

PUBLIC ACCOUNTING REPORT

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Nusbaum Steps into New Role

He Takes Over as CEO of GTI.

Ed Nusbaum is leaving as CEO for **Grant Thornton** as part of a planned transition.

Nusbaum had served two terms as head of GT. The firm is currently in the middle of the ratification process of his successor and hopes to name the new CEO in late June.

While Nusbaum is leaving in a sense, at least from the U.S. firm, he is not going too far, as he will take over as **Grant Thornton International** CEO, effective Jan. 1, 2010. He will succeed David McDonnell in the GTI CEO position.

In the GT CEO role he has served in since 2001, it almost seems not quite accurate to describe him as successful.

But make no mistake, he was.

GT tripled in size in terms of annual revenue growing from \$400 million to \$1.2 billion on his watch.

The firm posted double-digit revenue growth rates five of the past seven years.

While those are decent accomplishments, there is still more.

See **NUSBAUM**, page 5

Nusbaum Stabilized GT's Top Spot

CEO	Tenure
Edward Nusbaum	2001-2009
Domenick Esposito	1999-2001
Adrian Smith	1998-1998
Robert Nason	1990-1998

Editor's Note: This chart only includes GT CEOs from 1990 to present, although the firm has been named Grant Thornton since its name in 1986. **Source:** PAR research

Moritz Elected to PwC's U.S. Top Spot

Nally moving to Global Chair Job for PwC International.

Robert Moritz was elected **PricewaterhouseCoopers** U.S. Chairman and Senior Partner for a four-year term beginning July 1.

He succeeds Dennis Nally, who served as the U.S. Chairman and Senior Partner since 2002.

"I am honored to have been chosen by my partners to lead our firm through these challenging times," Moritz said. "I know that our firm's commitment to delivering outstanding service to our clients, as well as our commitments to our people, and to responsible leadership will be the keys for sustainable growth in this difficult period."

Moritz has held a number of leadership positions at PwC. His most position entailed leading the firm's Assurance business. He also serves as a member of the U.S. firm's leadership team and the global assurance leadership team.

Prior to heading up the U.S. Assurance practice, he served as PwC's New York office and the metro region MP and led the firm's U.S. financial services practice. His 24-year career at the firm also included a three-year assignment with **PricewaterhouseCoopers International's** Japan member firm, where he provided audit and advisory services to European and U.S.-based financial services organizations operating in Japan.

He joined the firm in 1985.

"Bob Moritz has been an important part of the firm's US leadership for several years and has made invaluable contributions as our Assurance leader," Nally said. "I know that he has the depth and breadth of experience needed to be an outstanding leader for the US firm, and I look forward to continuing to work closely with him as we take PricewaterhouseCoopers in the United States and our global network to greater success for our people and for our clients."

Although, Nally leaves his role as U.S. Chairman and Senior Partner, he isn't going too far.

Nally begins a four-year term as global chairman of the **PricewaterhouseCoopers Network** July 1.

(See, *PwC Revenue Chart*, p.7.) ■

PwC CEOs Since Merger

CEO	Tenure
Robert Moritz	2009-
Dennis Nally	2002-2009
Jim Schiro	1998-2001

Editor's Note: Moritz's term begins July 1. In 1994 Schiro was elected Chairman and senior partner of PwC predecessor firm Price Waterhouse. In 1998 he became PwC CEO, following the merger of PW and Coopers & Lybrand. **Source:** PAR research

KPMG Agrees to its First Legal Payout of 2009

Each of the Big Four have shelled out in 2009.

Prior to June 1, **KPMG** was the only Big Four firm not to be involved in a legal-related payout.

That isn't the case any longer.

KPMG agreed to pay Vitesse Semiconductor Corp. \$22.5 million and forgive all past indebtedness. Additionally, the parties agreed to execute mutual general releases of all claims.

In June 2007, the Vitesse Semiconductor Corp. filed suit against KPMG alleging the firm was negligent in auditing the company's stock-option grants and financial statements during the years 1994

to 2000. The company later expanded the timeframe to include 2001 to 2004.

The terms of the settlement were reached following mediation.

Deloitte agreed to shell out slightly less than \$1 million as its part of Beazer Homes' class action shareholder lawsuit settlement in May. Deloitte's share of the financial outlay, \$950,000, rang the register at 3.1% of the \$30.5-million settlement.

In March, **Ernst & Young** agreed to pay HealthSouth shareholders \$109 million, and **PricewaterhouseCoopers** and

See **SETTLEMENTS**, page 3

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Dixon Hughes' Moore Named Marketer of the Year

Dixon Hughes's Marketing Director Scott Moore was named 2009 Marketer of the Year. The award recognizes marketing excellence within the accounting profession and was presented by CPA PRACTICE MANAGEMENT FORUM, at the 20th Annual AAM Summit 2009 held in Austin, Texas. Moore has been at Dixon Hughes since predecessor firm Crisp Hughes Evans as its first director of marketing. Dixon Odom and CHE merged in 2004.

BDO International Trial Gets Underway

The ongoing battle between Banco Espirito Santo and firms with the BDO name opened another, although potentially meaningless chapter, as a lawsuit against **BDO International** got underway June 2. In August 2007 a Miami jury awarded Banco Espirito Santo punitive damages just shy of \$352 million on top of the bank's request for \$170 million in compensatory damages in its suit against BDO International U.S. member firm, **BDO Seidman**. Banco Espirito Santo alleged in its lawsuit that the firm should have discovered fraudulent activity at E.S. Bankest, a factoring company audited by BDO, half owned by the bank's Miami subsidiary. The latest suit claims BDO International was negligent by failing to guarantee the quality of audits performed by its U.S. member firm. The plaintiffs argue the key issue for the jury to determine is whether the international entity exercises management and control its 110 member firms. The plaintiffs have already achieved a victory of sorts just in getting this case to see a courtroom: a Florida appeals court overturned a lower court's ruling that BDO International did not manage or control BDO Seidman. What makes all of this even more curious is that if BDO prevails in its appeal any victory in the case against BDO International would be extremely subdued if not a Pyrrhic victory. Of course it would be just another strange instance in a situation loaded with them. The entire case involving Banco Espirito Santo, Bankest, and BDO has been very convoluted, including the fact that several Bankest executives have been sentenced to prison for their roles in a massive fraud at the company that BDO is blamed by the plaintiffs for not uncovering. "The plaintiffs act as if they are holding a lottery ticket," one lawyer watching the case told *PAR* during a break in the trial. "There is a 99.9999% possibility they will never get that amount of money from BDO. Instead of suing the international organization, they should be hammering out a settlement [BDO] Seidman can live with."

