UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 50148 / August 5, 2004

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 2076 / August 5, 2004

ADMINISTRATIVE PROCEEDING
File No. 3-11377

In the Matter of	:	
	:	**ORDER MAKING FINDINGS AND**
GRANT THORNTON LLP,	:	**IMPOSING REMEDIAL SANCTIONS**
DOEREN MAYHEW & CO. P.C.,	:	**PURSUANT TO SECTION 21C**
PETER M. BEHRENS, CPA	:	**OF THE SECURITIES EXCHANGE**
MARVIN J. MORRIS, CPA and	:	**ACT OF 1934 AND RULE 102(e)**
BENEDICT P. RYBICKI, CPA,	:	**OF THE COMMISSION'S RULES OF**
	:	**PRACTICE**
Respondents.	:	
	:	

I.

On January 20, 2004, the Securities and Exchange Commission ("Commission") instituted public cease-and-desist and administrative proceedings, pursuant to Section 21C of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 102(e) of the Commission's Rules of Practice, against Grant Thornton LLP ("Grant Thornton"), Doeren Mayhew & Co. P.C. ("Doeren Mayhew"), Marvin J. Morris, CPA ("Morris"), Peter M. Behrens, CPA ("Behrens") and Benedict P. Rybicki, CPA ("Rybicki") (collectively the "Respondents").[1]

[1] Rule 102(e)(1)(ii) provides, in relevant part, that:

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

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

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

II.

The Respondents have each submitted an Offer of Settlement ("Offer"), which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceeding 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, Respondents consent to the entry of this Order Making Findings and Imposing Remedial Sanctions Pursuant to Section 21C of the Securities Exchange Act of 1934 and Rule 102(e) of the Commission's Rules of Practice, as set forth below.

III.

On the basis of this Order and the Respondents' Offers, the Commission finds that:

A. NATURE OF THE PROCEEDING

1. This matter concerns the causing and aiding and abetting of financial reporting violations in the offer, sale and purchase of securities by Grant Thornton, Doeren Mayhew, Behrens, Morris and Rybicki while performing auditing services for MCA Financial Corporation ("MCA"), a Southfield, Michigan-based mortgage banking company which filed for bankruptcy in 1999.

2. This matter also concerns violations of or aiding and abetting violations of Section 10A of the Exchange Act by Grant Thornton, Doeren Mayhew, Behrens, Morris and Rybicki in connection with the audit ("the 1998 MCA audit") of MCA's financial statements for its fiscal year ended January 31, 1998 ("MCA's 1998 annual financial statements").

3. This matter also concerns improper professional conduct within the meaning of Rule 102(e) of the Commission's Rules of Practice by Grant Thornton, Doeren Mayhew, Behrens, Morris and Rybicki in connection with the audit of MCA's 1998 annual financial statements.

4. The conduct by Grant Thornton, Doeren Mayhew, Behrens, Morris and Rybicki is connected to a financial reporting and offering fraud at MCA that lasted from at least 1994 through 1999. During this period, MCA used false and misleading financial statements to entice investors to purchase MCA's corporate debentures.

5. As part of MCA's fraud, the 1998 annual financial statements included in its 1998 annual report on Form 10-K filed with the Commission were materially false and misleading and failed to comply with generally accepted accounting principles ("GAAP"). In the financial statements, MCA failed to divulge millions of dollars of material, related party transactions. MCA also inflated its income, assets and equity by, among other things, failing to write down overvalued related party mortgages and land contracts held for resale and failing to write off uncollectible receivables from related parties.

6. Grant Thornton and Doeren Mayhew jointly issued an audit report containing an unqualified opinion on MCA's 1998 annual financial statements and consented in writing to the inclusion of their report in a Post-Effective Amendment to a Form S-1 Registration Statement ("Post-Effective Amendment") for a debenture offering by MCA.

7. MCA violated Section 17(a) of the Securities Act of 1933 ("Securities Act"), Section 10(b) of the Exchange Act and Rule 10b-5 thereunder by utilizing the 1998 annual financial statements included in its 1998 annual report and the Post-Effective Amendment, which financial statements were materially false and misleading and failed to comply with GAAP, in the offer and sale and in connection with the purchase and sale of debentures.

8. MCA violated Section 15(d) of the Exchange Act and Rules 12b-20 and 15d-1 thereunder by filing with the Commission its 1998 annual report containing its materially false and misleading 1998 annual financial statements that failed to comply with GAAP.

9. MCA sold approximately $2.2 million of debentures after filing with the Commission its 1998 annual report containing its materially false and misleading 1998 annual financial statements that failed to comply with GAAP. MCA sold approximately $1.9 million of debentures after filing with the Commission the Post-Effective Amendment which contained its materially false and misleading 1998 annual financial statements that failed to comply with GAAP.

10. Grant Thornton, Doeren Mayhew, Behrens, Morris and Rybicki caused and willfully aided and abetted certain of MCA's violations of the federal securities laws because they knew that MCA failed to disclose several million dollars of material, related party transactions in its 1998 annual financial statements but nevertheless issued or authorized and/or agreed with the issuance of a report containing an unqualified opinion on those financial statements and/or consented or authorized the consent to the inclusion of that report in the Post-Effective Amendment.[2]

11. Grant Thornton and Doeren Mayhew willfully violated and Behrens, Morris and Rybicki willfully aided and abetted violations of Section 10A of the Exchange Act. While conducting the 1998 MCA audit, they had access to information indicating that illegal acts had or may have occurred as a result of MCA's failure to disclose material, related party transactions in its 1998 annual financial statements and its fiscal year 1998 quarterly reports. However, they failed to inform MCA's Board of Directors about the illegal acts that were detected or otherwise came to their attention.

12. Grant Thornton, Doeren Mayhew, Behrens, Morris and Rybicki engaged in improper professional conduct under Rule 102(e)(1)(ii) of the Commission's Rules of Practice by recklessly failing to comply with generally accepted auditing standards ("GAAS") in auditing MCA's 1998 annual financial statements. They issued or authorized and/or agreed with the issuance of a report containing an unqualified opinion on MCA's 1998 annual financial

[2] "Willfully" as used in this Order means intentionally committing the act which 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 is violating one of the Rules or Acts.

statements despite knowing that MCA had failed to disclose material, related party transactions. They did not adequately plan tests regarding the valuation of MCA's mortgages and land contracts held for resale. They did not obtain sufficient competent evidential matter to support MCA's valuation of its mortgages and land contracts held for resale and related party receivables. They did not maintain an attitude of professional skepticism after becoming aware of red flags while auditing MCA's mortgages and land contracts held for resale and related party receivables.

B. RESPONDENTS

13. **Grant Thornton LLP**, a national accounting firm, was one of two firms that jointly provided audit services to MCA and jointly signed reports containing unqualified opinions on MCA's annual financial statements from 1993 through 1998.

14. **Doeren Mayhew & Co. P.C.**, a Michigan accounting firm, was the other firm that jointly provided audit services to MCA and jointly signed reports containing unqualified opinions on MCA's annual financial statements from 1993 through 1998.

15. **Peter M. Behrens**, age 47, is a certified public accountant who has been licensed to practice by the State of Michigan since 1993. Behrens has spent his entire professional accounting career at Grant Thornton, starting as a staff accountant in 1979 and eventually becoming a partner in 1993. Behrens served as an engagement partner for Grant Thornton's joint audits of MCA.

16. **Marvin Jackson Morris**, age 60, is a certified public accountant who has been licensed to practice by the State of Michigan since 1969. Morris began his professional accounting career in 1967 at Arthur Andersen and subsequently worked at several other accounting firms including Alam, Morris & Co., Pannell Kerr & Forester and BDO Seidman. He has been employed by Doeren Mayhew since July 1991 and has been a director since October 1993. Morris served as an engagement partner for Doeren Mayhew's joint audits of MCA.

