

The National Conference of CPA Practitioners

NASSAU/SUFFOLK CHAPTER



Volume 4, Issue 4, May 2007

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MAY MEETINGS

THURSDAY, MAY 3, 2007

Topics: **C**RIMINAL TAX PROCEEDINGS:
WHAT TO DO IF THE CRIMINAL INVESTIGATION
DIVISION OF THE IRS COMES KNOCKING

NEW LIEN AND LEVY ISSUES

Speaker: Peter J. Driscoll, Driscoll & Redlich

Location: Holiday Inn @ Plainview

Credits: 2 CPE/TAX

Time: Board Meeting 4:00 PM
Dinner/Networking 5:30 - 7:00 PM
Program 7:00 - 9:00 PM

Cost: Early Bird Fee till Friday, April 27\$50.00
Regular Fee after April 27.....\$60.00

Pro Capital is the Sponsor for this Meeting

THURSDAY, MAY 17, 2007

Topic: **A**DDING VALUE TO YOUR PRACTICE
THROUGH A SERIES 65 LICENSE

Moderators: Kenneth Hauptman, CPA, Eliot Lebenhart, CPA
and Fourth Avenue Group, Smith Barney

Location: On Parade Diner, Woodbury

Credits: 2 CPE/MAP

Time: Registration 7:30 AM
Program 8:00 AM - 10:00 AM

Cost: Early Bird Fee Till Friday, May 11\$20.00
After Friday May 11\$25.00

Register on line at:

<http://www.ns-nccpap.org/register-online/index.html>



PRESIDENT'S MESSAGE

Hello to all from under mountains of papers!!

I'm writing this article during the last week of "tax season" (although we all know it doesn't end on April 17th), taking a short break between tax returns. I'm looking at piles of returns waiting to be done and hoping that they will be finished by next week. I continually ask myself questions like: 1 - there must be a better way and 2 - what ever happened to the paperless office we were promised? If anyone has an answer, please contact Eliot Lebenhart or Ken Hauptman to set up a MAP meeting so we can all make our lives easier.

The 2007 Tax Symposium Committee, headed by Bob Goldfarb, is in the final stages of planning the education portion of the symposium. The courses look excellent and there are many new additions as well as the old favorites such as Prof. Dyckman. Microsoft is planning to come back and include their cyber-café as well as a computer lab room for demonstrations by various vendors. Make sure you save the dates (November 15, 16 & 17, 2007). It promises to be the best yet.

Don't forget the April 26th MAP meeting on mergers and Acquisitions. This is about small accounting practice mergers. A topic that is important to us all. The May 17th MAP meeting will be on Series 65 licenses, a hot new topic for small firms.

Also remember our dinner meeting on May 3rd, on IRS criminal proceedings. Something that doesn't happen often to our clients (I hope), but a topic we should all be familiar with.

I hope you have time for an after tax season vacation and see you at the meetings,

**Barry Zalk
President**

BRANDING....STARBUCKS....NCCPAP

Branding is not just placing an ad in the paper.....*it's everything you do.*

Many companies equate branding with advertising and fail to create any lasting impression with their customers or prospects. "Advertising only contributes to the brand. The power of the brand is to generate imagery and imagination." says Joel Steckel, a professor of marketing at NYU.

What is the idea behind NCCPAP, and what makes it different from other professional organizations? That's the question that the Board and membership will begin pondering over the next few months.

What's the one thing, when someone thinks about NCCPAP, that you want them to remember about NCCPAP?

*Think about it!
And give us feed back!*

IRS ACCUSES JACKSON HEWITT

Compiled from wire reports

Franchises of Jackson Hewitt Tax Service Inc., the No. 2 U.S. tax preparer, were accused by the United States Attorney General of preparing fraudulent returns that inflated refunds for middle-income taxpayers and cost the government \$70 million.

Jackson Hewitt shares plunged after the government said it is seeking court orders to shut down 125 branch offices in Detroit, Atlanta, Chicago and Raleigh, N.C.

