

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

Securities Exchange Act of 1934  
Release No. 53936 / June 2, 2006

Accounting and Auditing Enforcement  
Release No. 2436 / June 2, 2006

Administrative Proceeding  
File No. 3-12322

IN THE MATTER OF JAMES T. MCCURDY

On June 2, 2006, the Securities and Exchange Commission issued an Order Instituting Public Administrative Proceedings Pursuant to Rule 102(e) of the Commission's Rules of Practice and Notice of Hearing ("Order") against James T. McCurdy ("McCurdy"), alleging that McCurdy engaged in improper professional conduct in his role as concurring review partner on three mutual fund audits.

In the Order, the Division of Enforcement ("Division") and the Office of the Chief Accountant ("OCA") allege that McCurdy, formerly a partner of the accounting firm McCurdy & Associates CPAs, Inc. ("McCurdy & Associates") engaged in improper professional conduct in connection with his firm's audit of the financial statements of the Liquid Green Money Market Fund ("Liquid Green") for the fiscal year ended September 30, 2001, and the firm's audits of the financial statements of the Florida Street Bond Fund ("Florida Street") for the fiscal years ended October 31, 1999 and October 31, 2000.

The Division and the OCA further allege that, during the 2001 Liquid Green audit, McCurdy became aware that more than half of the securities in the fund's portfolio had stated maturity dates exceeding the 397 day period set forth in Rule 2a-7 under the Investment Company Act of 1940, but nevertheless he did not ensure that the engagement partner performed audit procedures to determine whether the securities were in fact eligible for a money market fund. As a result, McCurdy failed to detect that the fund's financial statements and related notes contained material misrepresentations, including that Liquid Green was a "money market fund" and that it was proper for the fund to use the amortized cost method to value its portfolio securities. Because he did not require the engagement partner to audit Liquid Green's financial statements properly and did not do so himself, McCurdy allowed his firm to issue an audit report with an unqualified opinion falsely representing that Liquid Green's financial statements fairly presented the fund's financial position in conformity with generally accepted accounting principles ("GAAP") and that McCurdy & Associates had conducted its audit in accordance with generally accepted auditing standards ("GAAS").

With respect to the Florida Street audits, the Division and the OCA allege that McCurdy assigned two inexperienced auditors as engagement partners and designated himself as the

concurring review partner for both the 1999 and 2000 Florida Street audits. Because McCurdy did not require the engagement partner in 1999 to audit Florida Street's statements properly, and did not do so himself, he failed to detect that the fund was continuing to accrue and carry interest for bonds that had missed interest payments, were in default, or had previously been sold and were no longer held by the fund, that the fund's interest receivable balance was overstated, and that, as a result, Florida Street's financial statements were not fairly presented in conformity with GAAP.

The Division and the OCA allege that, after Florida Street's interest accrual problems and overstated interest receivable balance came to light during the 2000 Florida Street audit, McCurdy allowed his firm to issue an audit report with an unqualified audit opinion on Florida Street's financial statements even though they failed to disclose the overstated interest receivable and the resulting repricing, interest write-offs and return of capital to shareholders. Furthermore, despite knowing that a portion of the interest Florida Street wrote off during the fiscal year ended October 31, 2000 related to the prior fiscal year ended October 31, 1999, McCurdy did not require the recording of a prior period adjustment or take any steps to determine whether Florida Street should restate its financial statements for prior periods.

A hearing will be scheduled before an administrative law judge to determine whether the allegations contained in the Order are true, to provide McCurdy with an opportunity to dispute the allegations, and to determine whether McCurdy should be censured by the Commission or temporarily or permanently denied the privilege of appearing or practicing before the Commission. The Order requires the Administrative Law Judge to issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.