Lawler Tapped for Top Spot at Weaver and Tidwell

Weaver and Tidwell/Fort Worth, Texas began June with a fairly foreign situation to the firm: a new CEO. Tommy Lawler took the MP/CEO position of on June 1. Change in the top spot is not something the fast-growing firm is overly familiar with, courtesy of Mack Lawhon holding the position for more than 23 years. Lawler is a long-time firm vet joining Weaver and Tidwell in 1979 and being admitted into the firm's partnership in 1990. He was named firm COO in 2005. By virtue of Lawler's promotion, the firm will also get a new COO: Kerry Caves who will take the position previously held by Lawler. "Tommy and Kerry have garnered the respect of all of our partners and staff," Lawhon said. "Each lives our core values every day. We are fortunate to have such qualified, dedicated and talented leaders as Tommy and Kerry. The firm continues to be in 'good hands.'" Lawhon isn't too far he is getting bumped up to firm Chairman spot. In his new role, Lawhon will continue to pursue merger opportunities, according to the firm. During Lawhon's tenure as MP and CEO, the firm has pulled the trigger on seven mergers, including its most recent deals: **Polansky McNutt Perry & Co./San Antonio, Texas** effective Jan. 1, 2009 and **Patterson, Newman & Assoc./Houston** effective January 2008. Lawhon, joined the firm in 1972, was admitted to the partnership in 1979 and named MP and CEO in 1986.

Caturano Names New COO

Caturano and Co./Boston named Christopher MacKenzie as its new COO. MacKenzie is a 24-year firm veteran. In his new role, MacKenzie will oversee the

AAM Marketer of the Year Award Winners	
Marketer of the Year Winner	Year
Scott Moore	2009
Rene Stranghoner	2008
Lori Colvin	2007
Mitchell Reno	2006
Ed Russ	2005
Leisa Gill	2004
Sally Glick	2003
Karen Love	2002
Debra Skolnick	2001
Marlin Bochantin	2000
Lisa Gamze	1999
Neil Fauerbach	1998
Lyne Noella	1997
Patrica Luchs	1996
Thalia Zetlin	1995
Edward Gabrielse	1994
Adrian Ornik	1993

Source: PAR research

wealth management and consulting practice areas as well as lead several of the firm's practice management functions including internal technology, finance, treasury and operations, according to the firm. He is a member of the firm's Executive Committee and has served in firm leadership roles including division leader of the owner-managed business practice as well as a key member of the Management and Technology Steering Committees.

GT Names New Head of Phoenix and Albuquerque Office

Change is the word for June for **Grant Thornton**, while the firm deals with transition in the CEO position, the firm's Phoenix and Albuquerque offices got a new OMP. Brad Preber, who the firm credits as one of the accountants who helped establish GT's Phoenix office in 2004, has been tapped to lead it along with the Albuquerque location. In his new role he is responsible for managing the overall operations, client relations and growth of both offices. Those duties are in addition to maintaining his roles as the national partner-in-charge of Litigation Consulting Services and the West Region partner-in-charge of GT's Forensic Accounting and Investigative Services practices. Preber takes the MP responsibilities from Ed O'Brien, who is transferring to Texas to head up GT's Dallas office. Preber and O'Brien, along with Ken Garrett, who is a partner and the tax practice leader in Phoenix, were instrumental in bringing the office to Phoenix in 2004, according to the firm.

Delap Merges in Portland Firm

Delap/Lake Oswego, Ore. Merged with **Symonds, Evans & Co./Portland, Ore.** effective June 1. The combined firm will have approximately 90 people, will operate under the name Delap LLP and will operate out of Delap's Lake Oswego offices. Both firms are very compatible and the merger created new opportunities for both firms to build on the strength of the individual practices, according to the firm.

SL&P and DZ&H Forge Bay Area Merger

Smith, Lange & Phillips/San Francisco and **Daoro Zydel & Holland/San Francisco** have agreed to merge, effective July 1. The combined firm will take on the DZH Phillips name and will have 10 partners, three offices and approximately \$12 million in annual revenue. ■

Settlements, continued from page 1

PricewaterhouseCoopers International's Bermuda member firm agreed to pay the state of New Jersey \$5.85 million in to resolve litigation.

The HealthSouth lawsuit was originally filed in June 2003, alleging that the defendants materially misrepresented the company's earnings by failing to disclose the impact of certain changes in Medicare reimbursement on the company's profits. Despite the payout, E&Y did not admit any wrongdoing.

E&Y's HealthSouth litigation is not done, yet. The firm is still a defendant in a separate class action brought by HealthSouth's bondholders.

PwC and PwC International's Bermuda member firm paid out to settle allegations of alleged fraud and accounting improprieties at Tyco International Ltd. The settlement resolved allegations

brought by the state against PricewaterhouseCoopers in a 2002 civil lawsuit that also named Tyco International and various individual Tyco officers and directors. The suit charged that New Jersey's pension fund portfolio had suffered substantial losses due not only to accounting improprieties, but executives using corporate funds for personal expenses, failure on the part of executives to disclose millions of dollars in personal loan benefits received from the company and other fraud. New Jersey's 2002 civil suit alleged that **PricewaterhouseCoopers** and its Bermuda affiliate, **PricewaterhouseCoopers**, contributed to losses incurred by the state's pension fund portfolio by violating GAAP and GAAS in handling Tyco International's books. Under terms of the settlement agreement, there was no admission of wrongdoing by either PwC firm. ■

M&A January-June 2009

June

Dixon Hughes/High Point, N.C.
Presser, Lahnen & Edelman/Jacksonville, Fla.
LarsonAllen/Minneapolis
Cronstrom, Osuch & Co./Scottsdale, Ariz.