Those franchises prepared more than 100,000 tax returns last year, Internal Revenue Service Commissioner Mark Eversion said. "This is the largest enforcement action of its kind," he said, adding many of the taxpayers are "people of modest means" who may have difficulty repaying the IRS. They will be "left picking up the pieces," he said.

THE FEE FOR EARLY BIRD REGISTRATIONS IS:

\$50.00 WITH *PRE-REGISTRATION AND \$60.00 REGULAR REGISTRATION, OR AT THE DOOR REGISTRATION.

***PRE-REGISTRATION MEANS: A COMPLETED REGISTRATION FORM WITH PAYMENT AND POST MARKED, FAXES OR E-MAILED TO THE N/S CHAPTER OFFICE THE FRIDAY PROCEEDING THE CHAPTER MEETING WHICH YOU ARE PLANNING TO ATTEND.**

A PRE-PAID REGISTRANT WHO CANNOT ATTEND THE CHAPTER MEETING WILL BE ISSUED A CREDIT TO BE USED BY THE REGISTRANT ONLY FOR A FUTURE MEETING (OF EQUAL VALUE) HELD WITHIN ONE YEAR OF THE MISSED MEETING. CANCELTION NOTICE MUST BE GIVEN TO N/S NCCPAP CHAPTER OFFICE BY THE END OF THE CHAPTER MEETING DAY.

Refer to back cover for Cancellation and Refund Policy for ALL Chapter Meeting and Seminars.

EDITOR'S COLUMN

By Edwin J. Kliegman, CPA



It seems that March and April were the months that the media got together and decided to write about retirement, succession and second career opportunities. I guess they figured that was a good time to write about subjects that accountants seem to avoid like the plague. Most accountants wouldn't bother to read this stuff during tax season.

Since most of you were knee deep in tax returns, I thought you might appreciate (?) a thumb-nose summary of the highlights and low lifes of some of the articles.

The Practical Accountant of March 2007 reported that succession planning remains a stumbling block for many firms facing the imminent retirement of the Boomer Generation. Their survey found that only 24% of firms have a succession plan, and only 7% of firms have partner-in-training programs.

Accounting Today (Mar. 19-Apr 1, 2007) ran a column by Gary Boomer on "Intelligent Succession". He outlined a few suggestions on how you can increase the value of your firm through succession planning combined with a training/learning culture. He stated that many firms fail at strategic and succession planning and that they do not share their plans with managers, staff and family. He concludes that proper succession planning will determine the firm's ability to retain and attract people, as well as the value of deferred compensation and ownership buyouts.

Money magazine had a feature article about the opportunities that are available for those who have completed many years in a business or profession and felt that retirement was not the answer to their prayers. Surveys have shown that most retirees tired of playing golf every Monday, Wednesday and Friday, bridge on Tuesday and Thursday and eating

out with the "gang" on Saturday and Sunday. The article examined the types of endeavors that might fit almost every type of situation and presented an analysis of positions, remuneration and availability.

If you're interested in learning about succession planning, valuing your practice and protecting your future, let me invite you to attend a seminar at the NYS Society at 3 Park Avenue, NYC, on May 9, 2007 from 6PM to 8PM. Yours truly will be a featured speaker.

Letter Rip

We love letters. Maybe it's because our grandmas always used to tape a quarter to our birthday cards when we were little, and we now have this Pavlovian thing going on. Regardless, we want to hear from you. Sing our praises, bust our chops, or just tell us what's on your mind. Send your thoughts to ejkcpa@yahoo.com