17. **Benedict P. Rybicki**, age 40, is a certified public accountant who has been licensed to practice by the State of Michigan since 1989. Rybicki began his professional accounting career in 1987 at Pannell Kerr & Forester, which subsequently merged into BDO Seidman during Rybicki's tenure. He has been employed by Doeren Mayhew since November 1991, starting as a staff accountant and eventually becoming a director in October 1999. Rybicki served as the sole engagement manager for Doeren Mayhew's joint audits of MCA.

C. OTHER RELEVANT PERSONS AND ENTITIES

18. **MCA Financial Corporation** was incorporated in 1989 under the laws of the State of Michigan as a holding company for four wholly-owned subsidiaries and was headquartered in Southfield, Michigan with 45 branch offices in seven states. MCA primarily was involved in the residential mortgage-banking business. MCA was a privately held corporation whose common stock was not registered with the Commission. MCA filed annual and quarterly reports with the Commission under Section 15(d) of the Exchange Act because it sold preferred stock and corporate debentures pursuant to registration statements filed with the Commission. MCA

ceased operations on January 22, 1999 and filed a voluntary Chapter 11 bankruptcy petition on February 10, 1999. The bankruptcy judge approved a bankruptcy plan for MCA in August 2000 which provided for liquidation and distribution of MCA's assets to creditors and investors.

19. **Property Corporation of America** ("PCA") was incorporated in 1986 under the laws of the State of Michigan and was headquartered in Detroit, Michigan. MCA's Chief Executive Officer ("CEO") and Chief Operating Officer ("COO") each owned 50% of PCA's common stock, and MCA owned all of PCA's non-voting preferred stock. PCA's stock was not publicly traded. PCA was the general partner/managing member of several limited partnerships/limited liability companies (the "Related Limited Partnerships"), most of which had no limited partners/investors or MCA's Chief Operating Officer as their sole limited partner/investor. The Related Limited Partnerships purchased real estate on a regular basis from MCA. Like MCA, PCA ceased operations on January 22, 1999 and filed a voluntary Chapter 11 bankruptcy petition on February 10, 1999.

D. BACKGROUND FOR THE 1998 MCA AUDIT

20. MCA hired Morris and Doeren Mayhew, the firm at which he was a director, to be its auditors in or about 1992.

21. Morris, Tom Wells (an MCA Director) and Lee Wells (President, COO and a director of MCA and Tom Wells' son) had known each other for at least 15 years as of 1992.

22. Morris met Tom Wells in the early 1970s when Morris was hired to head the audit practice at Tom Wells' accounting firm, Bernard, Wells, Loving & Co. ("Bernard, Wells"). While they were employed at Bernard, Wells, Morris and Tom Wells and their spouses socialized together. Morris first met Lee Wells while employed at Bernard, Wells when Lee Wells was a child.

23. Morris continued providing accounting and auditing services for companies owned and/or run by Tom Wells after Morris left Bernard, Wells in or about 1978. Tom Wells hired Morris in the mid-1980's to provide accounting and auditing services for several cable and child-care companies which Wells owned and/or ran.

24. From its inception through approximately 1992, MCA utilized the Detroit office of BDO Seidman, where Morris was employed as a partner, for auditing services. In the early 1990's, however, BDO Seidman fired Morris, and Morris joined Doeren Mayhew. Shortly thereafter, Morris made a proposal to MCA executives, which MCA accepted, for Doeren Mayhew and Morris to provide auditing and other services to MCA.

25. Soon after MCA retained Doeren Mayhew and Morris, Morris was advised by MCA executives that MCA believed it needed a national accounting firm in addition to Doeren Mayhew to act as MCA's auditors.

26. Morris searched for an accounting firm with a national reputation that would perform a joint audit of MCA with Doeren Mayhew. Morris knew the managing partner at Grant Thornton's Detroit office and contacted him to determine if Grant Thornton would be interested.

27. At that time, Grant Thornton's Detroit office was engaged in a marketing program entitled the Shared Professional Services Program. Grant Thornton, through this program, entered into joint ventures with local accounting firms whose clients needed the additional expertise and name recognition of a larger, nationally recognized firm.

28. MCA hired Grant Thornton to jointly perform annual financial statement audits with Doeren Mayhew beginning with the financial statements for the fiscal year ended January 31, 1993. Grant Thornton and Doeren Mayhew jointly audited MCA's annual financial statements from the fiscal year ended January 31, 1993 through the fiscal year ended January 31, 1998. Both firms jointly signed a report containing an unqualified opinion on MCA's financial statements in each of those years.

29. Grant Thornton's and Doeren Mayhew's relationship was governed by a Memorandum of Understanding, included in the workpapers for each audit. The Memorandum of Understanding for the 1998 MCA audit stated that Grant Thornton's audit and administrative guides would be utilized for the audit and that each firm would sign the audit report on the combined letterhead for both firms.

30. In the Memorandum of Understanding for the 1998 MCA audit, Morris of Doeren Mayhew and Behrens of Grant Thornton were assigned as engagement partners to "work jointly in planning and review."

31. According to the audit manual used in the 1998 MCA audit, the engagement partner's responsibilities included, among other things, overall responsibility for supervising the work of the audit team, keeping up-to-date with audit and accounting matters, considering the practical effects of new accounting developments with respect to audit clients and maintaining a knowledge of the industries in which clients operate.

32. As the engagement partners, Behrens and Morris each signed a workpaper in connection with the 1998 MCA audit: (a) confirming that the entire MCA engagement had been performed in accordance with professional standards; (b) confirming that related parties or unusual transactions and relationships were properly disclosed and documented in MCA's financial statements; and (c) agreeing with the issuance of the report containing an unqualified opinion.

33. Morris obtained personal mortgages through MCA in July 1994 for approximately $344,000 and in July 1995 for approximately $200,000. The 1994 mortgage was discharged when the 1995 mortgage was executed.

34. Morris did not review the auditors' workpapers for several key portions of the 1998 MCA audit, including the workpapers for mortgages and land contracts held for resale and gains on sale of real estate.

35. As late as 2001, Morris had only ever read the first 13 of the approximately 150 Statements of Financial Accounting Standards. Reading the Statements of Financial Accounting Standards was not "what [Morris did] for a living." Rather, he considered himself a "salesperson."

36. In the Memorandum of Understanding for the 1998 MCA audit, Rybicki of Doeren Mayhew was assigned to be the sole engagement manager. His responsibilities consisted of "coordinating the fieldwork between the two firms," "keeping the audit partners informed of the assignment progress on a current basis," reviewing assistants' field work and signing off on the appropriate line in the review module.

37. As the engagement manager, Rybicki signed a workpaper in connection with the 1998 MCA audit: (a) confirming that the entire MCA engagement had been performed in accordance with professional standards; (b) confirming that related parties or unusual transactions and relationships were properly disclosed and documented in MCA's financial statements; and (c) agreeing with the issuance of the report containing an unqualified opinion.

38. Rybicki socialized with Alexander Ajemian, MCA's Controller, while Doeren Mayhew acted as one of MCA's auditors.

39. Rybicki first met Ajemian in approximately 1987 when both were staff accountants at the Detroit office of Pannell Kerr & Forster ("Pannell Kerr"). Rybicki and Ajemian both played on Pannell Kerr's softball team. They continued playing on the same team even after each had left Pannell Kerr, including while Ajemian was MCA's Controller and Rybicki was the engagement manager for the MCA audits. Rybicki, Ajemian and the remainder of the softball team often ate and drank together after the games.

