

Qualified Opinion

Volume LVIII

November, 2008

Number 6

At a Glance:

Next Meeting:

Nov. 20, 2008

Carlyle's Grill

3660 Jackson Rd

Ann Arbor, MI

(West of Wagner Rd, at Quality
Cinemas)

Pre-Dinner Meeting: 5:45pm, \$12

Speaker: Peter Berry

Topic: "*Layered Audits*"

After-Dinner Meeting: 7pm, \$25

(includes both meetings and Dinner)

Speaker: Kristy Washington

Topic: "*IRS Education*"

Carlyle's Menu

Steak Salad served with soup

Ahi Tuna Salad served with Soup

Rotisserie Herb Chicken & Carlyle salad

Wild Mushroom Ravioli & Carlyle salad

½ Rack of Ribs & Carlyle Salad

Jumbo Lump Crab Cakes & Carlyle Salad

Whitefish & Carlyle Salad

Steak Wrap served with Soup

Steak Pizza with a Carlyle Salad

****Dessert may be substituted for soup or salad**

RSVP TODAY! Make your reservation today
with Mary Cortese at mfgram@yahoo.com or
call her at (734)-434-6218

RVSP for November 20th!

We are pleased to have **Peter Berry**, President of OB1 Consulting as our November speaker. Peter will be discussing Layered Audits and Related Issues. He has a very interesting background in law enforcement, customs, security, cross-border trade practices, and even service as a UN border patrol officer. Don't miss this meeting! OB1 Consulting Inc, is a management consultancy started in 2000, specializing in branding support, strategic planning, health and safety systems, risk management, Customs Trade Partnership Against Terrorism registration, leadership/customer service planning, production planning and quality management system development for the private and public service sector. They are specialists in making international management standards such as ISO 9001:2000 fit the needs and requirements of their clients.

Kristy Washington, Senior Stakeholder Liaison Specialist Small Business/Self-Employed Division, Internal Revenue Service, will be the second speaker of the evening. Kristy works with the tax professional community interfacing between them and the Internal Revenue Service. She also has an on-going relationship with the small business community educating them on products and services the IRS has available.

Kristy joined the IRS in 1987 as a Taxpayer Service Representative in Oakland, California. In 1989 she was promoted to a Taxpayer Service Specialist and relocated to Detroit, MI. In 1991, she joined the staff in the Office of Public Affairs, as a Public Affairs Specialist, and then later was promoted to the position of Electronic Filing Coordinator. Washington holds a bachelor's degree in Criminal Justice from Western Michigan University.

SEC Actions During Turmoil in Credit Markets

The mission of the Securities and Exchange Commission is to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation.

During the current turmoil in the credit markets, the SEC has worked closely with the Department of the Treasury, the Federal Reserve, and other regulators in the U.S. and around the world to protect investors and the markets.

The SEC administers the federal securities laws, requires disclosure by public companies, and brings enforcement actions against securities law violators.

While other federal and state agencies are legally responsible for regulating mortgage lending and the credit markets, the SEC has taken the following decisive actions to address the extraordinary challenges caused by the current credit crisis:

Aggressively Combating Fraud and Market Manipulation Through Enforcement Actions

Undertaking [sweeping enforcement measures](#) against market manipulation, and aggressively combating fraud that has contributed to the subprime crisis and the loss of confidence in credit markets. More than 50 pending SEC investigations in the subprime area.

Enforcement Division announced what will be the largest settlements in the history of the SEC for investors who bought auction rate securities from [Citigroup](#), [UBS](#), [Wachovia](#), [Merrill Lynch](#), [RBS Capital Markets Corp.](#), and [Bank of America](#).

Brought a landmark enforcement action [against a trader who spread false rumors](#) designed to drive down the price of stock.

Charged [two Bear Stearns hedge fund managers for fraudulently misleading investors](#) about the financial state of the firm's two largest hedge funds and their exposure to subprime mortgage-backed securities.

Charged [two Wall Street brokers with defrauding their customers](#) when making more than \$1 billion in unauthorized purchases of subprime-related auction rate securities.

