

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 59224 / January 9, 2009

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 2918 / January 9, 2009

ADMINISTRATIVE PROCEEDING
File No. 3-11887

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

On April 7, 2005, Debra McClister, CPA (“McClister”) 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 McClister pursuant to Rule 102(e) of the Commission's Rules of Practice.¹ McClister consented to the entry of the order without admitting or denying the findings therein. This order is issued in response to McClister’s application for 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.

In 2000, Mail.com, Inc. (“EasyLink”)² improperly recognized and reported advertising revenue from barter transactions because it failed to comply with Generally Accepted Accounting Principles, as set forth in Emerging Issues Task Force Issue No. 99-17, “Accounting for Advertising Barter Transactions” (“EITF 99-17”), which became effective on January 20, 2000. EITF 99-17 generally permits recognition of revenue and expense from barter transactions only if the fair value of advertising surrendered in a barter transaction can be determined based on a company’s comparable cash transactions in the prior six months. In 2000, McClister, who served as EasyLink’s Executive Vice President and Chief Financial Officer, was unaware of EITF 99-17, and thus failed to apply it to the company’s barter transactions. By failing to

¹ See Accounting and Auditing Enforcement Release No. 2227 dated April 7, 2005. McClister was permitted, pursuant to the order, to apply for reinstatement after two years upon making certain showings.

² In April 2001, Mail.com, Inc. changed its name to EasyLink Services Corporation. In order to maintain consistency with the April 7, 2005 order, the company is referred to as EasyLink herein.

comply with EITF 99-17, EasyLink overstated its revenue for fiscal 2000 by \$4.85 million, or 8.6% of total revenue. EasyLink also overstated its revenue for the third quarter of 2000 by 16.1%. EasyLink reported its overstated revenue figures in its 2000 Form 10-K and its Form 10-Q for the third quarter of 2000. McClister participated in the payment arrangements for some of the barter transactions, and failed to account for the barter deals properly. She prepared and/or signed EasyLink's Form 10-K and Form 10-Q that included the overstated barter revenue.

In her 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, McClister attests that she will undertake to have her work reviewed by the independent audit committee of any company for which she works, or in some other manner acceptable to the Commission, while practicing before the Commission in this capacity. McClister is not, at this time, seeking to appear or practice before the Commission as an independent accountant. If she should wish to resume appearing and practicing before the Commission as an independent accountant, she will be required to submit an application to the Commission showing that she has complied and will comply with the terms of the original order, which denied her privilege of appearing and practicing before the Commission as an accountant, in this regard. Therefore, the denial of McClister's privilege of appearing or practicing 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 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."³ This "good cause" determination is necessarily highly fact specific.

On the basis of information supplied, representations made, and undertakings agreed to by McClister, it appears that she has complied with the terms of the April 7, 2005 order denying her 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 her character, integrity, professional conduct or qualifications to practice before the Commission that would be a basis for adverse action against her pursuant to Rule 102(e) of the Commission's Rules of Practice, and that McClister, by undertaking to have her work reviewed by the independent audit committee of any company for which she works, or in some other manner acceptable to the Commission, in her 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,

³ 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 Debra McClister, 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.

Elizabeth M. Murphy
Secretary