently, she and her team marshaled the firm's successful efforts in creating a career video for the firm's Web site, giving potential employees a video view of life at the firm.

"I spend about 10% of my time on recruiting now," she said.■

WS+B Key Figures Since 2003

FYE: June 30	2006	2005	2004	2003
U.S. Net Rev. ($mil)	53.1	39.1	31.1	29.7
% Change	35.8%	25.7%	4.7%	14.2%
Partners	26	20	17	17
Nonpartner professionals	212	155	123	119
Offices	7	7	7	7
SEC Clients	8	10	10	12
Revenue Splits[1]				
AA(%)	45	43	43	42
Tax(%)	35	35	32	37
MCS(%)	35	2	4	6
Other(%)	15	20	21	15
Revenue Indicators				
Rev./Partner	$2,042,308	$1,955,000	$1,829,412	$1,747,059
Rev./Nonpartner Professional	$250,472	$252,258	$252,846	$249,580
Nonpartner professional/Partner	8.2	7.8	7.2	7.0

Editor's Note: SEC Client figures for 2007 are taken from *PAR*'s Leading SEC Firm 2006 analysis published Dec. 15, 2006. SEC Client figures for 2006 are taken from *PAR*'s Leading SEC Firm 2005 analysis published Oct. 31, 2005. [1] May not equal 100 because some revenue classified outside AA, Tax, MCS and Other categories for some years and because revenue split figures are rounded. **Source:** *PAR* research

Accounting Firm Marketer of the Year Award Winners

Individual	Year Inducted
Lori Colvin	2007
Mitchell Reno	2006
Ed Russ	2005
Leisa Gill	2004
Sally Glick	2003
Karen Love	2002
Debra Skolnik	2001
Marlin Bochantin	2000
Lisa Gamze	1999
Neil Fauerbach	1998
Lyne Noella	1997
Patricia Luchs	1996
Thalia Zetlin	1995
Edward Gabrielse	1994
Adrian Ornik	1993

Source: *PAR* research

People, Firms, and Promotions

BDO Seidman recently named 23 new partners. The newly minted partners will be admitted to the firm effective July 1, 2007. Seventeen of the new partners are in the assurance practice, five are in tax and one is in the business restructuring services practice. The newly elected assurance partners include **Donna Barone,** based in Woodbridge, N.J.; **Scott Cacurak,** based in San Francisco; **Timothy Clackett,** based in Los Angeles; **Michael Fawley,** based in Atlanta; **Thiru Govender,** based in Charlotte, N.C.; **Rocky Horvath,** based in Houston; **Faisal Jeddy,** based in San Jose, Calif.; **Tara Leberman,** based in San Francisco; **Neena Masih,** based in Greater Washington, D.C.; **Kristen McCarthy,** based in Orange County, Calif.; **Joel Robinson,** based in New York; **Laurie Rocha,** based in Greater Washington, D.C.; **Ernesto Saumell,** based in Miami; **Ian Shapiro,** based in Miami; **John Tucci,** based in Woodbridge, N.J.; **Jeffery Walraven,** based in Nashville, Tenn.; and **Stephen Wyss,** based in New York. The newly elected tax partners include **Jonathan Forman,** based in New York; **Christopher Galuppo,** based in New York; **Maureen McGetrick,** based in New York; **Joseph Middleton,** based in Boston; and **Shelly Slaugh Nahass,** based in Los Angeles. The newly elected business restructuring services partner was **Marlene Rabinowitz,** based in New York. Additionally, **Paul Marttila** joined the firm as a partner and leader of the Business Location Incentives and Site Selection practice. Marttila will be based in the firm's New York office.

Elliott Davis/Greenville, S.C. admitted four new shareholders. The firm admitted **Cindy T. Meares,** based in the firm's Aiken, S.C. office; **Jay Gibson,** based in the firm's Augusta, Ga. office; and **Tom McNeish** and **Stacy Stokes,** based in the firm's Columbia, S.C. office.

Legacy Professionals MP **Robert Tiberi** was elected to **Polaris International's** North American Board of Directors effective May 31.■

PCAOB, continued from page 1

concerns in a memorandum to Williams one month before the audit report date," the PCAOB said in its order. "But then he concurred with W&W's decision to issue its unqualified audit report even though those issues remained inadequately addressed."

Williams, listed as the firm's President on its Web site, established W&W's predecessor firm, **Kevin J. Williams & Co.,** in 1990 and was joined by Webster in 1994.

The firm is a member of **Russell Bedford International**.

Editor's Note: The discipline counts referred to are derived from the actions filed and subsequently settled. For instance, in the recently resolved action against W&W, Williams and Webster, we count that as one action because all three respondents are handled together in the one filing. In the PCAOB's 2005 action against Alan Goldberger, William Postelnik, **Goldstein and Morris**/New York and Edward Morris counts as two actions because Goldberger and Postelnik are listed as one case, and **Goldstein and Morris**/New York and Edward Morris are listed as a second case. ■

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