

**UNITED STATES OF AMERICA  
BEFORE THE  
SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES ACT OF 1933  
Release No. 8675 / APRIL 12, 2006**

**SECURITIES EXCHANGE ACT OF 1934  
Release No. 53633 / April 12, 2006**

**ACCOUNTING AND AUDITING ENFORCEMENT  
Release No. 2409 / April 12, 2006**

**ADMINISTRATIVE PROCEEDING  
File No. 3-12261**

**In the Matter of**

**PKF, ANTHONY FREDERICK JOHN  
MEAD, FCA, and STUART JOHN  
BARNSDALL, ACA,**

**Respondents.**

**ORDER INSTITUTING PUBLIC  
ADMINISTRATIVE AND CEASE-  
AND-DESIST PROCEEDINGS  
PURSUANT TO SECTION 8A OF THE  
SECURITIES ACT OF 1933, SECTION  
21C OF THE SECURITIES EXCHANGE  
ACT OF 1934, AND RULE 102(e) OF THE  
COMMISSION'S RULES OF PRACTICE,  
MAKING FINDINGS, AND IMPOSING  
REMEDIAL SANCTIONS AND A  
CEASE-AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“SEC” or “Commission”) deems it appropriate that public administrative and cease-and-desist proceedings be, and hereby are, instituted against PKF, Anthony Frederick John Mead, FCA, and Stuart John Barnsdall, ACA (“Barnsdall”) (collectively “Respondents”) pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), and Rules 102(e)(1)(ii) and 102(e)(1)(iii) of the Commission’s Rules of Practice.<sup>1</sup>

---

<sup>1</sup> Rule 102(e)(1)(ii) provides, in pertinent part, that:

The Commission may ... deny, temporarily or permanently, the privilege of appearing or practicing before it ... to any person who is found ... to have engaged in ... improper professional conduct.

Rule 102(e)(1)(iii) provides, in pertinent part, that:

The Commission may ... deny, temporarily or permanently, the privilege of appearing or practicing before it ... to any person who is found ... to have willfully violated ... any provision of the Federal securities laws or the rules and regulations thereunder.

## II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over them and the subject matter of these proceedings, which are admitted, Respondents consent to the entry of this Order Instituting Public Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Section 21C of the Securities Exchange Act of 1934, and Rule 102(e) of the Commission’s Rules of Practice, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order, as set forth below.<sup>2</sup>

## III.

On the basis of this Order and Respondents’ Offers, the Commission finds<sup>3</sup> that:

### A. RESPONDENTS

**1. PKF**, an accounting firm based in the United Kingdom, was AremisSoft Corporation’s (“AremisSoft’s”) principal outside auditor from before AremisSoft was a public company until January 23, 2002. PKF is the eighth largest firm of accountants and business advisers in the United Kingdom, with more than 1,500 partners and staff operating from 25 offices in the United Kingdom.<sup>4</sup> PKF is a member firm of PKF International Ltd., a network of independent firms of accountants and business advisers with more than 430 member firm offices, which have 12,800 staff and partners in more than 100 countries.

**2. Anthony Frederick John Mead (“Mead”)**, age 64, was a partner of PKF until he took his standard retirement on April 6, 2002. He is a Fellow of the Institute of Chartered Accountants (“FCA”) in England and Wales and was the audit partner for PKF’s audits of AremisSoft while AremisSoft was a public company. Mead had specific responsibilities for planning, supervising, and reviewing the audit work.

---

<sup>2</sup> Simultaneously with this proceeding, the Commission filed a settled action in which PKF and Mead, without admitting or denying the allegations in the Commission’s complaint, consented to the entry of final judgments by the U.S. District Court for the Southern District of New York pursuant to Section 21(d) of the Exchange Act. The Commission’s complaint alleges that PKF violated Section 10A of the Exchange Act, and that Mead violated Section 10A(a) of the Exchange Act. The final judgment as to PKF (1) orders PKF to pay a \$2 million civil penalty; and (2) orders PKF to pay disgorgement of audit fees of \$309,048 and to pay prejudgment interest thereon of \$87,090. The final judgment as to Mead orders Mead to pay a \$50,000 civil penalty.

<sup>3</sup> The findings herein are made pursuant to Respondents’ Offers and are not binding on any other person or entity in this or any other proceeding.

<sup>4</sup> On May 23, 2005, PKF converted to PKF (UK) LLP, a limited liability partnership. For purposes of this order PKF will refer to PKF and PKF (UK) LLP.

**3. Barnsdall**, age 44, is an audit partner of PKF. He was the concurring partner on PKF's audit of AremisSoft's fiscal year 2000 financial statements. Barnsdall is an Associate of the Institute of Chartered Accountants ("ACA") in England and Wales.

## **B. OTHER RELEVANT PARTIES**

**1. Savvides & Partners/PKF Cyprus** ("PKF Cyprus") is an accounting firm with offices in Limassol, Cyprus and Nicosia, Cyprus. It is a member of PKF International Ltd. PKF Cyprus performed audit work on several AremisSoft subsidiaries during the year 2000 audit of AremisSoft.

**2. Pavlos Meletiou** ("Meletiou") was a partner of PKF Cyprus while AremisSoft was a public company. Meletiou was responsible for the audits and reviews of the AremisSoft subsidiaries that PKF Cyprus conducted. He was a certified accountant in Cyprus until his license was revoked by the Institute of Certified Public Accountants of Cyprus ("ICPAC") in June 2005 for, among other things, failing to comply with independence rules and failing to submit correct information to the ICPAC.

**3. AremisSoft Corporation**, a Delaware corporation headquartered in London, was an international software company with offices in New Jersey, London, Cyprus, and India. AremisSoft became a public company in April 1999 through an initial public offering of 3.3 million shares. Until trading in AremisSoft stock was halted on July 30, 2001, its shares (symbol: AREM) traded on the Nasdaq National Market System. On August 29, 2001, Nasdaq delisted AremisSoft's common stock from the Nasdaq system. In a settlement with the Commission, AremisSoft consented to a judgment enjoining it from violating the antifraud and reporting provisions of the federal securities laws. The judgment, entered on July 22, 2002, binds AremisSoft's successor, Softbrands, Inc. In the settlement, AremisSoft consented to the issuance of a Commission Order revoking the registration of its common stock. The Commission's Revocation Order was issued on July 31, 2002. AremisSoft's fiscal year ended on December 31.

