

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 51802 / June 8, 2005

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 2255 / June 8, 2005

ADMINISTRATIVE PROCEEDING
File No. 3-10406

In the Matter of _____ : ORDER GRANTING APPLICATION FOR
Mark Steven Lynch, CPA : REINSTATEMENT TO APPEAR AND PRACTICE
: BEFORE THE COMMISSION AS AN ACCOUNTANT
: RESPONSIBLE FOR THE PREPARATION OR
: REVIEW OF FINANCIAL STATEMENTS REQUIRED
: TO BE FILED WITH THE COMMISSION

On January 17, 2001, Mark Steven Lynch (“Lynch”) was suspended from appearing or practicing as an accountant before the Commission as a result of settled public administrative proceedings instituted by the Commission against Lynch pursuant to Rule 102(e) of the Commission's Rules of Practice.¹ This order is issued in response to Lynch’s application for reinstatement to practice before the Commission as an accountant responsible for the preparation or review of financial statements required to be filed with the Commission.

The suspension stemmed from a final judgment entered by the United States District Court for the District of Columbia permanently enjoining Lynch from violating Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rules 10b-5 and 13b2-1 promulgated thereunder. Lynch consented to the entry of the final judgment without admitting or denying the allegations of the Commission’s complaint. The Commission’s complaint alleged that Lynch knowingly or recklessly participated in the material overstatement of MicroStrategy Inc.’s (“MicroStrategy”) revenues and earnings in its financial statements included in periodic reports and registration statements filed with the Commission. The

¹ See Accounting and Auditing Enforcement Release No. 1359, dated January 17, 2001. Lynch was permitted, pursuant to the order, to apply for reinstatement after three years upon making certain showings.

Rule 102(e)(5)(i) provides:

“An application for reinstatement of a person permanently suspended or disqualified under paragraph (e)(1) or (e)(3) of this section may be made at any time, and the applicant may, in the Commission’s discretion, be afforded a hearing; however, the suspension or disqualification shall continue unless and until the applicant has been reinstated by the Commission for good cause shown.” 17 C.F.R. § 201.102(e)(5)(i).

company's reporting failures primarily derived from its premature recognition of revenue in multiple element deals involving software sales. The premature recognition also extended to revenue on contracts that had not been properly executed in the same fiscal period that the revenue was recorded. Furthermore, Lynch was alleged to have directly or indirectly falsified or caused to be falsified MicroStrategy's books and records.

In his capacity as a preparer or reviewer, or as a person responsible for the preparation or review, of financial statements of a public company to be filed with the Commission, Lynch attests that he will undertake to have his work reviewed by the independent audit committee of any company for which he works, or in some other manner acceptable to the Commission, while practicing before the Commission in this capacity. Lynch is not, at this time, seeking to appear or practice before the Commission as an independent accountant. If he should wish to resume appearing and practicing before the Commission as an independent accountant, he will be required to submit an application to the Commission showing that he has complied and will comply with the terms of the original suspension order in this regard. Therefore, Lynch's suspension from practice before the Commission as an independent accountant continues in effect until the Commission determines that a sufficient showing has been made in this regard in accordance with the terms of the original suspension order.

Rule 102(e)(5) of the Commission's Rules of Practice governs applications for reinstatement, and provides that the Commission may reinstate the privilege to appear and practice before the Commission "for good cause shown." This "good cause" determination is necessarily highly fact specific.

On the basis of information supplied, representations made, and undertakings agreed to by Lynch, it appears that he has complied with the terms of the January 17, 2001 order suspending him from practice before the Commission as an accountant, that no information has come to the attention of the Commission relating to his character, integrity, professional conduct or qualifications to practice before the Commission that would be a basis for adverse action against him pursuant to Rule 102(e) of the Commission's Rules of Practice, and that Lynch, by undertaking to have his work reviewed by the independent audit committee of any company for which he works, or in some other manner acceptable to the Commission, in his practice before the Commission as a preparer or reviewer of financial statements required to be filed with the Commission, has shown good cause for reinstatement. Therefore, it is accordingly,

ORDERED pursuant to Rule 102(e)(5)(i) of the Commission's Rules of Practice that Mark Steven Lynch, CPA is hereby reinstated to appear and practice before the Commission as an accountant responsible for the preparation or review of financial statements required to be filed with the Commission.

By the Commission.

Jonathan G. Katz
Secretary