**NASSAU/SUFFOLK CHAPTER
NATIONAL CONFERENCE OF CPA PRACTITIONERS (NCCPAP)
MEETING SCHEDULE 2007**

EXCEPT AS NOTED, ALL CHAPTER MEETINGS WILL BE HELD
AT THE HOLIDAY INN AT PLAINVIEW, EXIT 46 OFF THE LIE

Holiday Inn @ Plainview
215 Sunnyside Blvd
Plainview, NY 11803

On Parade Diner
7980 Jericho Turnpike
Woodbury, NY 11797

April 2007	NO CHAPTER MEETING	
Thurs., April 26, 2007	MERGERS & ACQUISITIONS (On Parade Diner: Program: 8 - 10 AM)	2 CPE/MAP
Thurs., May 3, 2007	CRIMINAL TAX PROCEEDINGS: WHAT TO DO IF THE CRIMINAL INVESTIGATION DIVISION OF THE IRS COMES KNOCKING: AND NEW LIEN AND LEVY ISSUES Sponsored by Pro Capital	2 CPE/TAX
Thurs., May 17, 2007	ADDING VALUE TO YOUR PRACTICE THROUGH A SERIES 65 LICENSE (On Parade Diner: Program: 8 - 10 AM)	2 CPE/MAP
Thurs., June 7, 2007	IRS UPDATE	2 CPE/TAX
Thurs., June 14, 2007	DRESSING FOR SUCCESS & OTHER BUSINESS ENHANCEMENTS (On Parade Diner: Program: 8 - 10 AM)	2 CPE/MAP
Thurs., June 21, 2007	ACCOUNTING & AUDITING SEMINAR - All Day	8 CPE/A&A
Thurs., July 12, 2007	PRACTICAL RETIREMENT PLANS FOR SMALL FIRMS - SIMPLE TO COMPLEX	2 CPE/TAX
Thurs., Aug. 2, 2007	WORKERS' COMP UPDATE	2 CPE/TAX
Thurs., Aug. 21, 2007	ETHICS - 1/2 DAY BREAKFAST SEMINAR	4 CPE/ETHICS
Thurs., Sept. 6, 2007	NYS UPDATE	2 CPE/TAX
Thurs., Oct. 11, 2007	COMPILATION AND REVIEW	2 CPE/TAX
November 2007	NO CHAPTER MEETING	
November 14, 15 & 16, 2007	2007 LONG ISLAND TAX PRACTITIONER SYMPOSIUM (Crest Hollow Country Club)	
THURS., DEC. 6, 2007	RETIREMENT PLANNING	2 CPE/TAX

GATES vs. GM

For all of us who feel only the deepest love and affection for the way computers have enhanced our lives, read on.

At a recent computer expo (COMDEX), Bill Gates reportedly compared the computer industry with the auto industry and stated, "If GM had kept up with technology like the computer industry has, we would all be driving \$25.00 cars that got 1,000 miles to the gallon." In response to Bill's comments, General Motors issued a press release stating:

If GM had developed technology like Microsoft, we would all be driving cars with the following characteristics:

1. For no reason whatsoever, your car would crash.....Twice a day.
2. Every time they repainted the lines in the road, you would have to buy a new car.
3. Occasionally, your car would die on the freeway for no reason. You would have to pull to the side of the road, close all of the windows, shut off the car, restart it, and reopen the windows before you could continue. For some reason, you would simply accept this.
4. Occasionally, executing a maneuver such as a left turn would cause your car to shut down and refuse to restart, in which case you would have to reinstall the engine.
5. Macintosh would make a car that was powered by the sun, was reliable, five times as fast and twice as easy to drive - but would run on only five percent of the roads
6. The oil, water temperature, and alternator warning lights would all be replaced by a single "This Car Has Performed An Illegal Operation" warning light.
7. The airbag system would ask "Are you sure?" before deploying.
8. Occasionally, for no reason whatsoever, your car would lock you out and refuse to let you in until you simultaneously lifted the door handle, turned the key and grabbed hold of the radio antenna.
9. Every time a new car was introduced, car buyers would have to learn how to drive all over again because none of the controls would operate in the same manner as the old car.
10. You'd have to press the "Start" button to turn the engine off.