## **C. FACTS**

### **1. Summary of Fraud at AremisSoft**

AremisSoft went public in April 1999, and reported revenues of \$52.6 million for 1998, \$73.4 million for 1999, and \$123.6 million for 2000. In November 2000, AremisSoft had a market capitalization of more than \$1 billion. Eight months later, the company failed to file its second quarter 2001 Form 10-Q with the Commission. Shortly thereafter, as part of an internal investigation, PKF conducted a special forensic review, which found that AremisSoft could not confirm receipt of \$5.4 million in revenues on its most significant contract. Thereafter AremisSoft announced that it could not substantiate approximately \$90 million of the revenues the company reported in 2000. On March 15, 2002 AremisSoft filed for bankruptcy.

AremisSoft and its co-chairmen and co-CEOs Roys Poyiadjis ("Poyiadjis") and Lycourgos Kyprianou ("Kyprianou") (sued by the Commission in *SEC v. AremisSoft*

*Corporation, Roys Poyiadjis, Lycourgos Kyprianou, et al.*, Civil Action No. 01 CV 8903 [S.D.N.Y.] engaged in a number of fraudulent practices to make it appear as if AremisSoft was a sprawling international software company with accelerating sales growth. AremisSoft booked fictitious sales and accounts receivable and overstated earnings in two Cyprus-based subsidiaries, AremisSoft (EE.ME.A.) Ltd. (“EEM”) and L.K. Global Information Systems B.V. (“LK Global”). In its 2000 Form 10-K, AremisSoft reported that \$97.5 million of its \$123.6 million in revenues (nearly 80%) came from these two Cyprus-based subsidiaries, when, in fact, together, the two subsidiaries had just \$1.7 million in revenues for the year.

To hide its revenue and earnings shortfall in EEM and LK Global, AremisSoft reported acquisitions at inflated prices, making it seem as if cash AremisSoft collected from customers was used to purchase companies. In December 1999, AremisSoft announced that it had acquired a company called e-nnovations.com for \$14.5 million in cash. In its 2000 Form 10-K, AremisSoft reported that it had acquired two companies in December 2000, e-ChaRM Pvt Ltd. (“e-ChaRM”), for cash of \$10.9 million and Denon International Ltd. (“Denon”), for cash of \$7.34 million. In September 2001, AremisSoft acknowledged in a press release that the three acquisitions had been reported at amounts not substantiated by information developed in the internal investigation. Rather than the \$7.34 million to \$14.5 million purchase prices reported, the actual prices paid ranged from approximately \$200,000 to \$400,000.

AremisSoft also grossly misstated its cash balance as of December 31, 2000. AremisSoft claimed to have \$33.33 million in cash, but \$9.98 million of that cash was actually in Kyprianou’s personal bank account and \$10.7 million of it was received by AremisSoft in mid-January 2001. Accordingly, AremisSoft should have reported no more than \$12.65 million of cash at December 31, 2000, and should have reported a \$10.7 million reduction in stockholders’ equity.

## **2. PKF’s Involvement with AremisSoft**

At the time of the 2000 audit, PKF had been AremisSoft’s outside auditor for a number of years, including the period before AremisSoft’s initial public offering in April 1999. PKF audited AremisSoft’s annual financial statements and, beginning in 2000, conducted reviews of its quarterly financial statements.<sup>5</sup> AremisSoft was PKF’s only client to file with the Commission.

PKF used the work and reports of other auditing firms to report on AremisSoft’s 2000 consolidated financial statements. One of the firms, PKF Cyprus, a Cyprus-based accounting firm, issued unqualified audit reports on EEM and LK Global. Meletiou, a PKF Cyprus partner, signed or directed the issuance of the audit reports for PKF Cyprus. PKF assumed complete responsibility under generally accepted auditing standards (“GAAS”) for the work of the other auditing firms during the 2000 audit and did not refer to the work of other auditors in its audit report or in AremisSoft’s 2000 filing with the Commission.<sup>6</sup>

---

<sup>5</sup> PKF also reviewed AremisSoft’s financial statements as of and for the three months ended March 31, 2001, filed with the Commission on May 15, 2001.

<sup>6</sup> GAAS require that an audit “report should contain a clear-cut indication of the auditor’s work, if any, and the degree of responsibility the auditor is taking.” See AICPA, CODIFICATION OF STATEMENTS ON AUDITING STANDARDS (“AU”) 150.02. PKF could have referred to the work done by PKF Cyprus and the other audit firms

On March 22, 2001, PKF issued an unqualified audit report on AremisSoft's 2000 financial statements, which stated that PKF had conducted its audits in accordance with GAAS and that AremisSoft's financial statements presented AremisSoft's consolidated financial position fairly, in conformity with generally accepted accounting principles ("GAAP"). The unqualified audit report was filed with the Commission as part of AremisSoft's Form 10-K for 2000.

Contrary to the representations in PKF's audit report, AremisSoft's 2000 financial statements did not conform to GAAP and the audit was not conducted in accordance with GAAS in effect at the time of the audit.<sup>7</sup> On December 7, 2001, PKF advised AremisSoft that its audit reports "must no longer be associated with [AremisSoft's financial] statements and that such auditors' reports should no longer be relied on."

### **3. PKF and Mead Engaged in Improper Professional Conduct**

With respect to accountants, Rule 102(e)(1) provides that "improper professional conduct" includes "highly unreasonable conduct that results in a violation of applicable professional standards in circumstances in which an accountant knows, or should know, that heightened scrutiny is warranted." PKF and Mead engaged in improper professional conduct in connection with the audit of AremisSoft's 2000 financial statements. PKF and Mead engaged in highly unreasonable conduct that resulted in repeated violations of applicable professional standards in circumstances in which PKF and Mead knew or should have known warranted heightened scrutiny.

#### **(a) Failure to Adequately Staff the Audit**

Under GAAS (AU 150.02), audits are required to be performed by a person or persons having adequate technical training and proficiency as an auditor. The auditor having ultimate authority for the audit should "know, at a minimum, the relevant professional accounting and auditing standards and should be knowledgeable about the client." The auditor "with final responsibility is responsible for the assignment of tasks to, and supervision of, assistants." (AU 230.06).