April

Wiss & Co./Livingston, N.J.
Freeman & Davis/New York
Marks Paneth & Shron/New York
Arthur B. Greene & Co./New York
Marks Paneth & Shron/New York
Montalto/Valhalla, N.Y.
Crowe Horwath/Oak Brook, Ill.
Hays & Co./New York
Marcum/New York
Marcum & Kliegman/Melville, N.Y.
Rachlin/Miami
Delap/Lake Oswego, Ore.
Symonds, Evans & Co./Portland, Ore.

February

Dixon Hughes/High Point, N.C.
Rosenfield Co./Orlando, Fla. (PAR, Jan. 31.)
Parente Randolph/Philadelphia
Lazar Levine & Felix/New York (PAR, Feb. 15.)
Mitchell & Titus/New York
Hill Taylor/Chicago (PAR, Feb. 15.)
Cherry, Bekaert & Holland/Richmond, Va.
McKean, Paul, Chrycy, Fletcher & Co./Miami (PAR, Feb. 15.)

January

WithumSmith+Brown/Princeton, N.J.
Serluco & Co./Holmdel, N.J.
Carr, Riggs & Ingram/Enterprise, Ala.
FelsingRankin/Maitland, Fla.
Frank, Hirsch, Subelsky & Freedman/Farmington Hills, Mich.
Frank & Freedman/Farmington Hills, Mich.
Hirsch, Subelsky & Assoc./Farmington Hills, Mich.
Lebenhart, Seckendorf, Haddon & Reilly/Lake Success, N.Y.
Seckendorf Haddon & Reilly/Lake Success, N.Y.
Eliot H. Lebenhart/Lake Success, N.Y.
The Rehmann Group/Saginaw, Mich.
Pridnia LaPres/Muskegon, Mich.
Parente Randolph/Philadelphia
Altenburger, Uris, Caglioti & Heyman/Marlton, N.J.
Parente Randolph/Philadelphia
William R. Hoffman/Williamsport, Pa.
Citrin Cooperman/New York
Massella & Assoc./Syosset, N.Y.
Howard, Wershbae & Co./Cleveland
Long O'Shea & Co./Cleveland
Burr Pilger Mayer/San Francisco
Andersen & Co./Santa Rosa, Calif.
Rosen Seymour Shapss Martin & Co./New York
Miller, Elin & Co./New York
Weaver and Tidwell/Fort Worth, Texas
Polansky McNitt Perry & Co./San Antonio, Texas
Freed Maxick & Battaglia/Buffalo
Gray/Buffalo
Blum, Shapiro & Co./West Hartford, Conn.

See M&A CHART, page 8

Denis Field Hit with 22-Count Indictment

BDO's former CEO and a former partner charged in connection with phony tax-shelter work.

Former **BDO Seidman** Chairman and CEO Denis Field and another former BDO partner, Robert Greisman, were among seven people named in a June 9 indictment charging the group in a massive tax-evasion scheme.

“Mr. Field and Mr. Greisman are former BDO Seidman partners,” BDO said in a statement. “They were each members of a group of partners within the firm that marketed tax shelter products. That group was dissolved by BDO several years ago. BDO Seidman has cooperated fully with the government’s tax shelter investigation and will continue to do so.”

Denis Field, BDO Chairman and CEO 1999 through October 2003, was charged with 22 counts in Federal District Court in Manhattan. Field left the firm in October 2003 in a shake-up of the firm’s board of directors that preceded a host of governance changes at the firm.

Prior to taking over as the firm’s CEO, Field led the firm’s national tax practice.

Prosecutors claim the defendants used shelters called Short Sales, Short Options Strategy and Swaps to generate billions in fraudulent tax losses for nearly 1,000 individuals.

In addition to Field and Greisman, former **Jenkins & Gilchrist** lawyers

Paul Daugerdas, Erwin Mayer and Donna Guerin, and two client advisers at Deutsche Bank, Raymond Craig Brubaker and David Parse, were also charged in the indictment.

“I think this is definitely a case of really bad news for Field,” one Big Four partner told *PAR* on the condition of anonymity. “You don’t want to be going to trial against the government after all the problems they had against the former KPMG guys. They undoubtedly learned from the mistakes they made in the KPMG case. I am sure the prosecutors are determined not to let that happen again.” ■

Former BDO Vice Chairman Enter Guilty Plea

Plea agreement also requires forfeiture of \$20 million.

Former **BDO Seidman** Vice Chairman Charles Bee pleaded guilty in federal court to one count of conspiracy to defraud the IRS, one count of tax evasion and one count of perjury.

Proving he not only peddled the shelters but also utilized them, he also confessed to one count of tax evasion for using his own firm’s shelters to reduce the taxes he paid on approximately \$20 mil-

lion in salary and bonuses earned for his work with tax shelters.