40. Between 1993 and 1998, Rybicki and Ajemian occasionally spent weekends in Petosky, Michigan, where they stayed at a lakefront condominium owned by MCA. During the same time period, Rybicki and Ajemian spoke socially on the telephone, ate together, water skied and traveled to the Kentucky Derby.

41. After MCA filed for bankruptcy in 1999 and Ajemian pled guilty in 2001 to federal criminal charges in connection with his conduct at MCA, Rybicki and Ajemian continued socializing. They dined together, attended sporting events, played on the same softball team and traveled together.

42. While acting as MCA's auditors, Doeren Mayhew and Grant Thornton personnel, including Behrens, Morris and Rybicki, sometimes attended a party held by Ajemian annually at his home and paid for by MCA known as the "Bean Counters Bash." This party was held to celebrate the completion of the annual audit.

43. MCA executives provided Doeren Mayhew and Grant Thornton auditors with free tickets to Detroit Red Wings hockey games and University of Michigan football games. MCA executives also invited the auditors to tailgate parties paid for by MCA at the football games.

44. Rybicki obtained a personal mortgage through MCA for approximately $59,000 to purchase his house in the early 1990's.

45. Grant Thornton and Doeren Mayhew performed the field work for the 1998 MCA audit in or about March and April of 1998. They issued a report, dated April 28, 1998, containing an unqualified opinion on MCA's 1998 annual financial statements. They received approximately $105,000 in fees for the audit. Behrens, Morris and Rybicki authorized and/or agreed with Grant Thornton's and Doeren Mayhew's issuance of the report containing an unqualified opinion.

46. The 1998 MCA audit workpapers calculated a materiality threshold of $820,000.

47. Grant Thornton and Doeren Mayhew consented in writing, dated May 19, 1998, to the inclusion of their report containing an unqualified opinion on MCA's 1998 annual financial statements in the Post-Effective Amendment. Behrens and Morris authorized Grant Thornton and Doeren Mayhew's consent to the inclusion of the report in the Post-Effective Amendment.

E. MCA'S FRAUD

48. Between at least 1994 and 1999, MCA executed a fraudulent scheme through the use of related party transactions to inflate and mischaracterize its income, assets and equity. As part of this scheme, MCA's 1998 annual financial statements were materially false and misleading and failed to comply with GAAP.

49. During the relevant period, senior officials of MCA signed false representation letters to Doeren Mayhew and Grant Thornton which stated that MCA's financial statements were fairly presented in conformity with GAAP. They also took affirmative steps in connection with the audits and examinations of the financial statements of MCA to mislead Doeren Mayhew and Grant Thornton, including giving instructions to alter documents and otherwise withhold information.[3]

1. MCA's Mortgage Banking Business

50. MCA primarily was involved in the residential mortgage-banking business. It acted as the lender, providing funds to borrowers to purchase homes. In exchange for the funds, the borrowers executed mortgages or land contracts in favor of MCA. By 1998, a significant percentage of MCA's mortgages and land contracts were "non-conforming," which means that the home buyers generally posed higher credit risks.

[3] In April 2002, the Commission filed a civil injunctive action against MCA's former officers and directors, including its former Chief Executive Officer and Chief Financial Officer. The Commission alleged, among other things, that these individuals had concealed their wrongful conduct from and lied to MCA's auditors. Thereafter, the United States filed criminal charges against many of these individuals, alleging that as part of the scheme to defraud, MCA's officers deceived the company's auditors. Since their indictment, six of MCA's former officers have pled to crimes arising from MCA's fraud.

51. MCA obtained the funds to lend to home buyers from short-term lines of credit, called warehouse lines, provided by a number of major banks. MCA repaid the warehouse lender the borrowed funds when the mortgages and land contracts were resold. MCA could maintain mortgages and land contracts on most of its warehouse lines for only approximately 180 days before repaying the warehouse lender. Until the mortgages and land contracts were resold, MCA recorded them as assets on its balance sheet under the headings of "Mortgages Held for Resale" or "Land Contracts Held for Resale."

52. MCA sought to resell mortgages and land contracts within a short period of time. MCA resold mortgages and land contracts to other mortgage bankers. MCA also packaged the mortgages and land contracts into pools and offered investors units of ownership interests in these pools, otherwise known as pass-through certificates. From 1991 through 1999, MCA sponsored and sold approximately 111 series of real estate pass-through certificates with assets totaling approximately $109 million.

2. MCA's Motive for its Fraudulent Scheme

53. At least as early as 1994, MCA realized that it was in financial trouble due to falling margins in its mortgage banking business. As an example of its financial problems, MCA disclosed in its 1995 annual report a net loss of $277,546.

54. In order to continue in business between 1994 and 1999, MCA needed to raise more capital than it could borrow from banks or obtain by selling pass-through certificates. Accordingly, from 1994 through 1999, MCA sold three series of corporate debentures totaling approximately $19 million. MCA filed registration statements for the debenture offerings with the Commission and also filed periodic reports with the Commission containing its financial statements under Section 15(d) of the Exchange Act.

55. MCA was concerned that investors would not invest in MCA debentures if MCA was reporting significant losses in its financial statements. MCA also was concerned that its warehouse lenders would not continue to provide lines of credit if MCA continued reporting significant losses in its financial statements. In addition, MCA planned to make a public offering of its stock and intended to use its financial statements as a means to induce potential investors to purchase MCA stock.

56. To avoid reporting significant losses in its financial statements, MCA executed a fraudulent scheme to inflate and mischaracterize its income, assets and equity in its financial statements from at least 1994 through 1999.

3. MCA's Execution of its Fraudulent Scheme

57. MCA's fraudulent scheme was accomplished through related party transactions and involved the following steps. MCA purchased distressed rental properties in the city of Detroit, sold them to the Related Limited Partnerships at inflated prices, advanced the Related Limited Partnerships small down payments (usually 10% or 20%) and accepted executed mortgages or

land contracts for the remainder of the purchase prices ("related party mortgages" or "related party land contracts").

58. MCA established the prices at which it sold the rental properties to the Related Limited Partnerships by calculating the value each property would have after substantial rehabilitation, even though rehabilitation work had not been completed or, for that matter, even begun. MCA then recognized the entire gain on each sale as revenue even though MCA knew that the Related Limited Partnerships could not afford to pay for the properties because of the inflated sales prices and the prevailing rental rates. In fact, the Related Limited Partnerships failed to make most of the required loan payments to MCA for the properties.

59. MCA recorded the money owing from the Related Limited Partnerships as a result of advancing the down payments on the asset side of its balance sheet under the heading of "Accounts Receivable-Related Parties." MCA carried those receivables without any valuation allowance despite the Related Limited Partnerships' inability to repay the receivables.

60. MCA fraudulently sold some related party mortgages and land contracts to the pools and carried the remainder at cost or with an inadequate allowance for loan losses under the headings of "Mortgages Held for Resale" or "Land Contracts Held for Resale" despite the Related Limited Partnerships' inability to repay and the inadequate collateral. The collateral for these mortgages and land contracts was the real estate which MCA had sold to the Related Limited Partnerships at inflated prices. As a result, MCA knew that foreclosing on the collateral would not result in MCA receiving the full principal amount of the loans.

61. MCA did not disclose in its financial statements that a material amount of its mortgages and land contracts held for resale were related party mortgages and land contracts.

62. MCA utilized the same collateral to support multiple related party mortgages and land contracts ("double pledging") and also carried the additional mortgages and land contracts at cost or with an inadequate allowance for loan losses despite the Related Limited Partnerships' inability to repay the mortgages and land contracts and the inadequate, double pledged collateral.