Partners and staff assigned to the AremisSoft audit had little, if any, experience in GAAS or GAAP. Neither the audit partner, Mead, nor the concurring partner on the 2000 audit, Barnsdall, had significant training or experience in GAAS or GAAP. The PKF staff person with the most significant involvement with the 2000 audits of EEM and LK Global had limited familiarity with GAAS or GAAP and no training in conducting audits of U.S. companies. Likewise, PKF Cyprus had little knowledge of GAAS or GAAP or experience in conducting U.S. company audits. Meletiou also had no significant training or experience in conducting

---

in the audit report, thereby sharing audit responsibility with them. If a principal auditor refers to the work of another auditor, the report is expanded to indicate the division of responsibility and magnitude of the portion of the financial statements audited by the other auditor (AU 543, *Part of Audit Performed by Other Independent Auditors*). By not referring to the work of PKF Cyprus or other accounting firms involved in the audit, PKF took full responsibility for their work.

<sup>7</sup> In this order, GAAP and GAAS refer to U.S. GAAP and U.S. GAAS, respectively.

audits under GAAS or GAAP. PKF did not comply with GAAS, notwithstanding that a director of another PKF International member firm in the United States provided certain advice concerning GAAS and GAAP to PKF during its 2000 audit engagement in his role as filing reviewer. The filing reviewer, however, was not aware of the nature and extent of the warning signs, nor was he involved in all audit matters.

**(b) Failure to Obtain Sufficient Competent Evidential Matter**

GAAS requires that an audit of the financial statements be planned and performed “to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud.” (AU 316.01). Auditors must consider potential fraud factors when planning and performing the audit. GAAS states that the “assessment of the risk of material misstatement due to fraud is a cumulative process” and one that should be ongoing throughout the audit. (See AU 316). Auditors must obtain sufficient competent evidence to afford a basis for an opinion regarding the financial statements under audit. (AU 326.01). The validity and sufficiency of required evidence depends on the circumstances and the auditors' judgment, but should be “persuasive” though it need not be “convincing.” (AU 326.02 & .21-.23). With respect to such judgment, an auditor must maintain an attitude of professional skepticism and assess the risk that errors and irregularities may cause the financial statements to contain a material misstatement. (AU 316.13). An assessment of higher risk may cause the auditor to expand the extent of procedures applied or modify the nature and/or the timing of procedures to obtain more persuasive evidence.

PKF and Mead failed to comply with these requirements and failed to exercise the required heightened degree of professional skepticism or to obtain sufficient competent evidential matter concerning AremisSoft’s financial statements -- even after being confronted with numerous warning signs before and during the performance of the audit that should have alerted PKF and Mead to the possibility that AremisSoft’s financial statements were materially misstated.

**Anonymous Letter, Suspicious Contracts, and CFO Resignation**

PKF had been AremisSoft’s auditor until May 15, 1998, when the London office of a “Big Four” accounting firm was engaged to audit AremisSoft’s financial statements in connection with AremisSoft’s registration statement (Form S-1) filed with the Commission on July 1, 1998.<sup>8</sup> On July 14, 1998, the Big Four accounting firm received a copy of an anonymous letter addressed to the SEC. According to the letter:

AremisSoft wants to register statements to sell shares on the United States Nasdaq exchange. These statements will contain fraudulent information about revenue ... for large [sales] of management services and contracts. The chairman and managing directors and [lawyers] in the United Kingdom are [recording revenue] from some former directors, some customers, some not, to issue purchase notes of one million dollars or greater each for services to be provided .... This done to make future look good for sells [sic] of shares.

---

<sup>8</sup> This registration statement never went effective.

Review accounts and you will locate.

When the Big Four firm reviewed AremisSoft's draft financial statements for the six months ended June 30, 1998, it found that the financial statements included revenue from three contracts for more than \$1 million each. The contracts were purportedly being performed in AremisSoft's Indian office (which had no significant previous sales), and the customers were allegedly in Czechoslovakia and Croatia (where the company had not previously done business). The Big Four firm immediately requested full details of the contracts, including agreements and customer correspondence, and consulted the underwriters; they had no knowledge of the contracts, despite having been provided a list of AremisSoft's work in the pipeline just four months earlier.

Based on this information, the Big Four firm undertook an investigation into the three contracts, which uncovered numerous irregularities, including: (1) all negotiations with customers on the contracts were undertaken by Kyprianou and communications were claimed to have been by e-mail, no copies of which were maintained; (2) copies of the contracts were held in Kyprianou's private office in Cyprus rather than the corporate offices in London; (3) all information relating to the contracts was in India; (4) no cash was received from the customers; (5) no payments were made to the consultants performing sub-contracting work on the contracts; and (6) the customer addresses appeared to be small offices rather than industrial concerns. Moreover, staff from one of the Big Four firm's Indian offices raised doubts as to whether the main subcontractor on the contracts was capable of performing the contract work.

As a result of its review, the Big Four firm concluded that AremisSoft's "percentage of completion" method of revenue recognition for the three contracts was improper. Rather, it determined, the "completed contract" method should be used, resulting in deletion of all revenue and gross profit related to the purported contracts from AremisSoft's income statement and deferred recognition until the contracts were completed and the related fees collected. AremisSoft agreed to the change.

On October 9, 1998, the Big Four firm received a telefax from AremisSoft's then chief financial officer ("CFO"), complaining of his inability to get "access to ... financial records" to "ensure that the [financial statements] are objective, true and fair." The CFO expressed concern about Kyprianou's "significant involvement and influence in the preparation of the [financial statements]." In a telephone conversation with the Big Four firm audit partner, the CFO denied having any knowledge of the three contracts prior to April 1998.