Charged [five California brokers](#) for pushing homeowners into risky and unsustainable subprime mortgages, and then fraudulently selling them securities that were paid for with the mortgage proceeds.

Charged [Fannie Mae](#) and [Freddie Mac](#) with accounting fraud in 2006 and 2007 respectively, and the companies paid more than \$450 million in penalties to settle the SEC's charges.

Taking Swift Action to Stabilize Financial Markets

Adopted a package of measures to [strengthen investor protections against naked short selling](#), including rules requiring a hard T+3 close-out, eliminating the options market maker exception of Regulation SHO, and expressly targeting fraud in short selling transactions.

[Issued an emergency order](#) to enhance protections against naked short selling in the securities of primary dealers, Fannie Mae, and Freddie Mac.

In close coordination with regulators around the world, [took temporary emergency action to ban short selling in financial securities](#)

SEC, *continued*

Approved emergency rulemaking to [ensure disclosure of short selling positions by hedge funds](#) and other institutional money managers.

[Provided guidance to banks](#) about how to account for credit support of money market funds.

Wrote rules to [strengthen the regulation of credit rating agencies](#) and [make the limits and purposes of credit ratings clearer to investors](#). Also [performed examinations that have led to new rules](#) to reduce rating agency conflicts-of-interest.

Entered into a [Memorandum of Understanding with the Federal Reserve](#) to make sure key federal financial regulators share information and coordinate regulatory activities in important areas of common interest.

Initiated exams of money market funds to analyze portfolio holdings.

The Division of Investment Management worked closely with the Treasury Department to assist with the development and operation of the Temporary Guarantee Program for Money Market Funds.

SEC Chairman Christopher Cox has [asked Congress to provide the statutory authority necessary for government oversight](#) of the \$58 trillion credit default swaps market.

Enhancing Transparency in Financial Disclosure

The Division of Corporation Finance asked financial institutions to [provide additional disclosure](#) regarding off-balance sheet arrangements and the application of fair value to financial instruments. The Division also sent letters to public companies in [December 2007](#) and [March 2008](#) identifying disclosure issues relating to fair value measurements and off-balance sheet arrangements.

The Office of Chief Accountant in coordination with FASB staff issued additional [guidance to clarify issues regarding fair value accounting](#), [commenced a Congressionally mandated study of fair value accounting](#), and [scheduled a public roundtable on the topic](#).

Continues to look at lessons from the credit crisis and determine ways [to give investors more transparent, useful, and timely information](#).

<http://www.sec.gov/news/press/sec-actions.htm> modified 10-21-08

SEC Commences Work on Congressionally Mandated Study on Accounting Standards

FOR IMMEDIATE RELEASE 2008-242

Washington, D.C., Oct. 7, 2008 — The Securities and Exchange Commission today announced additional details on the process and initial steps that the SEC has undertaken to conduct a study on "mark-to-market" accounting, as authorized by Sec. 133 of the Emergency Economic Stabilization Act of 2008, signed into law by President Bush last Friday.

Continued next page -

Under legislation enacted last week to help stabilize financial markets, the SEC is required to conduct a study of "mark-to-market" accounting. The study is to be completed by Jan. 2, 2009, in consultation with the Secretary of the Treasury and the Board of Governors of the Federal Reserve System. Under the terms of the EESA, the study will focus on:

1. The effects of such accounting standards on a financial institution's balance sheet
2. The impacts of such accounting on bank failures in 2008
3. The impact of such standards on the quality of financial information available to investors
4. The process used by the Financial Accounting Standards Board in developing accounting standards
5. The advisability and feasibility of modifications to such standards
6. Alternative accounting standards to those provided in [Financial Accounting Standards Board] Statement Number 157

<http://www.sec.gov/news/press/2008/2008-242.htm>

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Please update your address, phone, and email at the IMA national web site www.imanet.org.
ALSO email Jim Casper at jcasper@provide.net so that our Chapter has your updates.
If you have questions, call our local chapter board member Mary Cortese at 734-434-6218.