63. MCA also engaged in a practice its personnel called "remetering" the related party mortgages and land contracts. "Remetering" meant that MCA had the Related Limited Partnerships execute new mortgages and land contracts in favor of MCA to discharge older related party mortgages and land contracts provided to MCA on the same real estate. MCA engaged in "remetering" to disguise the age of the loans from MCA's warehouse lenders. MCA carried "remetered" related party mortgages and land contracts at cost or with an inadequate allowance for loan losses despite MCA's prolonged inability to sell these loans, the Related Limited Partnerships' prolonged inability to make the required loan payments, and the inadequacy of the collateral.

4. MCA's Securities Laws Violations and Failures to Comply with GAAP

64. In connection with the conduct alleged above, MCA violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder by utilizing annual

financial statements included in annual reports and registration statements and the amendments thereto, which financial statements were materially false and misleading and failed to comply with GAAP, in the offer and sale and in connection with the purchase and sale of debentures. MCA sold approximately $2.2 million of debentures after filing with the Commission on or about May 1, 1998 its 1998 annual report containing its materially false and misleading 1998 annual financial statements that failed to comply with GAAP. MCA sold approximately $1.9 million of debentures after filing with the Commission on or about May 19, 1998 the Post-Effective Amendment containing its materially false and misleading 1998 annual financial statements that failed to comply with GAAP.

65. In connection with the conduct alleged above, MCA violated Section 15(d) of the Exchange Act and Rules 12b-20 and 15d-1 thereunder by filing with the Commission annual reports which contained materially false and misleading financial statements that failed to comply with GAAP. MCA filed its 1998 annual report containing its 1998 annual financial statements, which were materially false and misleading and failed to comply with GAAP, on or about May 1, 1998.

66. In connection with the conduct alleged above, MCA filed financial statements with the Commission that were materially false and misleading and failed to comply with GAAP because MCA failed to disclose material, related party mortgages and land contracts held for resale as required by Statement of Financial Accounting Standards No. 57 (FAS 57), "Related Party Disclosures." In its 1998 annual financial statements, MCA improperly failed to disclose that the borrowers on approximately $39.8 million of its approximately $102.2 million of mortgages held for resale and approximately $6.7 million of its approximately $20.7 million of land contracts held for resale were the Related Limited Partnerships. In its 1998 annual financial statements, MCA reported approximately $259 million in assets and approximately $13.3 million in net worth.

67. In connection with the conduct alleged above, MCA failed to comply with Regulation S-X Rule 4-08(k) promulgated under the Exchange Act which requires disclosure of related party transactions, including the amounts of those transactions, on the face of the balance sheet, income statement and statement of cash flows. In its 1998 annual financial statements, MCA failed to disclose on the face of its balance sheet that the borrowers on approximately $39.8 million of its approximately $102.2 million of mortgages held for resale and approximately $6.7 million of its approximately $20.7 million of land contracts held for resale were the Related Limited Partnerships.

68. In connection with the conduct alleged above, MCA's financial statements were materially false and misleading and failed to comply with GAAP because MCA, contrary to the requirements of Statement of Financial Accounting Standards No. 65 (FAS 65), "Accounting for Certain Mortgage Banking Activities," carried related party mortgages and land contracts held for resale, including "remetered" and double-pledged related party mortgages and land contracts held for resale, at cost or with an inadequate allowance for loan losses instead of at the lower of cost or market. In its 1998 annual financial statements, MCA improperly failed to carry approximately $39.8 million in related party mortgages held for resale and approximately $6.7

million in related party land contracts held for resale, which included "remetered" and double-pledged mortgages and land contracts held for resale, at the lower of cost or market.

69. In connection with the conduct alleged above, MCA's financial statements were materially false and misleading and failed to comply with GAAP because, contrary to the requirements of Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies," MCA carried receivables owed by PCA and the Related Limited Partnerships without any valuation allowance even though MCA knew that PCA and the Related Limited Partnerships were unable to repay the debt. In its 1998 annual financial statements, MCA improperly carried approximately $3.6 million in receivables owed by PCA and the Related Limited Partnerships ("related party receivables") without any valuation allowance.

F. RESPONDENTS' RESPONSE TO MCA'S SECURITIES LAWS VIOLATIONS

70. As alleged above, MCA violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder by utilizing its 1998 annual financial statements included in its 1998 annual report and the Post-Effective Amendment, which financial statements failed to disclose material, related party transactions, in the offer and sale and in connection with the purchase and sale of debentures. Also, as alleged above, MCA violated Section 15(d) of the Exchange Act and Rules 12b-20 and 15d-1 thereunder by filing with the Commission its 1998 annual report which contained the 1998 annual financial statements that failed to disclose material, related party transactions.

71. During the 1998 MCA audit, Behrens, Morris and Rybicki knew that millions of dollars of the mortgages and land contracts held for resale reported in MCA's 1998 annual financial statements consisted of related party mortgages and land contracts. Behrens, Morris and Rybicki obtained this knowledge through their preparation of the 1998 MCA audit plan, their review of the 1998 audit workpapers and other materials, their performance of audit procedures during the 1998 audit, their communications with MCA executives and/or their knowledge of MCA's business from prior audits.

72. Specifically with respect to the workpapers, Behrens and Rybicki reviewed workpapers as part of the 1998 MCA audit which showed that MCA sold approximately $10.8 million in real estate to the Related Limited Partnerships in fiscal year 1998. Those workpapers also showed that MCA advanced the Related Limited Partnerships a small down payment for the real estate and accepted an executed mortgage or land contract for the remaining portion of the purchase price. Those workpapers further calculated that approximately $4.9 million of those related party mortgages and land contracts had not been sold as of MCA's balance sheet date and thus were included in the total mortgages or land contracts held for resale as reported in MCA's 1998 annual financial statements.

73. Behrens and Rybicki also reviewed workpapers as part of the 1998 MCA audit which contained balance sheets for the Related Limited Partnerships reflecting approximately $57.3 million in liabilities under the heading of "Mortgages and Land Contracts Payable."

74. Behrens and Rybicki additionally reviewed workpapers as part of the 1998 MCA audit which showed that approximately $4.0 million of MCA's land contracts held for resale, those that had been pledged as collateral for one of MCA's debenture offerings, were related party land contracts.

75. During the 1998 MCA audit, Behrens, Morris and Rybicki read MCA's 1998 annual financial statements. Those financial statements did not disclose any related party mortgages or land contracts held for resale or state the total amount of such mortgages and land contracts held for resale.

76. Grant Thornton and Doeren Mayhew issued a report, dated April 28, 1998, containing an unqualified opinion on MCA's 1998 annual financial statements even though Behrens, Morris and Rybicki knew that MCA had failed to disclose material, related party mortgages and land contracts. Behrens, Morris and Rybicki authorized and/or agreed with Grant Thornton's and Doeren Mayhew's issuance of the report containing an unqualified opinion. MCA sold approximately $2.2 million of debentures after filing its 1998 annual report containing its 1998 annual financial statements with the Commission on or about May 1, 1998.

77. Grant Thornton and Doeren Mayhew consented in writing, dated May 19, 1998, to the inclusion of their report containing an unqualified opinion on MCA's 1998 annual financial statements in the Post-Effective Amendment. Behrens and Morris authorized Grant Thornton's and Doeren Mayhew's consent to the inclusion of the report in the Post-Effective Amendment. MCA sold approximately $1.9 million of debentures after filing with the Commission on or about May 19, 1998 the Post-Effective Amendment, which contained its 1998 annual financial statements.