On October 15, 1998, representatives from the Big Four firm met with Poyiadjis, Kyprianou, AremisSoft's then CFO, and others, to discuss the CFO's allegations and the accounting for the three contracts. Also attending the meeting and introduced as a prospective director of AremisSoft was a corporate finance partner from PKF, who, according to AremisSoft's year 2000 Form 10-K, was then PKF's head of the United Kingdom and European mergers and acquisition group. There were heated exchanges concerning the contracts at the meeting. The PKF corporate finance partner stated that the Big Four firm was unable to verify the contracts because it did not understand AremisSoft's business, and suggested that AremisSoft re-engage PKF to perform the audit work.

Shortly thereafter, AremisSoft's CFO resigned and Poyiadjis assumed the CFO duties. In November 1998, the "Big Four" firm was informed that AremisSoft had made a decision to

re-appoint PKF as its independent auditor and the engagement of the “Big Four” firm was discontinued as of December 16, 1998. PKF was then re-engaged as AremisSoft’s independent auditor. The PKF corporate finance partner who attended the October 15 meeting became the relationship partner and Mead became the audit partner on the AremisSoft audit engagement. On or about this time, PKF obtained copies of the anonymous letter and the October 9 telefax from AremisSoft’s CFO.

AremisSoft’s financial statements eventually filed in connection with its initial public offering in April 1999 included the revenues and gross profit from the three large contracts, and employed the percentage of completion method. These financial statements were audited by PKF. AremisSoft continued to use that method throughout its existence as a public company.

The three large contracts were shams. AremisSoft never performed any services related to the contracts and never collected any revenues from the purported customers.

### **AremisSoft’s Inadequate Accounting Staff and Questionable Revenue Recognition**

In its 1999 management letter, issued in March 2000, PKF expressed concern that AremisSoft’s internal “accounting function [relied] very heavily on its [outside] professional advisers in connection with US reporting and disclosure requirements.” On May 2, 2000, the Chairman of AremisSoft’s audit committee recommended in a memorandum to Kyprianou and Poyiadjis -- forwarded to PKF’s Mead -- that AremisSoft hire a “senior financial person,” citing a “few close calls with respect to our financial reporting,” which had been brought to the audit committee’s attention. But in PKF’s 2000 audit checklist entitled “Consideration of Fraud and Error,” the question whether there was “significant or prolonged under-staffing of [AremisSoft’s] accounting department” was answered in the negative.

During PKF’s interim work during 2000, PKF saw additional warning signs that should have further heightened concern about AremisSoft’s accounting. During PKF’s quarterly review of AremisSoft’s June 30, 2000 financial statements, a PKF staff accountant wrote that an AremisSoft employee had told him about “a potential cut-off problem,” *i.e.*, improper delay of revenue. The staff accountant’s notes say “the June 2000 quarter accounted for a large element that should have been booked in the first quarter of the year.”

PKF and Mead did not appropriately consider how these risk factors affected the audit, nor revise the audit plan, nor took any additional steps to gain an understanding of AremisSoft’s operations sufficient to detect the ongoing fraud.<sup>9</sup>

---

<sup>9</sup> In addition, in December 2000, the filing reviewer from a PKF-member firm in the United States cautioned PKF staff and Mead about potential improper revenue acceleration by AremisSoft in one of its UK divisions. In an e-mail, he wrote:

It seems that [AremisSoft is] trying hard to recognize more revenue in the year 2000. My suggestion is that you include in your audit procedures additional steps to ensure that revenue is being properly recorded.

PKF staff forwarded this e-mail to the PKF manager on the engagement, adding: “This came in from [the PKF International Ltd. member firm director] last week—he seems quite concerned!” While PKF addressed this issue in the context of its audit of the AremisSoft UK division, it never considered how this information affected other AremisSoft divisions or the overall audit.



## **Warning Signs in Cyprus**

Though AremisSoft's Cyprus-run operations represented just a fraction of its business before it went public, they accounted for nearly 80% of AremisSoft's revenues and over 50% of its assets by the time of the 2000 audit. Accordingly, and because PKF took responsibility for the entire audit, Mead assigned a PKF accountant to Cyprus in late January 2001 to work with Meletiou, the PKF Cyprus partner, on the Cyprus-based subsidiaries. But that staff accountant was relatively junior and had no training or background in GAAP or GAAS.

Although AremisSoft's CEO and CFO had offices in Cyprus and EEM and LK Global were both headquartered there, the staff accountant learned upon his arrival in Cyprus that the contracts and accounting records for both subsidiaries were actually in India, not Cyprus. This made it impossible for the staff accountant to conduct substantive revenue testing in Cyprus, although the staff accountant did prepare audit work programs for Meletiou to use in performing the audit. The staff accountant notes show that he told Mead that documents necessary for testing were unavailable and alerted him to "shortcomings of the audits being performed, particularly the lack of documented testing, and address [sic] of fundamental issues such as debtor recoverability, cut-off testing, systems understanding, and post balance sheet event reviews." His notes also reflect that, when he advised Meletiou about his concerns, especially the limited audit testing, Meletiou "suggested that the testing be carried out after the audit, i.e., April/May 2001!!!" The staff accountant telephoned Mead regarding his conversation with Meletiou.

In early February 2001, the staff accountant returned with Mead to Cyprus to conduct the audit work he was previously unable to perform, including a review of previously unavailable documents. But no one from PKF ever reviewed any cash receipts related to purported contracts. Instead, PKF limited its testing based on its reliance on AremisSoft's internal control system. After the second trip to Cyprus, Mead sent a telefax to Meletiou enumerating a number of outstanding steps required to be completed prior to the audit close and emphasizing that Meletiou needed to travel to India to conduct audit tests on AremisSoft's internal controls. Meletiou agreed he or someone on his staff would go to India for the systems testing, but no one from PKF determined whether such testing ever occurred.

## **Account Managers in 2000**

PKF and Mead learned for the first time, during the January 2001 trip to Cyprus, that neither EEM nor LK Global had any regular contact with their customers. Rather, since 2000, both had purportedly used third party contractors -- called "account managers" -- to bill customers, collect funds due, and remit the difference net of expenses to AremisSoft, making "periodic reports" of gross sales and expenses for incorporation in AremisSoft's books and records. The EEM and LK Global general ledgers reflect that neither subsidiary recorded accounts receivable by customer; both relied only on reports of the account managers.

