

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934  
Release No. 52321 / August 23, 2005

ACCOUNTING AND AUDITING ENFORCEMENT  
Release No. 2296 / August 23, 2005

ADMINISTRATIVE PROCEEDING  
File No. 3-10856

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

On August 1, 2002, David Friend ("Friend") was suspended from appearing or practicing as an accountant before the Commission as a result of settled public administrative proceedings and a cease-and-desist order instituted by the Commission pursuant to Rule 102(e) of the Commission's Rules of Practice.<sup>1</sup> This order is issued in response to Friend'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.

From August 1, 1996 through March 27, 1998, Friend was employed as the controller for Paragon Construction International, Inc. ("Paragon"), a wholly owned subsidiary of Golden Bear Golf, Inc. ("Golden Bear"). On October 19, 1998, Golden Bear restated its financial statements for the year-ended December 31, 1997 and quarter-ended March 31, 1998. From at least the second quarter of 1997 through the first quarter of 1998, Paragon senior management, aided by Friend, implemented a scheme to (1) inflate and accelerate revenue and gross margin recognition, (2) understate estimated construction costs, (3) overstate estimated construction

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<sup>1</sup> See Accounting and Auditing Enforcement Release No. 1603 dated August 1, 2002. Friend was permitted, pursuant to the order, to apply for reinstatement after two 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).

revenues, and (4) record revenues and gross margin in connection with non-existent contracts. As a result of these actions, the Commission found that Friend willfully violated Sections 10(b) and 13(b)(5) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rules 10b-5 and 13b2-1 promulgated thereunder. The Commission also found that Friend caused, and willfully aided and abetted, Golden Bear’s violations of Sections 13(a) and 13(b)(2)(A) of the Exchange Act and Rules 13a-1 and 13a-13 promulgated thereunder.

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, Friend 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. Friend 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, Friend’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 Friend, it appears that he has complied with the terms of the August 1, 2002 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 Friend, 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 David Friend, 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