

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934  
Release No. 51686 / May 12, 2005

ACCOUNTING AND AUDITING ENFORCEMENT  
Release No. 2244 / May 12, 2005

ADMINISTRATIVE PROCEEDING  
File No. 3-10516

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In the Matter of \_\_\_\_\_ : ORDER GRANTING APPLICATION FOR  
Walter Cercavschi, 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

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On June 19, 2001, Walter Cercavschi ("Cercavschi") 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 Cercavschi pursuant to Rule 102(e)(3) of the Commission's Rules of Practice.<sup>1</sup> This order is issued in response to Cercavschi'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.

For each of the years 1994 through 1996, Cercavschi was a partner at Arthur Andersen and a member of the Waste Management, Inc. engagement team. The Commission's complaint alleged that Cercavschi knew of Waste Management's quantified misstatements and of accounting practices that gave rise to further possible misstatements. Still, he approved the issuance of an unqualified audit report. Furthermore, the complaint alleged that Cercavschi knew, or was reckless in not knowing, that the unqualified audit reports for the years 1994 through 1996 were materially false and misleading. Finally, it was alleged that Cercavschi knew

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<sup>1</sup> See Accounting and Auditing Enforcement Release No. 1408 dated June 19, 2001. Cercavschi 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).

that these unqualified audit reports would be incorporated into one or more registration statements filed with the Commission. He consented to the entry of an order of permanent injunction and a Rule 102(e) suspension order.

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, Cercavschi 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. Cercavschi 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, Cercavschi'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 Cercavschi, it appears that he has complied with the terms of the June 19, 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 Cercavschi, 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 Walter Cercavschi, 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