Despite the account managers' obvious importance to AremisSoft and their role as sole source for EEM and LK Global sales and expense data, neither PKF nor Mead ever (a) developed any audit procedures to examine transactions with the account managers; (b) reviewed payments from account managers; (c) communicated with account managers; (d) saw any of the "periodic reports;" (e) took any steps to audit transactions between AremisSoft and the account managers or between the account managers and AremisSoft's customers; or (f) designed any

procedures to test AremisSoft's progress on contracts. Instead PKF and Mead relied solely on AremisSoft's representations with respect to the sham contracts and the review of the PKF Cyprus audit files, which included false documentation.

### **EEM and LK Global Audit File Deficiencies**

On March 9, 2001, Meletiou brought the EEM and LK Global audit files to PKF's London office. Mead spent five hours reviewing the EEM audit files and assigned a second PKF partner, who had no knowledge of AremisSoft, to review the LK Global audit files.<sup>10</sup>

Mead found numerous problems in the EEM audit file, including serious deficiencies in two significant audit areas -- cash and accounts receivable. Mead's notes show the workpapers included only copies, not originals, of cash confirmations, and both cash and accounts receivable confirmations were "apparently not received directly by PKF [Cyprus]." Moreover, confirmations of deposits and payables purportedly from numerous different customers and vendors were "poor copies," not originals, and inventory confirmations were provided by AremisSoft management rather than third parties.

The second PKF partner found multiple problems in the LK Global audit file including similar problems with cash and accounts receivable. His three page hand-written notes to Mead noted that:

- LK Global had no bank account;
- The file contained copies of accounts receivable confirmations, not originals;
- The file contained no evidence of how accounts receivable confirmations were carried out;
- The file contained no evidence of an overall analytical review;
- The file contained no evidence of audit planning, an adopted audit approach, or a risk assessment;
- The file contained no evidence of a review of internal controls;
- The file included no evidence of a subsequent events review; and
- There was no engagement letter in the file.

Late that same night, the second PKF partner wrote Mead an e-mail from his home computer that concluded:

---

<sup>10</sup> Approximately two and one-half weeks earlier, on February 20, 2001, AremisSoft's audit committee held a telephone conference call concerning its earnings release for the 2000 year. PKF participated in the call and expressed no objection to the release. The next day, February 21, AremisSoft issued its year 2000 earnings release.

I suppose I am nervous about the fact that we have a company generating \$20 million + [sales] and quite significant profits, all of it being on paper with no evidence of any cash – it just seems suspicious. The more I think about it, the more unusual the whole thing seems and I think we need convincing explanations before sign off.

On March 20, 2001, Mead received an e-mail from Meletiou asserting that “[a]ll outstanding points that should be dealt with before signing the report have been completed except the management letter which is under preparation.” But no one from PKF ever collected any documents or other evidence to support Meletiou’s contention.

### **EEM and LK Global General Ledger Irregularities**

The EEM and LK Global general ledgers included in PKF’s files showed obvious irregularities. Most of the ledger entries simply reflect assets netted against liabilities to eliminate account balances. All of the entries appear to have been created at the same time -- after AremisSoft’s year-end. Moreover, the ledgers reflected cash receipts of only \$4.3 million for the entire year, even though EEM and LK Global reported more than \$97 million in combined sales that year.

### **Questionable AremisSoft Acquisitions**

AremisSoft reported in its 1999 and 2000 Forms 10-K that it paid over \$32 million in cash to acquire three companies -- e-nnovations.com., e-ChaRM, and Denon. However, PKF and Mead failed to examine any documents purportedly evidencing the payments. Had PKF or Mead matched the transactions to payment documents, it would have been discovered that, rather than the \$7 to \$14.5 million purchase prices reportedly paid for these companies, the actual prices ranged from approximately \$200,000 to \$400,000.

### **Inadequate Third Party Confirmations**

At no time during its audit did PKF or Mead obtain original accounts receivable or cash confirmations, verify that the confirmations had been sent directly to PKF Cyprus or PKF, or review subsequent cash receipts to corroborate that the receivables in fact existed. No one from PKF reviewed accounts receivable remittance advices or attempted to contact any of AremisSoft’s purported customers. Had PKF or Mead taken any of these steps, they would have learned that the accounts receivable and associated revenues were fraudulent. And while the PKF Cyprus audit workpapers reviewed by PKF included confirmations from LK Global creditors, in what should have been an obvious irregularity that should have warranted heightened scrutiny, all creditors confirmed that they owed money to LK Global rather than the other way around.

The accounts receivable confirmations in the PKF Cyprus audit workpapers reviewed by PKF and Mead evidence additional irregularities that should have warranted heightened scrutiny. None are originals; many have identical or similar handwriting; and, according to the dates printed on the top of each, eight of seventeen were returned on the same two dates -- February 2 or February 5, 2001. The accounts receivable confirmations also were addressed to customers of AremisSoft rather than to account managers -- despite the company’s claim that the account managers, not the end users, were indebted to AremisSoft.

PKF and Mead understood from the PKF Cyprus audit files that EEM maintained a Swiss bank account containing \$9.98 million of AremisSoft's cash (nearly 30% of total cash) on December 31, but PKF and Mead did not obtain satisfactory audit evidence concerning the bank account that was included as cash on AremisSoft's consolidated financial statements. The unnumbered Swiss bank account, which nowhere appears on EEM's ledger until December 23, 2000, suddenly materialized immediately before AremisSoft's year end. The only evidence obtained by either PKF Cyprus or PKF from third parties related to the account is an irregular confirmation letter to Meletiou from a Swiss bank dated March 20, 2001 -- the same day as PKF's audit report -- which states, without explanation, that "since 29th of December 2000, we hold an amount of \$9.980.000 blocked in favor of [EEM]." AremisSoft had no such account at any time during or before 2000. But Kyprianou did have bank accounts at the Swiss bank. Kyprianou deposited proceeds of his AremisSoft stock sales in those accounts.

Finally, neither PKF nor Mead obtained cash confirmations for AremisSoft's cash held at U.S. banks at December 31, 2000, even though the company reported \$10.7 million in a U.S. bank as of that date. But the \$10.7 million was not in a U.S. bank account as of December 31, 2000. PKF's workpapers show that the money was due to AremisSoft from Kyprianou and Poyiadjis stock options exercises in mid-December 2000. PKF and Mead accepted the treatment of these funds as cash "in transit" as of December 31. But the cash was not transferred from Poyiadjis' Swiss bank accounts until mid-January. Therefore those funds should not have been included in AremisSoft's cash balance at December 31, 2000.