G. RESPONDENTS' VIOLATIONS OF OR CAUSING AND AIDING AND ABETTING VIOLATIONS OF SECTION 10A OF THE EXCHANGE ACT

78. As alleged above, during the 1998 MCA audit, Behrens, Morris and Rybicki knew that millions of dollars of the mortgages and land contracts held for resale reported in MCA's 1998 annual financial statements consisted of related party mortgages and land contracts.

79. As alleged above, during the 1998 MCA audit, Behrens, Morris and Rybicki read MCA's 1998 annual financial statements. Those financial statements did not disclose any related party mortgages or land contracts held for resale or state the total amount of such mortgages and land contracts held for resale.

80. As alleged above, MCA violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder by utilizing the 1998 annual financial statements included in its 1998 annual report and the Post-Effective Amendment, which financial statements failed to disclose material, related party transactions, in the offer and sale and in connection with the purchase and sale of debentures. Also, as alleged above, MCA violated Section 15(d) of the Exchange Act and Rules 12b-20 and 15d-1 thereunder by filing with the Commission its 1998 annual report which contained the 1998 annual financial statements that failed to disclose material, related party transactions.

81. As a result, during the 1998 MCA audit, Behrens, Morris and Rybicki had access to information indicating that illegal acts had or may have occurred as a result of MCA's failure to disclose material, related party transactions in its 1998 annual financial statements.

82. During the 1998 MCA audit, Behrens, Morris and Rybicki knew that MCA had entered into related party mortgage and land contract transactions in the first, second and third quarter of MCA's 1998 fiscal year.

83. As part of the 1998 audit, Behrens, Morris and Rybicki read MCA's quarterly reports filed with the Commission on Form 10-Q during its fiscal year 1998. Those quarterly reports failed to disclose MCA's related party mortgages and land contracts or state the total amounts of such mortgages and land contracts.

84. MCA violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder by utilizing financial statements that failed to disclose material, related party transactions, which financial statements were included in its fiscal year 1998 quarterly reports on Form 10-Q, in the offer and sale and in connection with the purchase and sale of debentures. MCA violated Section 15(d) of the Exchange Act and Rules 12b-20 and 15d-13 thereunder by filing with the Commission quarterly reports on Form 10-Q during its 1998 fiscal year that failed to disclose material, related party transactions.

85. As a result, during the 1998 MCA audit, Behrens, Morris and Rybicki had access to information indicating that illegal acts had or may have occurred as a result of MCA's failure to disclose material, related party transactions in its fiscal year 1998 quarterly reports.

86. Behrens, Morris and Rybicki failed to inform MCA's Board of Directors about the illegal acts that were detected or otherwise came to their attention in the course of the 1998 MCA audit.

H. RESPONDENTS' IMPROPER PROFESSIONAL CONDUCT

1. Characterization of the 1998 MCA Audit as High Risk

87. Rybicki prepared, and Behrens and Morris reviewed, a workpaper in connection with the 1998 MCA audit entitled "Audit Planning." In this workpaper, Rybicki assessed the audit risk on the MCA engagement as "high." Later in the workpaper, Rybicki noted that the reasons for the high risk assessment were that MCA had "significant and/or frequent difficult to audit transactions or balances" and "material, related party transactions on a recurring basis."

88. Rybicki prepared, and Behrens and Morris reviewed, a workpaper in connection with the 1998 MCA audit entitled "Fraud Risk Assessment." In this workpaper, Rybicki answered several questions concerning fraud risk factors relating to MCA's operating characteristics and financial stability. Rybicki answered "yes" to the following questions:

1. "Are there assets, liabilities, revenues, or expenses based on significant estimates that involve unusually subjective judgments or uncertainties, or that are subject to potential significant change in the near term in a manner that may have a financially disruptive effect on the entity - such as ultimate collectibility of receivables, timing of revenue recognition, realizability of financial instruments based on the highly subjective valuation of collateral or difficult-to-assess repayment sources, or significant deferral of costs?"

2. "Are there significant related-party transactions not in the ordinary course of business or with related entities not audited or audited by another firm?"

3. "Are there significant, unusual, or highly complex transactions, especially those close to year end, that pose difficult "substance over form" questions?"

89. Rybicki stated in his Closing Memo for the 1998 MCA audit, which was reviewed by Morris and Behrens, that "the Company continues to enter into related party transactions that give rise to significant audit issues." Rybicki made a similar statement in the audit planning memo.

2. Inadequate Audit Concerning Disclosure of Related Party Transactions

90. As alleged above, during the 1998 MCA audit, Behrens, Morris and Rybicki knew that millions of dollars of the mortgages and land contracts held for resale reported in MCA's 1998 annual financial statements consisted of related party mortgages and land contracts.

91. As alleged above, during the 1998 MCA audit, Behrens, Morris and Rybicki read MCA's 1998 annual financial statements. Those financial statements did not disclose any related party mortgages or land contracts held for resale or state the total amount of such mortgages and land contracts held for resale.

92. Despite their knowledge of millions of dollars of undisclosed related party transactions, Behrens, Morris and Rybicki did not inquire of MCA's management its reasons for failing to disclose those transactions.

93. Despite their knowledge of millions of dollars of undisclosed related party transactions, Behrens, Morris and Rybicki did not design audit procedures to test the total amount of undisclosed related party mortgages and land contracts held for resale included in MCA's total mortgages and land contracts held for resale as reported in its 1998 annual financial statements.

94. Despite having knowledge to the contrary, Behrens, Morris and Rybicki each initialed a workpaper in connection with the 1998 MCA audit which stated that "related parties

or unusual transactions and relationships have been properly accounted for, disclosed and documented."

95. Despite having knowledge to the contrary, Rybicki prepared a workpaper in connection with the 1998 MCA audit which confirmed that all of MCA's related party transactions had been disclosed on the face of its balance sheet. Rybicki also initialed and Behrens reviewed a workpaper which stated that auditing procedures regarding disclosure of related party loans were not applicable.

96. Grant Thornton and Doeren Mayhew issued a report containing an unqualified opinion on MCA's 1998 annual financial statements even though Behrens, Morris and Rybicki knew that MCA had failed to disclose material, related party mortgages and land contracts. Behrens, Morris and Rybicki authorized and/or agreed with Grant Thornton's and Doeren Mayhew's issuance of the report containing an unqualified opinion.

3. Inadequate Audit of MCA's Mortgages and Land Contracts Held for Resale

97. GAAP requires that mortgages and land contracts held for sale be carried at the lower of cost or market.

98. Behrens, Morris and Rybicki prepared the 1998 MCA audit plan which included the following procedures to purportedly test the valuation of the mortgages and land contracts held for resale as reported in MCA's 1998 annual financial statements.

99. Rybicki selected two samples, one for mortgages held for resale and one for land contracts held for resale. The majority of both samples consisted of mortgages or land contracts that had not been sold between the end of the fiscal year and the performance of the audit field work. For these mortgages and land contracts, the auditors compared MCA's carrying value of the mortgage or land contract to the face amount on the promissory note executed in connection with the mortgage or land contract. For each item sampled, the auditors concluded that the two amounts were identical.

100. The remaining portion of the samples consisted of mortgages or land contracts which had been sold between the end of the fiscal year and the performance of the audit field work. For these mortgages and land contracts, the auditors compared MCA's carrying value of the mortgage or land contract to the sale price and determined whether MCA received the sale price in cash. For each item sampled, the auditors concluded that the sale price was equal to or exceeded the carrying value of the land contract or mortgage and that MCA received the sale price in cash.

101. In connection with the 1998 MCA audit, Behrens, Morris and Rybicki were aware of several red flags that should have caused them to exercise heightened skepticism and seek additional competent evidential matter regarding MCA's valuation of its mortgages and land contracts held for resale.

