

Accounting News Report

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The South Leads 2011 M&A Activity

Analyzing 2011 accounting firm M&A activity on a region-by-region basis, reveals the South leads all regions in the number of accounting firm M&A transactions despite the usual flurry of deal-making in the Big Apple. To date there have been seven M&A transactions in the South region, including two in the Atlanta market. The West region is close behind with six deals. Boosted by the three deals in the New York market, the Northeast region has five. The deal charts only include closed transactions.

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D&T Tops in Chinese Audits

Friedman and MaloneBailey Among Top Four Auditors

Friedman/New York and MaloneBailey/Houston are part of a big four of sorts, they rank among the four largest auditors of Chinese-based SEC registrant companies according to an

analysis of registrant filings by AuditAnalytics.com.

Deloitte & Touche had the most Chinese company registrants of any firm

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Leading Auditors of Chinese Companies

Rank	Firm/HQ	Registrants
1	Deloitte & Touche/New York	31
2	PricewaterhouseCoopers/New York	27
3	Friedman/New York	19
4	MaloneBailey/Houston	18
5	KPMG/New York	17
6	Ernst & Young/New York	16
7	Marcum/New York	14
8	Goldman Parks Kurland Mohidin/Encino, Calif.	12
9	Kabani & Co./Los Angeles	11
9	Sherb & Co./New York	11
11	Patrizio & Zhao/Parsippany, N.J.	9
12	Michael T Studer/Freeport, N.Y.	7
12	BDO Limited/Hong Kong	7
14	Child Van Wagoner & Bradshaw/Salt Lake City	6
14	UHY Vocation HK/Hong Kong	6
14	Albert Wong & Co./Hong Kong	6
14	Crowe Horwath/Oak Brook, Ill.	6
14	Crowe Horwath HK/Hong Kong	6
14	Samuel H Wong & Co./San Mateo, Calif.	6
20	Kenne Ruan/Woodbridge, Conn.	5
20	Lake & Assoc./Schaumburg, Ill.	5
20	Acquavella Chiarelli Shuster Berkower & Co./Iselin, N.J.	5
20	BDO China Li Xin Da Hua/Beijing	5
20	Paritz & Co./Hackensack, N.J.	5
20	PKF/Hong Kong	5
20	Weinberg & Co./Boca Raton, Fla.	5

Editor's Note: The data is based on annual reports and companies listing a Chinese headquarters location as reported to the SEC. The analysis does not include reverse mergers or recent registrations. Source: AuditAnalytics.com and ANR research

Two Firms Join CPAmerica International

Karp, Ackerman, Skabowski & Hogan/Hudson, N.Y., and Spilman, Hills & Heidebrink/Toledo, Ohio recently joined **CPAmerica International**.

“Through their CPAmerica membership, both firms will establish alliances with other independent firms across the nation with whom they can access valuable expertise and networking,” said CPAmerica President Alan E. Deichler. “Our organization is very pleased to welcome both firms.” CPAmerica is a national association of more than 80 large CPA firms that provides practice management support, continuing education, marketing, online services and other programs for the improvement of its member firms. ■

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Baker Tilly Virchow Krause Launches New Cloud Computing Practice

Now **Baker Tilly Virchow Krause/Chicago** is taking it to the cloud.

The firm recently joined the NetSuite Solution Provider program which will serve as the catalyst of a new Baker Tilly cloud computing consulting practice.

The firm said its cloud computing practice will complement its existing strength and focus on management consulting, while leveraging Baker Tilly's solution and systems integration experience to provide both public and private companies with a range of customized accounting and regulatory compliance solutions powered by

NetSuite's leading cloud computing applications for financials, enterprise resource planning, and customer relationship management.

The initial go-to-market focus will be on the services industry and the wholesale/distribution vertical, according to the firm.

Baker Tilly said NetSuite was the clear choice after extensive market research and an evaluation project to ensure the right ERP cornerstone relationship was formed for their wholesale distribution and services industry practice. Additionally joining with NetSuite also gives Baker Tilly resources in cloud computing through NetSuite's PaaS which gives the firm the ability to deliver ERP solutions to clients in these industries, with an eye on innovation and efficiency.

“We understood we needed a proven vendor on both the technology and partnering fronts. NetSuite uniquely fit the bill with their proven leadership, beneficial partnering model, and willingness to jointly go to market with us on multiple fronts,” said Baker Tilly MP Bryan Majewski. “We couldn't be more excited about the prospects of combining NetSuite's products with Baker Tilly's clients and expertise for unprecedented levels of mutual customer success.” ■

GT Names New OMPS and Regional MPs

Grant Thornton's maneuvering to fill several OMP spots has very strategic elements, according to firm COO Lou Grabowsky.