He faces a maximum sentence of five years in prison on each of the counts. Ad-

See BDO, page 5

Notable Outcomes in Recent Cases Against Accounting Firm Partners and Staff

Date	Individual	Firm	Outcome
June 2009	Charles Bee	BDO	Pleaded guilty to one count of conspiracy to defraud the IRS, one count of tax evasion and one count of perjury. As part of his plea agreement, Bee agreed to forfeit \$20 million. Bee also agreed, in partial satisfaction of the forfeiture, to forfeit four residences, three located in Boca Raton, Fla., and one in Saddle Brook, N.J.
May 2009	Martin Nissenbaum	E&Y	Nissenbaum convicted on four counts. Sentencing is scheduled for September 2009.
May 2009	Brian Vaughn	E&Y	Vaughn convicted on four counts. Sentencing is scheduled for September 2009.
May 2009	Robert Coplan	E&Y	Coplan convicted on five counts. Sentencing is scheduled for September 2009.
May 2009	Richard Shapiro	E&Y	Shapiro convicted on three counts. Sentencing is scheduled for September 2009.
March 2009	Adrian Dicker	BDO	Pleaded guilty to one count of conspiracy to defraud the IRS and one count of tax evasion. He faces a maximum sentence of five years in prison on the conspiracy Dicker scheduled to be sentenced on Dec. 11, 2009.
February 2009	Michael Kerekes	BDO	Pleaded guilty to one count of conspiracy and one count of tax evasion. Sentencing set for March 2010.
December 2008	John Larson	KPMG	Convicted on 12 counts of tax evasion. Sentenced 10 years and fined \$6 million.
December 2008	Robert Pfaff	KPMG	Convicted on 12 counts of tax evasion. Sentenced to eight years and fined \$3 million.
December 2008	David Greenberg	KPMG	Acquitted
July 2007	Jeffrey Stein	KPMG	Charges dismissed by Judge Lewis A. Kaplan of Federal District Court in Manhattan.
July 2007	John Lanning	KPMG	Charges dismissed by Judge Lewis A. Kaplan of Federal District Court in Manhattan.
July 2007	Richard Smith	KPMG	Charges dismissed by Judge Lewis A. Kaplan of Federal District Court in Manhattan.
July 2007	Jeffrey Eischeid	KPMG	Charges dismissed by Judge Lewis A. Kaplan of Federal District Court in Manhattan.
July 2007	Philip Wiesner	KPMG	Charges dismissed by Judge Lewis A. Kaplan of Federal District Court in Manhattan.
July 2007	Mark Watson	KPMG	Charges dismissed by Judge Lewis A. Kaplan of Federal District Court in Manhattan.
July 2007	Richard Rosenthal	KPMG	Charges dismissed by Judge Lewis A. Kaplan of Federal District Court in Manhattan.
July 2007	Larry Delap	KPMG	Charges dismissed by Judge Lewis A. Kaplan of Federal District Court in Manhattan.
July 2007	Greg Ritchie	KPMG	Charges dismissed by Judge Lewis A. Kaplan of Federal District Court in Manhattan.
July 2007	Randy Bickham	KPMG	Charges dismissed by Judge Lewis A. Kaplan of Federal District Court in Manhattan.
July 2007	Carol Warley	KPMG	Charges dismissed by Judge Lewis A. Kaplan of Federal District Court in Manhattan.
July 2007	Carl Hasting	KPMG	Charges dismissed by Judge Lewis A. Kaplan of Federal District Court in Manhattan.
July 2007	Steven Gremminger	KPMG	Charges dismissed by Judge Lewis A. Kaplan of Federal District Court in Manhattan.
June 2007	Belle Six	E&Y	Pleaded guilty to one count of conspiracy to commit tax fraud. Sentencing set for Sept. 11, 2009. As part of her plea agreement with the government, Six agreed to forfeit more than \$13 million.
March 2006	David Rivkin	KPMG	Pleaded guilty to conspiracy and tax evasion charges and agreed to cooperate against the other defendants.

Source: *PAR* research

BDO, continued from page 5

ditionally, he also faces a maximum fine of the greatest of \$250,000 or twice the gross gain or gross loss from the offense. Restitution to the IRS can be imposed on all the charges, according to a U.S. Department of Justice spokesperson.

As part of his plea agreement, Bee agreed to forfeit \$20 million, representing the money the firm paid to Bee from tax-shelter fees.

Bee also agreed, in partial satisfaction of the forfeiture, to forfeit four residences, three located in Boca Raton, Fla., and one in Saddle Brook, N.J. Bee also agreed to forfeit a 40-foot Coachman Legend recreational vehicle.

The government asserted Bee knew that the tax-shelter transactions would be allowed by the IRS only if there was a reasonable possibility of a profit, and that given the costs and fees to the cli-

ents, and the nature and duration of the transactions, the tax shelters had no reasonable possibility of resulting in a profit. The government further alleged, Bee knew that the clients who purchased the tax shelter had no nontax business reasons for entering into the transactions and that the fees were set as a percentage of the tax loss sought by the clients, but to make it appear that the tax-shelter clients had the requisite business purpose and that there was a possibility of profit, Bee and his co-conspirators reviewed and approved the use of a legal opinion letter issued by *Jenkins & Gilchrist* that contained false and fraudulent representations purportedly made by the clients about their motivations for entering into the transactions. Bee and other TSG members also developed a consulting agreement containing false and fraudulent

statements to disguise the fact that the fees clients would be charged by *BDO Seidman* were solely for the tax shelters. Finally, Bee and his co-conspirators caused the clients to file false and fraudulent tax returns incorporating the supposed tax-shelter benefits.

The government claimed the fraudulent tax shelters implemented by Bee, *BDO Seidman*, *J&G* and the financial institution that assisted them caused clients to report over \$1 billion in false and fraudulent tax losses, resulting in the evasion of over \$200 million in taxes.

Two former *BDO* personnel, *Michael Kerekes* and *Adrian Dicker*, have already entered guilty pleas in the matter. A fourth person connected to *BDO* from that time frame, former firm Chairman and CEO *Denis Field*, was charged June 9 (*see story, above*). ■

AICPA Revises CITP Credential

Changes designed to enhance credential's strategic direction.

The **AICPA** rolled out revisions to the Certified Information Technology Professional, also known as the CITP credential, at the *AICPA Tech+ Conference* in Las Vegas at the *Bellagio*. The CITP credential, launched in 2000, recognizes accounting professionals who combine IT expertise with their CPA skills. The *AICPA* is enhancing the strategic direction of the CITP credential as a result of the dramatic changes to the environment in which CPAs work since the credential was created, according to the *AICPA*. The revised credential will concentrate on information-technology expertise relating to audit and attest services and financial-data components, analysis and reporting. The holder of the revised credential repre-

sents a CPA who provides assurance to financial information or insight to business data, process or reporting.

