

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 62136 / May 19, 2010

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3135 / May 19, 2010

ADMINISTRATIVE PROCEEDING
File No. 3-13114

In the Matter of	:	ORDER GRANTING APPLICATION FOR
	:	REINSTATEMENT TO APPEAR AND PRACTICE
Michael G. Lutze, CPA	:	BEFORE THE COMMISSION AS AN ACCOUNTANT
	:	
	:	

On August 5, 2008, Michael G. Lutze, CPA (“Lutze”) was denied the privilege of appearing or practicing as an accountant before the Commission as a result of settled public administrative proceedings instituted by the Commission against Lutze pursuant to Rule 102(e) of the Commission's Rules of Practice.¹ Lutze consented to the entry of the August 5, 2008 order without admitting or denying the findings therein. This order is issued in response to Lutze’s application for reinstatement to practice before the Commission as an accountant.

From April 2003 through May 2005, Lutze served as the coordinating partner on Ernst & Young LLP’s (“E&Y”) audits of the client at issue. The Commission alleged that on August 7, 2003, Lutze learned that a member of the client’s Board of Directors and Audit Committee was serving as a paid advisor to E&Y at the National Industry level. Lutze took no follow-up action to learn the relationship’s details or to assess its independence implications or to inform the client of the existence of the relationship. On May 4, 2004, E&Y informed the client of the relationship. On May 12, 2004, the client’s Audit Committee asked Lutze to confirm in writing that neither he, nor the prior coordinating partner, nor anyone currently serving on the audit engagement was aware at any time prior to May 4, 2004 of the relationship. On May 14, 2004, Lutze furnished to the client’s Audit Committee a letter on behalf of E&Y that failed to fully disclose the August 7, 2003 email that he had received. By failing to fully disclose the August 7, 2003 email that he had received, the Commission alleged that Lutze had engaged in improper

¹ See Accounting and Auditing Enforcement Release No. 2858 dated August 5, 2008. Lutze was permitted, pursuant to the order, to apply for reinstatement after one year upon making certain showings.

professional conduct under Rule 102(e) of the Commission's Rule of Practice and Section 4C of the Securities Exchange Act of 1934.

Lutze has met all of the conditions set forth in the original order and, in his capacity as an independent accountant, has stated that he will comply with all requirements of the Commission and the Public Company Accounting Oversight Board, including, but not limited to all requirements relating to registration, inspections, concurring partner reviews and quality control standards. 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, Lutze 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.

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."² This "good cause" determination is necessarily highly fact specific.

On the basis of the information supplied, representations made, and undertakings agreed to by Lutze, it appears that he has complied with the terms of the August 5, 2008 order denying him the privilege of appearing or practicing 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 Lutze, 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, and that Lutze, by undertaking to comply with all requirements of the Commission and the Public Company Accounting Oversight Board, including, but not limited to, all requirements relating to registration, inspections, concurring partner reviews and quality control standards, in his practice before the Commission as an independent accountant has shown good cause for reinstatement. Therefore, it is accordingly,

² 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).

ORDERED pursuant to Rule 102(e)(5)(i) of the Commission's Rules of Practice that Michael G. Lutze, CPA is hereby reinstated to appear and practice before the Commission as an accountant.

By the Commission.

Elizabeth M. Murphy
Secretary

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