“Each move has a strategic objective,” he told *ANR*. “They provide opportunity for the next generation of leaders.”

One element Grabowsky calls the dual role OMP and regional MP the “player-coach” model is key in his opinion.

“We really feel it keeps the person grounded in the role and it allows them to really understand and adjust to the market,” he said.

Two of these “players-coaches” will be Ed O'Brien and Rick Gebert. O'Brien will serve as the firm's new Central Region MP, in addition to continuing to serve as Dallas OMP. As the firm's Central Region MP, O'Brien will oversee operations for offices in Denver, Dallas, Houston, Kansas City, Oklahoma City, Tulsa and Wichita. He will also continue to serve as the Dallas OMP. Gebert is moving from Philadelphia to Atlanta where he is taking the dual role of

Southeast Region Managing Partner and Atlanta OMP. In the Southeast role, Gebert will be responsible for office operations in Atlanta; Charlotte, N.C.; Raleigh, Fort Lauderdale, Fla.; Miami; Tampa; Orlando; McLean, Va. and Baltimore.

One above mentioned move and one retirement opened up spots in both Houston and Philadelphia.

Wayne Kaplan, who joined the firm in 1995, will take over as the firm's Philadelphia OMP.

In Houston, Michael Bennett will succeed long-time firm veteran Justin Gannon as the new Houston OMP.

With the new OMP and region leaders set to take the reins in August, Grabowsky said the firm is continuing on its mission of reaching the goal stated by CEO Stephen Chipman of doubling the firm to \$2 billion by 2015.

“Our partners are galvanized to do the things we need to do,” he told *ANR*.

See *GT MOVES*, page 5.

People and Promotions

Cherry, Bekaert &

Holland/Richmond, Va. added **Cid Hickman** as a Partner. He will serve as Industry Leader for CB&H's Financial Institutions Group. Hickman is based in the firm's North Carolina practice.

Dave Hollander joined **Ernst & Young's** Financial Services Office as Principal and Insurance Advisory Practice Leader. Hollander has served both domestic and international carriers and brokers, as well as worked with numerous state regulators and the NAIC in his past roles, according to the firm.

Sandy Saidman joined **Glass Jacobson/Rockville, Md.** as a principal.

J.H. Cohn/Roseland, N.J. appointed **Patrick Duffany** to lead the firm's SALT practice. Duffany, joined the firm as a state tax partner in 2009. He succeeds Ernest Barbaris who will lead J.H. Cohn's Roseland, N.J. office tax efforts.

Kristen Shaw joined **ParenteBeard/Philadelphia** as a Principal in the firm's Wilmington, Del. office

Reznick Group/Bethesda, Md. named **Josh Northcutt** to the Charlotte, N.C. OMP position. Northcutt is the youngest OMP in the firm's history.

Rucci Bardaro & Barrett/Malden, Mass. elected **Mark Paquin** to partner. Paquin joined the firm in 2004 as an accounting and auditing manager.

Teal Becker & Chiamonte/Albany, N.Y. promoted **Stephanie Bartkowiak** to partner. She is the youngest-ever female partner at her firm.

M&A Deals by Region Methodology

South	West
Delaware, Maryland, District of Columbia, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Kentucky, Tennessee, Mississippi, Alabama, Oklahoma, Texas, Arkansas, Louisiana	Idaho, Montana, Wyoming, Nevada, Utah, Colorado, Arizona, New Mexico, Alaska, Washington, Oregon, California, Hawaii
Northeast	Midwest
Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, Pennsylvania, New Jersey	Wisconsin, Michigan, Illinois, Indiana, Ohio, Missouri, North Dakota, South Dakota, Nebraska, Kansas, Minnesota, Iowa

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2011 Accounting M&A Deals by Region

Northeast	South	Midwest	West
5	7	1	6

Editors Note: Charts only include transactions with an effective date through Feb. 18. See methodology chart below, left. Source: ANR research

2011 Accounting M&A Deals by Market

Atlanta	Tampa/St. Petersburg	Knoxville, Tenn.	Hampton Roads	Louisville, Ken.	New York City	Northern New Jersey	Boston
2	1	1	1	1	3	1	1
Columbus, Ohio	Los Angeles	San Francisco	Southeastern Washington	Sacramento, Calif.	Las Vegas	Albuquerque, N.M.	Austin, Texas
1	1	1	1	1	1	1	1