102. Behrens, Morris and Rybicki were aware of several of the red flags while planning the 1998 MCA audit. First, the 1998 MCA audit was classified as a high risk audit because of, among other things, MCA's numerous and significant related party transactions. Second, approximately 82% of MCA's 1998 pretax income was derived from the sale of real estate to the Related Limited Partnerships. Third, in 1996 and 1997, MCA would have reported a pretax loss of approximately $5.4 million and $6.8 million, respectively, without revenue from sales of real estate to the Related Limited Partnerships. Fourth, sales of real estate to the Related Limited Partnerships resulted in the creation of millions of dollars of MCA's mortgages and land contracts held for resale. Fifth, MCA's total carrying value for mortgages and land contracts held for resale increased approximately 88% and 100%, respectively, between 1997 and 1998, while MCA only generated an additional approximately 25.5% in loan production and the average loan origination amount decreased by approximately 6.5%. Sixth, MCA was taking significantly more time to sell loans in 1998 than in 1997 since MCA was reporting that approximately 8.6% of fiscal year 1997 loan production had not been sold in fiscal year 1997 whereas approximately 13% of fiscal year 1998 loan production had not been sold in fiscal year 1998.

103. Then, during the field work for the 1998 MCA audit, Behrens and Rybicki became aware of an additional red flag concerning MCA's valuation of its mortgages and land contracts held for resale. This red flag should have caused them to exercise heightened skepticism regarding the valuation of MCA's mortgages and land contracts held for resale and to seek additional competent evidential matter.

104. Specifically, Behrens and Rybicki reviewed workpapers which revealed that approximately 46 unsold mortgages held for resale, with a total carrying value of approximately $2,709,031, included in Rybicki's sample of mortgages held for resale were older than 90 days. Rybicki's sample of mortgages held for resale consisted of approximately 128 unsold mortgages held for resale with a total carrying value of approximately $7.2 million. The workpapers reviewed by Behrens and Rybicki also revealed that approximately 21 unsold mortgages included in that sample, with a carrying value of approximately $1.4 million, were older than 180 days. MCA claimed in its 1998 annual report that it typically sold loans within 45 to 60 days of closing.

105. Behrens and Rybicki also reviewed workpapers in connection with the 1998 MCA audit which revealed that at least approximately $3.3 million of MCA's mortgages and land contracts held for resale were more than 90 days old and that the borrowers on those mortgages and land contracts were the Related Limited Partnerships.

106. Despite their awareness that MCA was experiencing difficulty selling millions of dollars of mortgages and land contracts, Behrens and Rybicki did not exercise heightened skepticism or require additional competent evidential matter concerning the valuation of MCA's mortgages and land contracts held for resale.

107. Behrens and Rybicki also did not ask MCA's management to explain the reasons MCA was experiencing difficulty selling millions of dollars of mortgages and land contracts held for resale.

108. Behrens and Rybicki also took no action to determine the total amount of MCA's related party mortgages and land contracts held for resale which were older than 90 or 180 days.

109. Behrens and Rybicki also approved of the audit program for mortgages and land contracts held for resale even though the program labeled as not applicable several procedures that would have tested the valuation of MCA's mortgages and land contracts held for resale. Those procedures would have entailed the auditors computing the amount of impaired loans, obtaining recent past due listings of loans and obtaining information concerning the aggregate amount of non-performing, past due over 90 days or potential problem related party loans. Behrens and Rybicki approved of the audit program despite their awareness of MCA's inability to sell millions of dollars of mortgages and land contracts held for resale.

4. Inadequate Audit of MCA's Related Party Receivables

110. In connection with the 1998 MCA audit, Behrens, Morris and Rybicki designed two primary tests to verify whether the receivables due from the Related Limited Partnerships and PCA were properly valued at approximately $3.6 million. Those tests focused on the collectibility of the receivables.

111. The first test was to review the Related Limited Partnerships' unaudited financial statements, which were prepared by management for the Related Limited Partnerships, to assess whether the Related Limited Partnerships' cash flow from operations was sufficient to repay the receivables. Through this testing, Behrens, Morris and Rybicki learned of a red flag, which was that the Related Limited Partnerships were projecting a negative cash flow of $116,737 for calendar year 1998. Behrens, Morris and Rybicki thus knew that the Related Limited Partnerships likely would be unable to repay the receivables with cash from operations during calendar year 1998.

112. The other test was a "liquidation analysis" to calculate whether the receivables could be repaid if the Related Limited Partnerships were liquidated.

113. In connection with the liquidation analysis, Behrens, Morris and Rybicki relied on estimated fair market values provided by management for the Related Limited Partnerships to test whether the Related Limited Partnerships had appropriately valued the properties that the Related Limited Partnerships purchased from MCA. Behrens, Morris and Rybicki also relied on property appraisals performed by the brother-in-law of MCA's CEO while employed by a company that the auditors listed as an MCA subsidiary. Rybicki specifically noted in the workpapers that this appraiser was a "Related Entity." Nearly all of the Related Limited Partnerships' assets were the properties purchased from MCA.

114. In connection with the liquidation analysis, Behrens and Rybicki became aware of a red flag through reviewing audit workpapers which revealed that the Related Limited Partnerships' property sales in calendar year 1997 generated an accounting loss of approximately $750,000, calculated by subtracting the net book value for all the properties sold from the total net sales proceeds for those properties.

115. Although Behrens and Rybicki did not do so, the same workpapers contained information from which it could be estimated that the Related Limited Partnerships' property sales in calendar year 1997 generated a negative cash flow of approximately $264,000, calculated by subtracting the total estimated debt on the properties sold from the total net sales proceeds for those properties.

116. Despite the Related Limited Partnerships' projected negative cash flow from operations in calendar year 1998 and the Related Limited Partnerships' actual accounting losses and estimated negative cash flow from property sales in calendar year 1997, Behrens, Morris and Rybicki improperly concluded based on the liquidation analysis that the $3.6 million in receivables due from PCA and the Related Limited Partnerships were properly valued.

117. Despite the Related Limited Partnerships' projected negative cash flow from operations in calendar year 1998 and the Related Limited Partnerships' actual accounting losses and estimated negative cash flow from property sales in calendar year 1997, Behrens, Morris and Rybicki did not exercise heightened skepticism or obtain sufficient competent evidential matter concerning the valuation of the receivables due from PCA and the Related Limited Partnerships.

I. RESPONDENTS' VIOLATIONS

118. By virtue of the conduct alleged above, Grant Thornton, Doeren Mayhew, Behrens, Morris and Rybicki caused and willfully aided and abetted MCA's violations of Section 15(d) of the Exchange Act and Rules 12b-20 and 15d-1 thereunder, which prohibit issuers from filing annual reports with the Commission that are materially false and misleading or that require the inclusion of additional material information to make required statements not misleading.

119. By virtue of the conduct alleged above, Grant Thornton and Doeren Mayhew willfully violated and Behrens, Morris and Rybicki willfully aided and abetted violations of Section 10A of the Exchange Act, which requires auditors that detect or otherwise become aware of information indicating that an illegal act has or may have occurred to assure that the audit committee of the issuer or the board of directors of the issuer in the absence of such a committee is adequately informed with respect to illegal acts that have been detected or otherwise come to the attention of the auditor unless the illegal act is clearly inconsequential.

120. By virtue of the conduct alleged above, Grant Thornton, Doeren Mayhew, Behrens, Morris and Rybicki recklessly failed to conduct the 1998 MCA audit in accordance with GAAS as a result of their: (a) issuance of or authorization and/or agreement with the issuance of a report containing an unqualified opinion on MCA's 1998 annual financial statements while knowing that MCA failed to disclose material, related party transactions; (b) failure to adequately plan the audit; (c) failure to exercise appropriate professional skepticism; and (d) failure to obtain sufficient competent evidential matter.