**(c) Failure to Obtain Sufficient Understanding of Internal Controls**

PKF and Mead failed to comply with GAAS (AU 150.02), which requires an auditor to obtain a sufficient understanding of a company's system of internal controls to plan the audit and determine the nature, extent, and timing of testing to be performed.

PKF and Mead relied on AremisSoft's system of internal controls to limit substantive testing of revenue reported by EEM and LK Global but neither obtained a sufficient understanding of the internal controls for these subsidiaries. PKF and Mead did not obtain evidence that the accounting systems in India existed or were tested by Meletiou, or travel to India to test the systems.

**(d) Failure to Properly Plan the Audit**

GAAS requires that the auditor plan the audit "to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud." (AU 316.01). In planning, the auditor must assess the risk of material misstatement due to fraud or error, which includes consideration of "conditions that may require extension or modification of audit tests, such as the risk of material errors or irregularities or the existence of related party transactions." (AU 311.03; *see also* AU 316A ("Consideration of Fraud in a Financial Statement Audit")). In addition, the risk assessment process should "be ongoing throughout the audit" and should consider whether the "nature of audit procedures performed may need to be changed to obtain evidence that is more reliable or to obtain additional corroborative information." (AU 316.28). Contrary to GAAS, PKF and Mead failed to adequately plan the 2000 audit after learning of numerous facts that, either standing alone or in the context of other facts learned prior to the audit, warranted heightened scrutiny that should

have alerted them to the possibility that AremisSoft's financial statements might be misstated due to fraud.

In December 1998, PKF concluded that Kyprianou's control and influence was a "general risk factor." However, neither PKF nor Mead considered this factor in planning the 2000 audit and did not design or implement any audit procedures in consideration of Kyprianou's control in its audit of AremisSoft's year 2000 financial statements.

GAAS requires a specific substantive risk assessment and consideration of "that assessment in designing the audit procedures to be performed." (AU 312 & 316). But PKF and Mead never undertook a substantive risk analysis in planning the 2000 audit; the audit planning was perfunctory at best. PKF and Mead merely used standard checklist work programs that were not modified to account for AremisSoft's high risk environment. Despite being presented with numerous warning signs during its audit, PKF and Mead failed to design audit procedures to test AremisSoft's revenues, accounts receivable, and cash accounts more extensively than originally planned or to heighten the scrutiny in the audit of the Cyprus subsidiaries. Moreover, despite numerous warning signs, PKF and Mead failed to reassess whether the "nature of audit procedures performed [needed] to be changed to obtain evidence that is more reliable or to obtain additional corroborative information." (AU 316.52).

**(e) Failure to Exercise Due Professional Care and Professional Skepticism**

GAAS requires that auditors exercise due professional care in performing an audit and in preparing the audit report. (AU 230.01). Due professional care requires that the auditor exercise professional skepticism in performing audit and review procedures and gathering and analyzing audit evidence. (AU 230.07-.08). "In exercising professional skepticism, the auditor should not be satisfied with less than persuasive evidence because of a belief that management is honest." (AU 230.09). Exercise of professional skepticism requires auditors to demonstrate a questioning mind and to critically assess audit evidence. (AU 230; *see also* AU 316.13).

For all the reasons stated in the paragraphs above, PKF and Mead acted unreasonably in failing to exercise due professional care and professional skepticism in violation of this standard.

**(f) Failure to Issue Accurate Audit Reports**

GAAS requires that the auditor's report contain an opinion on the financial statements taken as a whole and contain a clear indication of the character of the auditor's work. (AU 508.04). The auditor can determine that he is able to issue an audit report containing an unqualified opinion only if he has conducted his audit in accordance with GAAS and the financial statements comply with GAAP. (AU 508.07 & .22).

In auditing AremisSoft's financial statements, PKF and Mead acted unreasonably in rendering audit reports containing unqualified opinions. Mead signed and transmitted to AremisSoft's counsel PKF's audit report on AremisSoft's year 2000 financial statements before Barnsdall conducted his concurring partner review. PKF partners and employees knew or should have known that AremisSoft's financial statements did not comply with GAAP and that PKF and Mead did not conduct the audits in accordance with GAAS. Nevertheless, PKF and Mead issued

audit reports containing unqualified opinions that falsely stated that AremisSoft's financial statements conformed to GAAP and that they had conducted the audits in accordance with GAAS.

#### **4. Barnsdall Engaged in Improper Professional Conduct**

With respect to accountants, Rule 102(e)(1) provides that "improper professional conduct" includes "repeated instances of unreasonable conduct, each resulting in a violation of applicable professional standards, that indicate a lack of competence to practice before the Commission." Barnsdall engaged in improper professional conduct. His conduct was unreasonable and resulted in violations of applicable professional standards.

As recited above at paragraph 3(e), AU 230.01, 230.07-.09, and 316.13, require auditors to exercise due professional care and maintain an attitude of professional skepticism, rely solely on persuasive audit evidence, demonstrate a questioning mind, and critically assess audit evidence. GAAS also requires that auditors obtain sufficient competent evidential matter through inspection, observation, inquiries, and confirmations to afford a reasonable basis for an audit opinion. (AU 326.01)

Barnsdall was the concurring partner on PKF's audit of AremisSoft's year 2000 financial statements but did not participate in PKF's pre-2000 audits of AremisSoft. He was required, as concurring partner, to be sufficiently involved in the review of the audit to reach informed conclusions regarding the quality and sufficiency of the audit procedures performed. Barnsdall conducted his concurring partner review the day after Mead signed and transmitted to AremisSoft's counsel PKF's audit report for inclusion in AremisSoft's year 2000 Form 10-K. But he backdated his sign-off to the date of the audit report. He did not, indeed could not, review the EEM and LK Global files because they had already been returned to Cyprus by the time of his file review. And although he reviewed the lists of notes prepared by Mead and the PKF partner who reviewed the LK Global audit files, he did not sufficiently follow up to ensure that the issues raised in those reviews were resolved. In fact, certain of the most significant issues were not resolved. Barnsdall acted unreasonably in failing to exercise due professional care and to maintain an attitude of professional skepticism, and to assure that the audit workpapers evidenced that sufficient competent evidential matter had been obtained to support the audit report, in violation of these standards.