Editors Note: Southeastern Washington is Washington state. Source: ANR research

2011 Accounting Firm M&A Tracker

Surviving Firm/HQ	Acquiring Firm/HQ	Acquired Firm/HQ	Month
Cherry, Bekaert & Holland/Richmond, Va.	Cherry, Bekaert & Holland/Richmond, Va.	Burrus Paul & Turnbull/Virginia Beach, Va.	February
LarsonAllen/Minneapolis	LarsonAllen/Minneapolis	Hansen NvO/Kennebec, Wash.	January
Windham Brannon/Atlanta	Windham Brannon/Atlanta	Tarpley & Underwood/Atlanta	January
Morrison, Brown, Argiz & Farra/Miami	Morrison, Brown, Argiz & Farra/Miami	ERE/New York	January
Gregory, Sharer & Stuart/St. Petersburg, Fla.	Gregory, Sharer & Stuart/St. Petersburg, Fla.	Hevia Beagles & Co./St. Petersburg, Fla.	January
BlumShapiro/West Hartford,Conn.	BlumShapiro/West Hartford,Conn.	Needel, Welch & Stone/Rockland, Mass.	January
Rosen Seymour Shapss Martin & Co./New York	Rosen Seymour Shapss Martin & Co./New York	Kahn, Hoffman & Hochman/New York	January
Vanacore, DeBenedictus, DiGiovanni & Weddell/Newburgh, N.Y.	Vanacore, DeBenedictus, DiGiovanni & Weddell/Newburgh, N.Y.	Lesnick and Paradie/Tarrytown, N.Y.	January
Clifton Gunderson/Milwaukee	Clifton Gunderson/Milwaukee	Meyners + Co./Albuquerque, N.M.	January
Clifton Gunderson/Milwaukee	Clifton Gunderson/Milwaukee	Durkin Forensic/Los Angeles	January
Howard, Wershale & Co./Cleveland	Howard, Wershale & Co./Cleveland	Cummins, Krasik & Hohl/Columbus, Ohio	January
Wiss & Co./Livingston, N.J.	Wiss & Co./Livingston, N.J.	Cust, Dori & Benick/Flemington, N.J.	January
Pugh & Co./Knoxville, Tenn.	Pugh & Co./Knoxville, Tenn.	Bacon Howard & Co./Knoxville, Tenn.	January
Hayashi and Wayland/Salinas, Calif.	Hayashi and Wayland/Salinas, Calif.	Cater and Stiles/Carmel, Calif.	January
Robins, Eskew, Smith & Jordan /Atlanta	Robins, Eskew, Smith & Jordan /Atlanta	Smith and Raab/Decatur, Ga.	January
Maxwell Locke & Ritter/Austin, Texas	Maxwell Locke & Ritter	Pena, Swayze & Co.Round Rock, Texas/	January
Blue & Co./Carmel, Ind.	Blue & Co./Carmel, Ind.	Douglas R. Wise & Co./Louisville, Ken.	January
Brown, Fink, Boyce & Astle/Sacramento, Calif.	Brown, Fink, Boyce & Astle/Sacramento, Calif.	Chapman & Co./Sacramento, Calif.	January
GALLINA/Roseville, Calif.	GALLINA/Roseville, Calif.	Zanoni & Co./Las Vegas	January

Editors Note: Transactions are included in the month they became effective, not necessarily the month they were announced. A good example is the **Anderson ZurMuehlen and Co./Helena Mont.** and **Hamilton Misfeldt and Co./Great Falls, Mont.** transaction. The firms announced the merger in January but its effective date is July 1. Another example is the Dixon Hughes and Goodman merger, announced in January. This chart covers deals that have an effective date through