121. By virtue of the conduct alleged above, Grant Thornton, Doeren Mayhew, Behrens, Morris and Rybicki engaged in improper professional conduct within the meaning of Rule 102(e) of the Commission's Rules of Practice by recklessly engaging in conduct that resulted in

violations of professional standards in connection with the 1998 MCA audit. Grant Thornton, Doeren Mayhew, Behrens, Morris and Rybicki recklessly failed to follow applicable auditing standards in the areas of mortgages and land contracts held for resale and related party receivables.

J. CERTAIN STEPS TAKEN BY GRANT THORNTON SINCE THE MCA AUDIT

122. Grant Thornton restructured the oversight responsibilities of its Senior Leadership in January 2003. Client services personnel and the Professional Standards Group now report to different senior management thereby clearly separating the reporting lines of its Professional Standards Group personnel from personnel who deliver client services. Since 1997, the number of professionals in the Professional Standards Group, which is responsible for quality control, has increased from 13 to 40. The Professional Standards Group, among other things: (i) monitors accounting, auditing, SEC and ethical standards and other professional requirements; (ii) consults with professional personnel on auditing, ethical and regulatory matters; and (iii) sets the firm's quality control standards, policies and procedures and monitors the firm's compliance with the same. The partner in charge of the Firm's practice quality reviews reports to and works directly with the senior leaders of the Professional Standards Group. Audit engagement teams are required to follow the guidance of the Professional Standards Group. New quality control elements also have been introduced throughout the firm. For example, Grant Thornton has intensified its client acceptance process, using a new software tool and employing five individuals dedicated to background investigations. The firm also uses an engagement profile factor database on each audit to assist the auditor's risk assessment. Annual meetings are held between members of the Professional Standards Group and the managing partners of the firm's offices to assist in the evaluation of whether to retain clients. In addition, Regional professional standards group members respond to office technical standards inquiries, consult on matters relating to accounting and auditing, approve and participate as necessary in contacts with the SEC and determine, on a case by case basis, the extent of their further involvement with SEC clients.

K. UNDERTAKINGS BY GRANT THORNTON

Respondent Grant Thornton undertakes the following:

1. Monetary Payment: Within 10 days of the date of this Order, Grant Thornton shall pay $1.5 million as a penalty ("penalty amount"). Payment of the penalty amount shall be: (a) made by United States postal money order, certified check, bank cashier's check or bank money order; (b) made payable to the Securities and Exchange Commission; (c) hand-delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, VA 22312; and submitted under cover letter that identifies Grant Thornton as a Respondent in these proceedings, the file number of these proceedings, copies of which cover letter and money order or check shall be sent to Peter K.M. Chan, Assistant Regional Director, Midwest Regional Office, U.S. Securities and Exchange Commission, 175 W. Jackson Blvd., Suite 900, Chicago, IL 60604. Within 60 days of the payment, the staff of the Division of

Enforcement shall submit a distribution plan to the Commission for the distribution of the penalty amount and the disgorgement and prejudgment interest amounts (pursuant to paragraph IV.B. below) to holders of MCA Financial Corp.'s 11% Subordinated Debentures, Series 1997 due June 1, 2003.

2. Firm-wide Fraud-Detection Training: Grant Thornton shall require its audit professionals to undergo fraud detection training conducted by the Association of Certified Fraud Examiners. Such training must be completed within 24 months from the date of the Order. The training will include techniques in detecting and responding to possible fraud by audit clients or by employees, officers or directors of audit clients. Grant Thornton shall provide all necessary funding, in the amount of at least $1 million, for such training.

3. Cessation of Joint Audits: For a period of 5 years, Grant Thornton shall cease all joint audit arrangements with other auditors in connection with audits of Commission registrants, other than joint audit arrangements required by foreign jurisdictions.

L. UNDERTAKINGS BY DOEREN MAYHEW

Respondent Doeren Mayhew undertakes the following:

1. Doeren Mayhew, which voluntarily discontinued conducting public audits as of March 19, 2003, undertakes that, for a six-month period following the issuance of this Order, it will not accept new engagements for public company audits.

2. For a three-year period commencing with the retention of Doeren Mayhew to conduct an audit of the financial statements of an "issuer" as that term is defined in Section 10A(f) of the Securities Exchange Act of 1934 (a "public company audit"), Doeren Mayhew will establish and implement the following policies and procedures specifically designed to improve the quality of its public company audit practice as described below:

a. Development of Procedures for Public Company Audits

Doeren Mayhew undertakes to appoint knowledgeable and experienced directors of its firm to oversee the specific areas targeted for improvement herein – public company audit planning and staffing; public company audit quality control; and public company audit independence. The directors designated to carry out these roles will be responsible for Doeren Mayhew's compliance with the relevant undertakings. Directors who fulfill any of these roles with respect to a particular public company audit will not perform other work on that audit.

Public Company Audit Oversight Director: Doeren Mayhew will appoint a Public Company Audit Oversight Director to oversee each public company audit. The Public Company Audit Director shall be reasonably experienced and qualified in performing public company audits. The Public Company Audit Oversight Director's primary responsibility shall be reviewing the planning of the particular public company audit. The Public Company Audit Oversight Director also will be responsible for approval of the assignment of personnel on each public company audit, including the engagement and reviewing directors.

Upon completion of the relevant public company audit, the Public Company Audit Oversight Director and the Quality Control Director shall consult with one another about the planning and execution of the audit and discuss any outstanding issues with the engagement director. The engagement director shall confirm that such consultation has occurred prior to signing off on the audit.

The Public Company Audit Oversight Director shall not act as the engagement director or concurring director or perform other work on the relevant public company audit except in the capacity of Public Company Audit Oversight Director.

Quality Control Director: Doeren Mayhew will designate a Quality Control Director as the person responsible for reviewing the execution of each public company audit to ensure compliance with GAAS. The Quality Control Director may act as the concurring director on the relevant public audit. All differences of professional judgment within an engagement team will be resolved by the engagement director and Quality Control Director. The resolution of the differences must be appropriately documented. If a member of the engagement team continues to disagree with the resolution, the member may disassociate from the resolution of the matter and will be offered the opportunity to document that a disagreement exists.

As noted above, upon completion of the relevant public company audit, the Quality Control Director and the Public Company Audit Oversight Director shall consult with one another about the planning and execution of the audit and discuss any outstanding issues with the engagement director. The engagement director shall confirm that such consultation has occurred prior to signing off on the audit.

The Quality Control Director shall not act as the engagement director or otherwise work on the relevant public company audit other than as set forth in this section.

Independence Oversight Director: To promote the independent judgment necessary for high quality public company audit work, Doeren Mayhew will develop and maintain policies and procedures relating to independence, objectivity and integrity. Such policies will include the Doeren Mayhew's interpretations of professional and regulatory requirements, and guidance for identifying and resolving independence issues. Doeren Mayhew will designate an Independence Oversight Director to provide guidance regarding application of these policies and procedures, answer questions and resolve matters, and determine the circumstances that might require consultation with sources outside Doeren Mayhew.

Doeren Mayhew will require written representations from personnel engaged in public company audits, upon hire and on an annual basis, that they are familiar with and are in compliance with professional standards and Doeren Mayhew's policies and procedures regarding independence, integrity and objectivity. The Independence Oversight Director will be responsible for obtaining these written representations, reviewing compliance files for completeness, and resolving reported exceptions in consultation with Doeren Mayhew's Quality Control Director.