#### **D. LEGAL ANALYSIS**

Section 17(a)(2) of the Securities Act prohibits obtaining money or property by means of untrue statements of material fact or misleading omissions of material fact in the offer or sale of securities. Section 17(a)(3) prohibits engaging in transactions, practices or courses of business which operate or would operate as a fraud or deceit upon the purchaser in the offer or sale of securities. Information is material where there is a substantial likelihood that a reasonable investor would consider the information important in making an investment decision. *Basic, Inc. v. Levinson*, 485 U.S. 224, 231-32 (1988). Establishing violations of Sections 17(a)(2) and 17(a)(3) does not require a showing of scienter. *Aaron v. SEC*, 446 U.S. 680, 697 (1980).

Section 13(a) of the Exchange Act and Rule 13a-1 thereunder require all issuers with securities registered under Section 12 of the Exchange Act to file annual reports. Exchange Act Rule 12b-20 requires an issuer to provide any additional information in the reports necessary to make the reports not misleading. The obligation to file these periodic reports includes the requirement that they be complete and accurate in all material respects. *See, e.g., United States v. Bilzerian*, 926 F.2d 1285, 1298 (2d Cir. 1991); *SEC v. Savoy Indus., Inc.*, 587 F.2d 1149, 1165 (D.C. Cir. 1978). No showing of scienter is necessary to establish a violation of Section 13(a) of the Exchange Act and Rules 13a-1 and 12b-20. *See Savoy Indus., Inc.*, 587 F.2d at 1167; *SEC v. Wills*, 472 F. Supp. 1250, 1268 (D.D.C. 1978).

Section 13(b)(2)(A) of the Exchange Act requires issuers to “make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer.” Section 13(b)(2)(B) requires issuers to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in conformity with GAAP and to maintain the accountability of assets. No showing of scienter is necessary to establish a violation of Sections 13(b)(2)(A) or 13(b)(2)(B). *See SEC v. McNulty*, 137 F.3d 732, 740-741 (2d Cir. 1998); *SEC v. World-Wide Coin Investments, Ltd.*, 567 F. Supp. 724, 749-51 (N.D. Ga. 1983).

Rule 13b2-1 of the Exchange Act prohibits any person from directly or indirectly falsifying, or causing to be falsified, any book, record or account subject to Section 13(b)(2)(A). Scienter is not an element of a violation of Rule 13b2-1. *McNulty*, 137 F.3d at 740-741.

AremisSoft violated each of these provisions of the federal securities laws by, among other things, including false and misleading financial statements and information in its 2000 report filed with the Commission and in registration statements that incorporated that report and financial information.

PKF’s failure to comply with GAAS was a “cause of”<sup>11</sup> AremisSoft’s violations. Likewise, Mead’s failure to comply with GAAS was a “cause of” AremisSoft’s violations. PKF issued an audit report signed by Mead containing an unqualified opinion stating that PKF had conducted its audit of AremisSoft’s financial statements in accordance with GAAS, that AremisSoft’s financial statements were consistent with GAAP, and that AremisSoft’s reported results fairly represented its financial condition and results of operation. Mead consented on behalf of PKF to the inclusion of this audit report in AremisSoft’s annual report on Form 10-K and in registration statements filed or in effect for that period. However, the audit report was misleading because PKF and Mead failed to conduct the audit in accordance with GAAS. PKF and Mead knew or should have known that AremisSoft’s reported financial results did not fairly present the company’s financial condition or its results of operations.

---

<sup>11</sup> As described in this Order, the standard for liability as “a cause of” a violation under Section 21C of the Exchange Act is negligence. *See KMPG LLP v. SEC*, 289 F.3d 109, 112 (D.C. Cir. 2002). In this instance, PKF and Mead engaged in an act or omission that they knew or should have known would contribute to the primary violation. *See* Section 8A(a) of the Securities Act; Section 21C(a) of the Exchange Act.

In auditing AremisSoft, PKF and Mead failed to exercise due professional care and skepticism, failed to obtain sufficient competent evidential matter, failed to properly plan or expand the procedures in the face of risk of material misstatement of the financial statements including risk due to fraudulent accounting.

Despite these accounting and auditing failures, and in further violation of GAAS, PKF did not issue a qualified or adverse audit report, or disclaim an ability to express any opinion at all, but instead issued an unqualified audit report signed by Mead on AremisSoft's 2000 financial statements. Accordingly, PKF's failure to comply with GAAS was a cause of AremisSoft's violations of Section 17(a)(2) and (3) of the Securities Act and Sections 13(a) and 13(b)(2)(A) and (B) of the Exchange Act and Rules 12b-20, 13a-1, and 13b2-1 thereunder. Likewise, Mead's failure to comply with GAAS was a cause of AremisSoft's violations of Section 17(a)(2) and (3) of the Securities Act and Sections 13(a) and 13(b)(2)(A) and (B) of the Exchange Act and Rules 12b-20, 13a-1, and 13b2-1 thereunder.

Section 10A of the Exchange Act requires each audit to include procedures designed to provide reasonable assurance of detecting illegal acts that would have a direct and material effect on the determination of financial statement amounts and if, in the course of conducting an audit, the auditor becomes aware of information indicating that an illegal act had or may have occurred, the auditor is required to investigate and notify management, the board of directors, or the audit committee. No showing of scienter is necessary to establish a violation of Section 10A. *SEC v. Solucorp Industries, Ltd.*, 197 F. Supp. 2d 4 (S.D.N.Y. 2002). Mead willfully violated Section 10A(a) of the Exchange Act by failing to design appropriate audit procedures to determine whether or not senior management of AremisSoft had committed fraud. PKF willfully<sup>12</sup> violated Section 10A of the Exchange Act because during its audit PKF became aware of information indicating that illegal acts had or may have occurred but did not bring that information to the attention of AremisSoft's management, its board of directors, or its audit committee.