“Information-security management has been identified by *AICPA*'s Annual Top Technologies Survey as the most important issue affecting IT strategy for the last seven years in a row,” said *AICPA* CITP Credential Committee Chair *Jim Bourke*. “CITPs are relied upon to effectively manage information, while ensuring that data is kept secure.”

Requirements to obtain the CITP are being revised to include the following criteria: A valid unrevoked CPA license; five years of experience in the field of accounting, minimum of 1,000 hours experience in areas pertaining to the body

of knowledge; minimum of 75 hours of education in areas pertaining to the body of knowledge; credit towards qualifying may be earned for holding certain related credentials. “Enhancements to the *AICPA*'s CITP Credential Program recognize CPAs' unique ability to provide business insight by leveraging knowledge of information relationships and supporting technologies,” said *Steve Winters*, director—specialized communities and practice management. “The enhanced risk-management and information-assurance components of the credential are of particular importance during times of financial uncertainty.”

Currently, 1,460 CPAs hold the CITP credential. ■

Nusbaum, continued from page 1

One of the most significant events on his watch was *GT*'s Andersen middle-market acquisitions.

As the former Big Five giant collapsed in 2002, *Nusbaum* maneuvered to acquire former Andersen offices in *Charlotte, N.C.*; *Columbia, S.C.*; *Greensboro, N.C.*; *Milwaukee*; *Orlando*; *Albuquerque, N.M.*; and *Tulsa*, coupled with hiring Andersen middle-market partners and professionals in *New York*, *Chicago*, *Boston*, *Houston*, *Cleveland*, *Cincinnati*, *San Francisco*, *Tampa* and the *Washington, D.C.* area, just to name a few of the acquisitions.

In the transactions, the firm brought in more than 60 former Andersen partners and better than 500 professionals.

GT tallied calendar year revenue of \$400 million the year they pulled the trigger on the deals.

If the Andersen acquisitions and good, solid revenue growth were his claim to fame as CEO that would be a pretty successful eight ears on the job for *Nusbaum*. But he did much more.

Maybe one of the most important things *Nusbaum* did in his tenure was to bring a calm and stability back to

GT's top spot, something sorely lacking in the recent years prior to taking the CEO role.

From all appearances he inherited a less than ideal situation in 2001.

His predecessor, *Domenick Esposito* had been ousted and subsequently went to chief rival ***BDO Seidman*** in a vice-chairman role after *Esposito* clashed with *GT*'s executive committee over strategy.

Esposito's predecessor, *Adrian Smith*, had also been ousted in a publicly bloody battle. ■

