

From: [Ken Biddick](#)
To: [Comments](#)
Subject: Docket 037 : Concept Release on Auditor Independence and Audit Firm Rotation
Date: Saturday, March 24, 2012 5:26:54 PM

To the Board:

With all due respect this issue has been debated far too long without coming to the simple conclusion that the pain of committing fraudulent acts must far exceed the rewards. There may even occasionally be the innocent victim that due to association becomes caught up in the event, however, with the execution of due process this should indeed be rare.

It is my personal and professional opinion that most executives, directors, and auditors want to do right by shareholders and the public at large. Providing the additional incentive of severe punishment including but not limited to my suggestions of total disgorgement of all stockholdings including any past exercises and conversions to cash for officers and directors, plus cash penalties equal to the same percentage harm to the corporation stock to be assessed against all other assets of the officers and directors. Any other individuals involved in the organization to have equal penalties. In no event can D&O insurance be used as an offset. Existing company stockholders should by no means be punished for these acts. Additionally any such individuals should be barred from holding any position in a public or not-for-profit organization.

Auditors should have an equal penalty in the form of disgorgement of all fees earned over the years of restatement and fraud. All partners of the accounting firm should be held to contributing an amount in cash of their percentage interest in the accounting partnership equal to the shareholder groups percentage loss of value. Direct responsible partners should disgorge all of their earnings during the restatement period and their entire interest in the accounting partnership, plus the equivalent percentage of their net worth as lost by the shareholder group. These individuals should also lose their CPA license without opportunity for reinstatement.

Severe penalties of this sort will incentivize the rest of us to make sure we enforce the rules to uphold the public interest doing our best not to become a victim by association.

Sincerely

Kenneth Biddick, CPA CFF CFE
KB Consulting Group
T - (856) 218-9280
C - (646) 512-1340

Notice: To comply with certain U.S. Treasury regulations, we inform you that, unless expressly stated otherwise, any U.S. federal tax advice contained in this e-mail, including attachments, is not intended or written to be used, and cannot be used, by any person for the purpose of avoiding any penalties that may be imposed by the Internal Revenue Service.

Notice: This communication, including attachments, may contain information that is confidential and protected by the attorney/client or other privileges. It constitutes non-public information intended to be conveyed only to the designated recipient(s). If the reader or recipient of this communication is not the intended recipient, an employee or agent of the intended recipient who is responsible for delivering it to the intended recipient, or you believe that you have received this communication in error, please notify the sender immediately by return e-mail and promptly delete this e-mail, including attachments without reading or saving them in any manner. The unauthorized use, dissemination, distribution, or reproduction of this e-mail, including attachments, is prohibited and may be unlawful. Receipt by anyone other than the intended recipient(s) is not a waiver of any attorney/client or other privilege.