## **E. FINDINGS**

Based on the foregoing, the Commission finds that:

1. PKF willfully violated Section 10A of the Exchange Act and was a cause of AremisSoft's violations of Sections 17(a)(2) and (3) of the Securities Act and Sections 13(a) and 13(b)(2)(A) and (B) of the Exchange Act and Rules 12b-20, 13a-1, and 13b2-1 thereunder;
2. PKF engaged in improper professional conduct within the meaning of Rule 102(e)(1)(ii) of the Commission's Rules of Practice in connection with PKF's 2000 audit of AremisSoft's financial statements, which were included in AremisSoft's annual report on Form 10-K and in AremisSoft registration statements filed or in effect for that period;

---

<sup>12</sup> "Willfully" as used in this Order means intentionally committing the act that constitutes the violation. *See Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000); *Tager v. SEC*, 344 F.2d 5, 8 (2d Cir. 1965). There is no requirement that the actor also be aware that he or she is violating one of the Rules or Acts.



3. Mead willfully violated Section 10A(a) of the Exchange Act and was a cause of AremisSoft's violations of Sections 17(a)(2) and (3) of the Securities Act and Sections 13(a) and 13(b)(2)(A) and (B) of the Exchange Act and Rules 12b-20, 13a-1, and 13b2-1 thereunder;

4. Mead engaged in improper professional conduct within the meaning of Rule 102(e)(1)(ii) of the Commission's Rules of Practice in connection with PKF's 2000 audit of AremisSoft's financial statements, which were included in AremisSoft's annual report on Form 10-K and in AremisSoft registration statements filed or in effect for that period;

5. Barnsdall engaged in improper professional conduct within the meaning of Rule 102(e)(1)(ii) of the Commission's Rules of Practice in connection with PKF's 2000 audit of AremisSoft's financial statements, which were included in AremisSoft's annual report on Form 10-K and in AremisSoft registration statements filed or in effect for that period.

#### **F. UNDERTAKINGS BY PKF**

PKF (and its successor PKF (UK) LLP, a limited liability partnership) undertakes and agrees that it will not accept any audit engagements for new Commission registrant audit clients for a period of one year from the date of the issuance of this Order.

PKF further undertakes to:

1. enhance and provide training concerning the proper level of professional skepticism of staff and partners concerning high risk clients;
2. develop and implement enhanced audit procedures concerning the assessment and identification of fraud risk indicators at the planning stage and throughout the audit engagement; and
3. require the involvement of a Quality Control and Compliance Partner in all audit engagements of Commission registrants identified as high risk.

In determining whether to accept PKF's Offer, the Commission has considered these undertakings.

#### **IV.**

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondents' Offers.

Accordingly, IT IS HEREBY ORDERED, pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act that:

A. Respondent PKF shall cease and desist from committing any violations and any future violations of Section 10A of the Exchange Act; from committing or causing any violations and any future violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act; and from

causing any violations and any future violations of Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act and Rules 12b-20 and 13a-1 thereunder.

B. Respondent PKF is censured pursuant to Rule 102(e) of the Commission's Rules of Practice.

C. Respondent Mead shall cease and desist from committing any violations and any future violations of Section 10A(a) of the Exchange Act; from committing or causing any violations and any future violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act; and from causing any violations and any future violations of Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act and Rules 12b-20 and 13a-1 thereunder.

D. Respondent Mead is censured pursuant to Rule 102(e) of the Commission's Rules of Practice.

E. It is also Ordered, pursuant to Rule 102(e) of the Commission's Rules of Practice that Respondent Mead is denied the privilege of appearing or practicing before the Commission as an accountant.

F. Respondent Barnsdall is censured pursuant to Rule 102(e) of the Commission's Rules of Practice.

G. It is also Ordered, pursuant to Rule 102(e) of the Commission's Rules of Practice that Respondent Barnsdall is denied the privilege of appearing or practicing before the Commission as an accountant.

H. After two years from the date of this order, Respondent Barnsdall may request that the Commission consider his reinstatement by submitting an application (attention: Office of the Chief Accountant) to resume appearing or practicing before the Commission as:

1. a preparer or reviewer, or a person responsible for the preparation or review, of any public company's financial statements that are filed with the Commission. Such an application must satisfy the Commission that Respondent Barnsdall's work in his practice before the Commission will be reviewed either by the independent audit committee of the public company for which he works or in some other acceptable manner, as long as he practices before the Commission in this capacity; and/or

2. an independent accountant. Such an application must satisfy the Commission that:

(a) Respondent Barnsdall, or the public accounting firm with which he is associated, is registered with the Public Company Accounting Oversight Board ("Board") in accordance with the Sarbanes-Oxley Act of 2002, and such registration continues to be effective;

(b) Respondent Barnsdall, or the registered public accounting firm with which he is associated, has been inspected by the Board and that inspection did not identify

any criticisms of or potential defects in Respondent's or the firm's quality control system that would indicate that the Respondent will not receive appropriate supervision or, if the Board has not conducted an inspection, has received an unqualified report relating to his, or the firm's, most recent peer review conducted in accordance with the guidelines adopted by the former SEC Practice Section of the American Institute of Certified Public Accountants Division for CPA Firms or an organization providing equivalent oversight and quality control functions;

(c) Respondent Barnsdall has resolved all disciplinary issues with the Board, and has complied with all terms and conditions of any sanctions imposed by the Board (other than reinstatement by the Commission); and

(d) Respondent Barnsdall acknowledges his responsibility, as long as Respondent appears or practices before the Commission as an independent accountant, to comply with all requirements of the Commission and the Board, including, but not limited to, all requirements relating to registration, inspections, concurring partner reviews and quality control standards.

I. The Commission will consider an application by Barnsdall to resume appearing or practicing before the Commission provided that his practicing certificate is current and he has resolved all other disciplinary issues with the applicable United Kingdom Institute of Chartered Accountants. However, if licensure is dependent on reinstatement by the Commission, the Commission will consider an application on its other merits. The Commission's review may include consideration of, in addition to the matters referenced above, any other matters related to Barnsdall's character, integrity, professional conduct, or qualifications to appear of practice before the Commission.

By the Commission.

Nancy M. Morris  
Secretary