Public Accounting Report Largest Financial Payouts By Accounting Firms

Audit Firm	Client	Settlement Amount (\$mil)	Date	Audit Firm	Client	Settlement Amount (\$mil)	Date
KPMG	Multiple tax shelter clients	456.0 ¹	August 2005	E&Y	Informix Corp.	34.0	June 1999
E&Y ²	Multiple clients ³	400.0 ³	November 1992	Deloitte ²⁷	Manhattan Investment Fund	32.0	December 2003
E&Y	Cendant	335.0	December 1999	PwC	Smarttalk	30.5	February 2008
Deloitte	Multiple clients ⁴	312.0 ⁴	March 1994	PwC	Metropolitan Mortgage & Securities Co.	30.0	March 2008
E&Y	Cendant Corp.	298.5	December 2007	E&Y ²⁸	BCCI	30.0	September 1998
Deloitte	Fortress Re	250.0 ⁵	September 2005	Andersen, Coopers & Lybrand and Alexander Grant & Co. ²⁹	Reserve Insurance Co. and American Reserve Insurance	30.0 ³⁰	May 1992
PwC	Tyco	225.0	July 2007	Laventhol & Horwath	Grabill Corp. ¹	30.0	October 1989
Andersen	Baptist Fund of Arizona	217.0	March 2002	PwC	Safety-Kleen ³¹	28.8	March 2005
Deloitte	Adelphia	210.0	November 2006	PwC	Texlon Corp.	27.9	October 2005
PwC ⁴¹	Ambassador Insurance	205.0	October 2008	Andersen	De Lorean	27.75 ³²	March 1998
KPMG	Multiple clients	186.5	August 1994	Deloitte	General Motors	26.0	August 2008
E&Y ⁶	Merry Go Round	185.0	August 1999	Andersen	Global Crossing	25.0	August 2005
Deloitte	Adelphia	167.5	August 2007	PwC	Safety-Kleen Corp.	24.5	January 2003
Deloitte ⁷	Parmalat	149.0	January 2007	Deloitte	Symbol Technologies	24.0	June 2006
E&Y	Superior Bank	125.0	December 2004	Deloitte	Kentucky Central Life Insurance Co.	23.5	February 2003
KPMG	Rite Aid	125.0	March 2003	E&Y	NextCard	23.2	December 2005
KPMG	Multiple tax shelter clients	123.0 ^{8,8}	June 2006	KPMG	Vitesse Semiconductor Corp.	22.5	June 2009
E&Y	AIB	118.0	June 1995	KPMG	Targus Group	22.5	March 2006
KPMG ⁹	Lernout & Hauspie	115.0	October 2004	Grant Thornton ⁴⁴	E.S.M. Government Securities	22.5	September 1986
Andersen	Sunbeam	110.0	May 2001	KPMG	Xerox Corp./Stamford, Conn.	22.475 ³³	April 2005
E&Y	HealthSouth	109.0	March 2009	Deloitte ³⁴	First Executive Life	22.0	December 1994
PwC	Maxwell Communications Corporation	107.8	May 1999	Andersen	American Continental Corp.	22.0	April 1992
KPMG	Tricontinental	106.0	January 1994	Deloitte	Inter-Regional Financial Group	21.75 ⁴²	July 1990
E&Y	Rhode Island Share and Depositors Insurance Corp. ¹⁰	103.0	September 1997	PwC	Anicom Inc.	21.5	October 2002
E&Y	Time Warner	100.0	August 2005	E&Y	Williams	21.0	June 2006
PwC	AIG	97.5	October 2008	Andersen	Waste Management	20.0	June 2001
PwC ¹¹	BCCI	95.0	September 1998	Coopers & Lybrand	FDIC ⁴²	20.0	July 1991
PwC ¹²	MiniScribe	95.0	October 1992	PwC	Safety-Kleen Corp.	19.2	March 2005
PwC ¹³	Barings Bank	93.7 ¹⁴	November 2001	Deloitte	Los Angeles Unified School District	18.25	December 2008
Andersen	Colonial Realty	90.0 ¹⁵	July 1997	PwC	Texlon Corp.	18.0 ³⁵	August 2005
PwC	Safety-Kleen ¹⁶	87.5	October 2004	E&Y	Warmack-Muscogee ²³	18.0 ³⁶	November 2004
E&Y	Bank of New England Corp.	84.0	January 2005	KPMG	General American Life Insurance Co.	18.0	October 2004
Andersen ²	Ben Franklin Savings, Lincoln Savings & Loan Assoc. and other thrift clients ¹⁷	82.0 ¹⁷	August 1993	PwC	Homestore.com Inc.	17.5	June 2005
KPMG	Xerox Corp.	80.0	March 2008	Moss Adams	Capital Consultants	17.0	May 2002
Grant Thornton ⁴⁴	E.S.M. Government Securities	80.0	September 1987	KPMG	Warmack-Muscogee ²³	17.0 ³⁷	April 2004
KPMG	Oxford Health Plans	75.0 ¹⁸	March 2003	Arthur Young	FPI/Agretech	17.0	December 1994
KPMG ¹⁹	Orange County, Calif.	75.0	May 1998	BDO Seidman	James R. Gibson	16.0 ⁴⁰	April 2002
Andersen	Waste Management	75.0	December 1998	Deloitte	Micrel	15.5	March 2007
Andersen	Enron	72.5	September 2006	KPMG	Gemstar-TV Guide International/Los Angeles	15.0 ³⁸	September 2005
Andersen	WorldCom	65.0 ²⁰	April 2005	E&Y	Internal Revenue Service	15.0	July 2003
Deloitte	Bonneville Pacific Corp./Salt Lake City	65.0	April 1996	PwC	SmarTalk	15.0	September 2001
E&Y	Lincoln Savings & Loan	63.0	March 1992	PwC	Dr. Dre	15.0	April 2001
Andersen ²¹	Enron	60.0 ²²	August 2002	E&Y	Media Vision Technology Corp.	15.0	March 1997
PwC	MicroStrategy	55.0	May 2001	Laventhol & Horwath	Tax shelter investors	15.0	May 1988
PwC	Warmack-Muscogee ²³	54.5	December 2003	Deloitte	Tri Valley Growers	14.5	April 2005
Klynveld Peat Marwick Goerdeler AS ²⁴	Finance Credit	53.6	September 2005	Mahoney Cohen & Co.	Bennett Funding Group	14.0	June 2000
PwC	AMERCO	51.3	December 2004	KPMG	Piper Jaffray Institutional Government Income Portfolio	13.9	April 2000
Deloitte	Philip Services	50.5	November 2006	Laventhol & Horwath	Terra-Drill & Heavy Oil	13.5	December 1989
Deloitte	Adelphia	50.0	April 2005	Andersen	City Colleges of Chicago	12.65	January 2001
PwC	Raytheon	50.0	May 2004	PwC	R&G Financial Corp.	12.0	September 2008
Coopers & Lybrand	Florida Department of Insurance ²⁵	50.0	July 1995	PwC	El Paso Corp.	12.0	August 2006
Coopers & Lybrand	MiniScribe	45.0 ⁵	April 1992	PwC	HPL Technologies	12.0	July 2004
PwC	U.S. Department of Justice ²⁶	41.9	July 2005	Andersen	Department 56 Inc.	11.0	March 2002
E&Y	Lincoln Savings & Loan	41.0	February 1991	Andersen	Annuitiy and Life Holdings	10.5	March 2008
Deloitte	Reliance Insurance	40.0	November 2008	Andersen	Boston Market Trustee Corp.	10.3	February 2003
Andersen	Bankruptcy trustee for Boston Chicken	40.0	December 2005	Andersen	Qwest	10.0	November 2005
PwC	PinnFund U.S.A.	39.5	July 2006	KPMG	Gemstar-TV Guide International/Los Angeles	10.0	October 2004
Deloitte	Delphi Corp.	38.25	December 2007	KPMG	PIE Mutual Insurance	10.0	October 2000
Laventhol & Horwath	Approximately 1,000 limited partnership investors. Partnerships were run by the "king of tax shelters" Herman Finesod.	36.5 ⁴³	April 1990	Andersen	Colonial Realty	10.0 ³⁹	April 1996
Andersen	Great Britain Department of Economic Development	35.0	June 1997				