Leading Auditors of Chinese Companies by Registrant Filing Status

Firm/HQ	Total Registrants	Large Accelerated Filer	Accelerated Filer	Smaller Reporting Company	Non-Accelerated Filer
Deloitte & Touche/New York	31	5	20	1	5
PricewaterhouseCoopers/New York	27	11	8	3	5
Friedman/New York	19	0	0	19	0
MaloneBailey/Houston	18	0	0	15	3
KPMG/New York	17	5	6	2	4
Ernst & Young/New York	16	1	9	1	5
Marcum/New York	14	0	1	12	1
Goldman Parks Kurland Mohidin/Encino, Calif.	12	0	0	11	1
Kabani & Co./Los Angeles	11	0	1	9	1
Sherb & Co./New York	11	0	0	9	2
Patrizio & Zhao/Parsippany, N.J.	9	0	0	9	0
Michael T Studer/Freepport, N.Y.	7	0	0	6	1
BDO Limited/Hong Kong	7	0	3	3	1
Child Van Wagoner & Bradshaw/Salt Lake City	6	0	0	6	0
UHY Vocation HK/Hong Kong	6	0	0	3	3
Albert Wong & Co./Hong Kong	6	0	0	6	0
Crowe Horwath/Oak Brook, Ill.	6	0	1	4	1
Crowe Horwath HK/Hong Kong	6	0	0	5	1
Samuel H Wong & Co./San Mateo, Calif.	6	0	0	5	1
Kenne Ruan/Woodbridge, Conn.	5	0	0	5	0
Lake & Assoc./Schaumburg, Ill.	5	0	0	4	1
Acquavella Chiarelli Shuster Berkower & Co./Iselin, N.J.	5	0	0	5	0
BDO China Li Xin Da Hua/Beijing	5	0	1	3	1
Paritz & Co./Hackensack, N.J.	5	0	1	4	0
PKF/Hong Kong	5	0	1	4	0
Weinberg & Co./Boca Raton, Fla.	5	0	0	5	0
EFP Rotenberg/Rochester, N.Y.	4	0	0	4	0
Madsen & Assoc./Murray, Utah	4	0	0	4	0
ZYCPA Co./Hong Kong	4	0	0	4	0
Mazars CPA Limited/Hong Kong	4	0	0	4	0
Parker Randall/Hong Kong	4	0	0	3	1

Source: AuditAnalytics.com and ANR research

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in the analysis, 31.

PricewaterhouseCoopers was close behind with 27 followed by Friedman with 19 and MaloneBailey with 18.

PwC topped everyone in the large accelerated filer category with 11. Deloitte and KPMG tied for No. 2 in the category with five registrants each.

As commanding as PwC's advantage was in the large accelerated filer category, Deloitte enjoyed an even bigger margin in the accelerated filer category between itself and **Ernst & Young** in the second spot. Deloitte has 20 registrants, while E&Y has nine.

In the small reporting company category, Friedman and MaloneBailey finished one-two, with 19 and 15 registrants respectively. **Marcum/Melville**, N.Y. and **Goldman Parks Kurland Mohidin**/Encino, Calif. were the only other firms to have double-digit registrant counts in the category, with 12 and 11 registrants respectively.

In the non-accelerated category, Deloitte, PwC and E&Y tied for the most registrants each having five. In fact if KPMG, who had four, had one more non-

accelerated registrant, the Big Four would have been the four at No. 1.

The non-Big Four firms that have emerged as the "major players" in the Chinese market have been increasing by leaps and bounds, with each of the three non-Big Four firms in the analysis with the largest total registrant count consummating a deal, although each firm executed it differently, the results were the same: their "footprint" in the market increased.

Friedman's January 2010 deal with **Bagell Josephs Levine & Co.**/Marlton, N.J., put the firm in a great position to increase its market share in the Chinese SEC registrant audit market.

The firm posted "breakout" results in ANR's CY2010 SEC auditor change analysis published in the CY2010 auditor change analysis published by ANR, Feb. 4, 2010.

MaloneBailey completed a strategic acquisition of staff and clients from **Kempisty & Co.**/New York at the start of the year that augmented its China practice. The firm's revenue related to China in 2010 increased five-fold from 2009 revenue.

Marcum bolstered its position in China closing out 2010, agreeing to terms in December with **Bernstein &**

Pinchuk/New York to merge their China practices to create **Marcum Bernstein and Pinchuk**, in a deal effective Jan. 1, 2011. The deal had an undeniable impact on Marcum's placing in the analysis, jumping the firm to No. 7 from an 11-way tie at No. 37.

People familiar with the media reports regarding the China market and U.S. audit firm problems there may wonder where **Frazer Frost**/Brea, Calif., the firm created as a result of the merger between **Frost/Little Rock, Ark.** and **Moore Stephens Wurth Frazer and Torbet**/Brea, Calif. effective Jan. 1, 2010 is in the analysis. Frazer Frost was credited with nine registrants, or maybe more to the point would have been credited with nine, but because the firm "officially" dissolved, Dec. 1, 2010, so the "mergees" both could resume business as separate firms Frazer Frost was removed from the analysis. The firm has struggling with the fallout from Chinese client RINO International's disclosure in November 2010 that a certain percentage of contracts and revenue were non-existent. Frazer Frost lost seven Chinese audit clients, according to AuditAnalytics.com auditor change data. (See ANR, Feb. 4.) ■

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One of those "things" is to attract and retain clients not based on their size, but based on other more important criteria.

"We want to work with companies that are going somewhere, doing something—raising capital, M&A, growing and expanding in the U.S. and internationally," he said. "The international

component we have doesn't get ignited without that. We want clients that are looking for more than an auditor. We want clients looking for solutions." ■

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