Through the Independence Oversight Director, Doeren Mayhew will emphasize the concepts of independence, integrity, and objectivity in Doeren Mayhew's professional development meetings, in the acceptance and continuance of public company audit clients and engagements, and in the performance of engagements, including discussing the implications regarding engagements for financial institutions, such as prohibiting any member of the engagement team from having a loan with the institution, and the types of nonattest services and relationships that could affect independence.

The Independence Oversight Director will inform personnel on a timely basis of those entities to which independence policies apply, by: preparing and maintaining lists of entities to which independence policies apply; making the lists available to personnel who need them to determine their independence (including personnel new to Doeren Mayhew or to an office, and certain former directors); and notifying personnel of changes in the lists on a timely basis via a memorandum or Doeren Mayhew's email system.

The Independence Oversight Director shall not act as an engagement director or concurring director or perform other work on any public company audits, except in the capacity of Independence Oversight Director.

b. Development of Standards for Public Company Audits

Professional Development Program: Doeren Mayhew will establish procedures designed to provide reasonable assurances that all public company audits are performed, supervised, reviewed, documented, and communicated in accordance with the relevant professional, regulatory and firm requirements. Doeren Mayhew will maintain a professional development program designed to provide reasonable assurances that personnel serving public company audit clients participate in professional development activities in accordance with firm guidelines and in subjects that are relevant to their responsibilities.

Qualifications of Public Company Audit Personnel: Doeren Mayhew will establish procedures for documenting the qualifications, training and current responsibilities of senior audit personnel assigned to each audit engagement. Doeren Mayhew will establish minimum qualifications for senior managers, engagement directors and reviewing directors that focus on experience in public company audits and experience in addressing key accounting issues affecting the client's business.

Personnel assignments for public company audits will be made based on the degree of technical training and proficiency required in the circumstances and the nature and extent of available supervision. Assignments of personnel will be based on such factors as: engagement size and complexity; specialized experience and expertise required; personnel availability and the involvement of supervisory personnel; timing of the work to be performed; and continuity and rotation of personnel.

c. Evaluation of New and Existing Public Company Audit Clients

Doeren Mayhew will employ procedures to evaluate new and existing public company audit clients. This evaluation shall include: a review of Doeren Mayhew's client

acceptance/continuance evaluation; review of risk assessments and audit procedures related to "risk areas" pertinent to the client's business; and consultation outside the engagement team, regarding risk areas pertinent to the client's business that have quality control implications. A Quality Control Director will be assigned to carry out each such evaluation and will report to Doeren Mayhew regarding the results of such evaluation.

d. Joint Public Company Audits

Doeren Mayhew undertakes that, as a condition of its participation in any joint public company audit, the engagement letter shall specifically state that each participating audit firm be deemed jointly responsible for the performance of the audit. These responsibilities include, without limitation, (a) developing the audit plan; (b) ensuring that the joint audit is staffed with appropriately qualified and experienced personnel at all levels, including the engagement director; and (c) conducting a review of the execution of the audit for compliance with GAAS.

When participating in a joint audit, Doeren Mayhew will confirm the independence of the other firm or firms performing parts of an engagement, and, when Doeren Mayhew acts as principal auditor, will obtain and document independence representations from the other participant firm or firms. The Independence Oversight Director will be responsible for including in Doeren Mayhew's policies and procedures directives regarding the form, content, and frequency of independence representations that are to be obtained.

e. Third Party Review of Audit Procedures and Process

Within one year of Doeren Mayhew's engagement to conduct a public company audit, Doeren Mayhew will retain an independent accounting firm to review the personnel and quality enhancements undertaken consistent with this Order. The independent accounting firm shall, with respect to public company audits performed by Doeren Mayhew during that period, provide a written evaluation of the planning, execution and oversight functions described in this Order. The report will also evaluate Doeren Mayhew's performance with respect to implementing professional standards, regulatory requirements, and the Firm's policies and procedures. The independent accounting firm retained to conduct this review shall be registered with the Public Company Accounting Oversight Board ("PCAOB") and shall not be unacceptable to the Chief Accountant of the Commission. The report shall be completed and issued to the Firm within 180 days of the date of retention of the independent accounting firm and shall be filed with the PCAOB within 60 days of issuance to the Firm.

In determining whether to accept the Offers of Grant Thornton and Doeren Mayhew, the Commission has considered the undertakings set forth above.

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, effective immediately, that:

Grant Thornton

A. Grant Thornton is censured pursuant to Rule 102(e) of the Commission's Rules of Practice.

B. Within 10 days of the date of this Order, Grant Thornton shall pay disgorgement and prejudgment interest in the total amount of $59,749.41. Such payment shall be made within twenty (20) days of the entry of the Order. Such payments shall be: (A) made by United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, VA 22312; and (D) submitted under cover letter that identifies Grant Thornton as a Respondent in these proceedings and the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to Peter K.M. Chan, Assistant Regional Director, Midwest Regional Office, Securities and Exchange Commission, 175 West Jackson Boulevard, Ste. 900, Chicago, Illinois 60604.

Doeren Mayhew

C. Doeren Mayhew is censured pursuant to Rule 102(e) of the Commission's Rules of Practice.

D. Within 10 days of the date of this Order, Doeren Mayhew shall pay disgorgement and prejudgment interest in the total amount of $115,126.86. Such payment shall be made within twenty (20) days of the entry of the Order. Such payments shall be: (A) made by United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, VA 22312; and (D) submitted under cover letter that identifies Doeren Mayhew as a Respondent in these proceedings and the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to Peter K.M. Chan, Assistant Regional Director, Midwest Regional Office, Securities and Exchange Commission, 175 West Jackson Boulevard, Ste. 900, Chicago, Illinois 60604.

Behrens

E. Behrens is denied the privilege of appearing or practicing before the Commission as an accountant.

F. After three (3) years from the date of this order, Behrens 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 Behrens'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) Behrens, 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) Behrens, 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 Behrens's or the firm's quality control system that would indicate that Behrens 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) Behrens 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) Behrens acknowledges his responsibility, as long as he 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.

G. The Commission will consider an application by Behrens to resume appearing or practicing before the Commission provided that his state CPA license is current and he has resolved all other disciplinary issues with the applicable state boards of accountancy. However, if state licensure is dependant 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 relating to Behrens's character, integrity, professional conduct, or qualifications to appear or practice before the Commission.

Morris

H. Morris is denied the privilege of appearing or practicing before the Commission as an accountant.

I. After five (5) years from the date of this order, Morris 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 Morris'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) Morris, 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) Morris, 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 Morris's or the firm's quality control system that would indicate that Morris 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) Morris 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) Morris acknowledges his responsibility, as long as he 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.

J. The Commission will consider an application by Morris to resume appearing or practicing before the Commission provided that his state CPA license is current and he has resolved all other disciplinary issues with the applicable state boards of accountancy. However, if state licensure is dependant 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 relating to Morris's character, integrity, professional conduct, or qualifications to appear or practice before the Commission.

Rybicki

K. Rybicki is denied the privilege of appearing or practicing before the Commission as an accountant.

L. After one (1) year from the date of this order, Rybicki 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 Rybicki'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) Rybicki, 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) Rybicki, 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 Rybicki's or the firm's quality control system that would indicate that Rybicki 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) Rybicki 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) Rybicki acknowledges his responsibility, as long as he 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.

M. The Commission will consider an application by Rybicki to resume appearing or practicing before the Commission provided that his state CPA license is current and he has

resolved all other disciplinary issues with the applicable state boards of accountancy. However, if state licensure is dependant 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 relating to Rybicki's character, integrity, professional conduct, or qualifications to appear or practice before the Commission.

By the Commission

Jonathan G. Katz
Secretary