Public Accounting Report Largest Financial Payouts By Accounting Firms

Editor's Note: This chart does not include settlements that PAR was unable to obtain settlement amount for including the settlements between Ernst & Young and the creditors for Tower Air (2005), Deloitte Singapore's settlement with Barings Futures Singapore (2004), KPMG and Crazy Eddie (1993), Deloitte (Deloitte predecessor firm Touche Ross) and KPMG (KPMG predecessor firm Main Hurdman) settlements with Wedtech (1992). The chart includes settlements with the SEC. SEC settlements in bold. ¹ Settlement was part of a deferred prosecution agreement the firm entered into to settle charges related to the design, marketing, and implementation of fraudulent tax shelters. KPMG admitted to criminal wrongdoing. KPMG agreed to pay \$128.0 million in tax fee disgorgement, \$228.0 million in restitution to the IRS and \$100.0 million in an IRS promoter penalty for failure to register the tax shelters. ² Global settlement ³ Settlement resolved all outstanding claims by the Federal Deposit Insurance Corp., Resolution Trust Corp. (RTC) and Office of Thrift Supervision (OTS) relating to the firm's audits of thrifts, which failed as of Sept. 25, 1992. E&Y paid \$271.8 million to the FDIC and \$128.2 to the RTC. ⁴ Settlement covered all charges related to Deloitte's audits of banks and thrifts that failed or required assistance up to Nov. 1, 1993. The RTC had filed 15 cases against the firm. The FDIC filed three. Deloitte paid \$236.8 million to the RTC and \$75.2 million to the FDIC. ⁵ PAR estimate. ⁶ E&Y performed a consulting engagement for Merry Go Round. ⁷ Deloitte and Dianthus are or were Italian member firms or units of Deloitte Touche Tohmatsu. Dianthus closed its operations in 2003. ⁸ Original settlement of \$225 million to be paid by KPMG and Sidley Austin Brown & Wood with \$195 million designated for the plaintiffs and plaintiffs counsel receiving the other \$30 million collapsed in Spring 2006 because of high percentage of opt outs. Firms revised offer to the plaintiffs to \$153.9 million in May 2006. Court gave approval in June 2006. Under the revised settlement the law firms received \$24.6 million on top of the payout to tax shelter investors. KPMG paid approximately 80% of the settlement. ⁹ Payout made by KPMG LLP (U.S. firm) and KPMG Bedrijfsrevisoren, KPMG International's Belgian unit. ¹⁰ Rhode Island Share and Depositors Insurance Corp. went into receivership in 1990. Subsequently, Rhode Island created the Depositors Economic Protection Corp. (DEPCO) to restore funds to depositors as quickly as possible. DEPCO sued E&Y for negligence, negligent misrepresentation and breach of contract in 1992. ¹¹ PricewaterhouseCoopers, predecessor firm Price Waterhouse, audited BCCI 1987 through the bank's collapse in 1991. ¹² PwC predecessor firm Coopers & Lybrand audited MiniScribe. ¹³ PwC, predecessor firm Coopers & Lybrand, audited Barrings in 1994. ¹⁴ Settlement amount converted to U.S. Dollars from British Pounds. ¹⁵ Settlement amount does not include \$3.5 million payment to state of Connecticut. ¹⁶ International syndicate of 90 lenders, led by Toronto Dominion Bank. ¹⁷ The RTC settlement covered Ben Franklin Savings as well as any other government charges arising from thrift audits Andersen performed prior to April 13, 1993. The OTS settlement covered charges stemming from the collapse of Lincoln Savings & Loan Assoc. Andersen paid \$65 million to the RTC and \$17 million to the OTS. ¹⁸ KPMG paid \$65 Million directly to the plaintiffs and an additional \$10 Million to Oxford, which ultimately benefited the plaintiffs. ¹⁹ KPMG predecessor firm KPMG Peat Marwick. ²⁰ Under the terms of the settlement, Andersen agreed to give the investors 20% of any amount the firm paid to distribute its remaining capital to its present and former partners. That amount is in addition to the \$65 million settlement figure. ²¹ Settlement included only non-U.S. units. ²² Andersen Worldwide SC agreed to pay \$40 million to former investors and employees of Enron Corp. and \$20 million to the bankrupt energy trader's creditors. ²³ Warmack-Muskogee LP brought the case as a class-action lawsuit in October 2001 against PwC and four other firms that contended the defendants overcharged clients for travel-related expenses. At the time of the settlement there were more than 90,000 class members. ²⁴ KPMG International's Norwegian firm. ²⁵ Florida Department of Insurance was not the audit client, firm settled with DOI. ²⁶ The payment settles a federal lawsuit that was originally filed by a whistleblower. The Defense Department and nine other federal agencies were investigating the company's travel claims from 1993 to 2003. The government claimed the firm overcharged them for travel-related expenses because the firm charged many federal agencies the full cost of travel in connection with government contracts even though it had allegedly received rebates from airlines, hotels, rental car agencies, credit card companies and other businesses. ²⁷ Deloitte Bermuda paid settlement. ²⁸ E&Y, predecessor firm Ernst & Whinney, audited BCCI until 1987. ²⁹ Grant Thornton predecessor firm. ³⁰ Settlement amount is the total amount paid by the defendants. ³¹ Settlement with America High Income Trust and State Street Research Income Trust. Both funds were bondholders of Safety-Kleen. ³² Settlement figure does not include \$35 million paid to Great Britain's Department of Economic Development in 1997. ³³ \$10 million civil penalty, disgorgement of \$9.8 million, representing KPMG's fees received for Xerox's 1997-2000 audits and payment of \$2.675 million in prejudgment interest. ³⁴ Deloitte predecessor firm Touche Ross & Co. was named in the 1992 lawsuit. ³⁵ PwC agreed to pay an additional \$1 million, if the firm reaches a settlement in a pending shareholder class action lawsuit. ³⁶ Settlement figure excludes \$2 million portion paid by Cap Gemini. ³⁷ Settlement figure excludes \$17 million portion paid by BearingPoint. ³⁸ The settlement agreed to Sept. 13, 2005 was for a total of \$25 million, which included KPMG's \$10 million payment to the SEC to settle an enforcement action Oct. 20, 2004. ³⁹ Payment to investors closed the federal government's criminal investigation into Andersen's work for Colonial. ⁴⁰ Payment was part of a pretrial diversion agreement that settled a federal criminal charge. ⁴¹ Ambassador audited by PwC predecessor firm Coopers & Lybrand. ⁴² Settlement amount included \$2 million in expenses. ⁴³ Houston, Texas jury awarded plaintiffs \$36.5 million at conclusion of trial. ⁴⁴ Case involved GT predecessor firm Alexander Grant & Co. **Source:** PAR research

PwC Revenue Chart

PricewaterhouseCoopers																	
FYE: June 30	2008	2007	2006	2005	2004	2003	2002	2001		2008	2007	2006	2005	2004	2003	2002	2001
U.S. Gross Revenue (\$mil) ^{5,8}	8,442	8,362	7,697	6,167	5,307	4,808	4,715 ³	4,910 ²	Partners	2,198	2,151	2,069	2,019	1,983	1,974	2,027	2,784 ⁶
% Change	1.0%	8.6%	NA ⁷	16.2%	10.4%	2.0%	-4.0%	NA ⁴	Nonptr. Prof'ls	22,100	22,541	21,409	20,056	17,755	16,983	16,774	33,454 ⁶
Global Gross Revenue (\$mil) ⁵	28,185	24,739	21,986	18,998	16,254	14,339 ²	13,782 ³	13,600 ²	Total Staff	30,917	31,631	30,076	27,979	25,045	23,528	24,457	43,134 ⁶
% Change	13.9%	12.5%	9.3%	15.7%	13.4%	4.0%	1.3%	NA ⁴	Offices	74	75	84	91	99	102	113	151
U.S. Revenue Mix — By Practice Area									Key Indicators — U.S. (\$000)								
A&A	56	59	60	63	61	61	59	59	Rev./Partner	3,841	3,887	3,720	3,054	2,676	2,436	2,326 ³	2,894 ⁶
Tax	30	27	26	26	28	29	29	28	Rev/Nonptr. Prof'l	382	371	359	307	299	283	281 ³	241 ⁶
MCS	0	0	0	0	0	0	0	0	Nonptr. Prof'l/Ptr.	10.1	10.5	10.3	9.9	9.0	8.6	8.3 ³	12.0 ⁶
Other	14	14	14	11	11	10	12	13	Total Staff/Partner	14.1	14.7	14.5	13.9	12.6	11.9	12.1 ³	15.5 ⁶
SEC Audit Clients ¹	1,164	1,222	1,139	1,471	3,303	3,234	2,441	3,025									

Editors Note: U.S. Net Revenue figures and Global Net Revenue are rounded. U.S. Revenue Mix percentages are rounded. Rev./Partner, Rev./Nonpartner Professional, Nonpartner Professional/Partner and Total Staff/Partner are rounded. U.S. revenue mix percentages may not equal 100 because of the exclusion of the other category and rounding. Firm restated numbers from FY01 and FY00. PwC's Advisory service line is included in the other category in the chart on page 4. ¹ 2008, 2007, 2006 and 2005 SEC audit client figure supplied by AuditAnalytics.com. The 2008 figure is not an apples to apples comparison to previous figures because of improvements to SEC client count methodology. For years prior to 2005 SEC audit client figures supplied by firms or PAR research. ² Firm restated FY03 global revenue. ³ Takes into account sale of PwC Consulting. ⁴ Firm reports gross revenue. ⁵ FY01 staffing figures and ratios do not reflect sale of PwC Consulting. ⁶ Growth rate not available for 2006 because gross revenue revenue reported for 2006 and net for 2005. ⁷ Figures for 2005 - 2000 are net revenue. **Source:** PAR data and research

And Then there Were Four PCAOB Board Following Olson's Resignation

PCAOB Commissioners

Mark W. Olson

Steven B. Harris

Daniel L. Goelzer

Bill Gradison

Charles D. Niemeier

Editor's Note: Olson's resignation takes effect on July 31, 2009. **Source:** PAR research

Olson Resigns a PCAOB Chair

Resignation set for July 31.

Mark Olson turned in his resignation as PCAOB Chairman on June 8. The resignation, effective July 31, 2009, brings his tenure as PCAOB Chair to a close one year shy of the end of his term.

Olson was appointed to his position in effective July 1, 2006.

"The decision is entirely personal and reflects my desire at this time of life to establish new priorities," Olson said.

Prior to joining the PCAOB, he had most recently served on the Board of Governors of the Federal Reserve.

Olson indicated he had no immediate plans for post-PCAOB service other than to resume involvement in efforts to promote financial literacy.

Olson's replacement will be named by SEC Chair Mary Schapiro. ■

PEOPLE, FIRMS, AND PROMOTIONS

Mark Roberts joined **Argy, Wiltse & Robinson/McLean**, Va. as a partner in its Business Consulting Group. Roberts' practice will focus on government and commercial contracting

Delap/Lake Oswego, Ore. admitted **Mark Symonds** and **Steven Evans** to the firm's partnership.

Lurie Besikof Lapidus & Co./Minneapolis admitted **Kevin Besikof** and **David Brauer** as partners. Besikof has been with the firm since 2003 in the Litigation Support and Business Valuation division. Brauer has been with the firm since 2005 in the Tax Department. ■

M&A Chart, continued from page 3

Nishball, Carp, Niedermeier, Pacowta & Co. / Shelton, Conn.

HoganTaylor/Tulsa, Oklahoma
Hogan & Slovacek/Tulsa, Oklahoma
Tullius Taylor Sartain & Sartain/Tulsa, Oklahoma

Brown Schultz Sheridan & Fritz/Camp Hill, Pa.
Bazella Dombrowski & Co./Lancaster, Pa.

SF & Co./York, Pa.
Dotzel & Co./York, Pa.

Kahn, Litwin, Renza & Co./Providence, R.I.
Sullivan Shuman & Freedberg/Natick, Mass.

Thomas Stephen & Co./Southlake, Texas (55 total staff)

Davis Clark & Co./Dallas

Hurley, White & Williams/Bremerton, Wash.
Bryan & Bryan/Silverdale, Wash.

Graf Repetti & Co./Rockville Centre, N.Y.
Marx, Lange, Gutterman/New York

McClanathan Burg & Arndt/St. Petersburg, Fla.

McClanathan Burg & Assoc./St. Petersburg, Fla.
Roberts Hanna & Arndt/St. Petersburg, Fla.

Kellogg & Andelson Accountancy Corp./Los Angeles

Barry Ira Goldstein & Co./Los Angeles

Kellogg & Andelson Accountancy Corp./Los Angeles

Irwin Pomerantz & Assoc./Beverly Hills, Calif.

Gold Gocial Gerstein/Philadelphia

Gocial Gerstein/Philadelphia

Gold Meltzer Plasky & Wise/Philadelphia

This chart covers deals that have an effective date through June. It is possible to have months on the chart at various times later in the year 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.

Editors 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

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