MAP MEETINGS

By Kenneth Hauptman, CPA & Eliot Lehenhart, CPA

Location for all MAP Meetings is:

On Parade Diner
7980 Jericho Turnpike
Woodbury, NY

Schedule of MAP Meetings are as Follows:

Thursday, April 26, 2007 Mergers and Acquisitions - RoundTable

Guest Speakers: Ken Rick, Janover Rubinroit, Lonnie Maron, Maron & Rosenthal & Robert Fligel, RF Resources

Thursday, May 17, 2007 Adding Value to your Practice through a series 65 License

Guest Speakers: Fourth Ave Group -Smith Barney, John DiBlasi & Sari Lehenhart

Thursday, June 14, 2007 Dressing for Success & Other Business Enhancements

Guest Speaker: Corey Stein

Time: Registration: 7:30 AM Program: 8:00 AM - 10:00 AM

Cost: Early Bird Registration is \$20.00 and is effect till the Friday before each meeting. Regular Fee is \$25.00

DON'T LET THE NANNY END UP OWNING YOUR CLIENT'S HOUSE

Adapted from an article by the law firm of Fusco, Brandenstein & Rada, P.C. (1-800-416-5454)

Most people are responsible enough to protect their assets and their families by purchasing insurance to protect themselves against lawsuits and other calamities of life. However many working people are taking a tremendous financial risk by their failure to purchase Workers' Compensation insurance to protect themselves against potentially disastrous financial claims made by people who are injured and are determined to be their "employees".

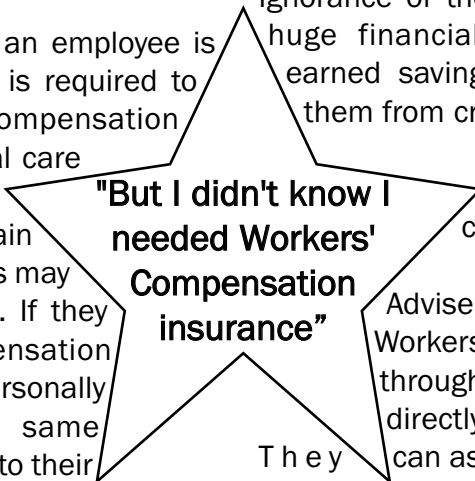
Most people understand that if an employee is injured on the job an employer is required to provide certain workers' compensation benefits such as lifetime medical care and loss of wage benefits. What they don't realize is that, in certain circumstances, they themselves may be "deemed" to be an employer. If they don't have Workers' compensation insurance, they can be held personally responsible for those very same Workers' Compensation benefits to their "employees".

In today's economy it is the norm for both parents to be employed outside the house. Often child care is provided by outside help; nannies, au pairs, that nice lady down the block who watches the baby while the parents are at work. And, "baby-boomers" in the "sandwich generation," often need to worry about care for parents as well as children. Maybe your clients hired someone to take care of an elderly parent, on a full time basis.

In all of these examples your client will be deemed to be an "employer" if one of these fulltime workers should become injured on the job. Your clients are responsible, even if they paid the worker "off the books " (which, by the way, is illegal). Your clients are responsible even if the injured worker is an undocumented alien.

If your clients are found to be the employer of a worker injured in their employ they may be responsible for payment of wage losses and

lifetime medical care, as well as legal fees to defend themselves. Worse yet, they may be guilty of a misdemeanor for their failure to have the needed workers' compensation insurance. They need to understand that "Homeowners' Insurance" does NOT cover this particular risk. It is not a defense for them to plead: "but I didn't know I needed Workers' Compensation insurance". Ignorance of the law won't protect them from a huge financial judgment against their hard earned savings and assets nor will it shield them from criminal charges.



How do you protect these clients?

Advise them that they must purchase a Workers' Compensation insurance policy through their regular insurance broker or directly from the State Insurance Fund. They can ask for a policy to cover a "domestic worker". It generally costs a few hundred dollars per year, but is worth its weight in gold if one of these "employees" becomes injured. The policy will cover claims for wage loss, medical care as well as for the legal defense of the claim.

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- Kenneth Hauptman (516) 681-8181
- Newsletter** Ed Kliegman (516) 541-1145
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2007 LI TAX SYMPOSIUM

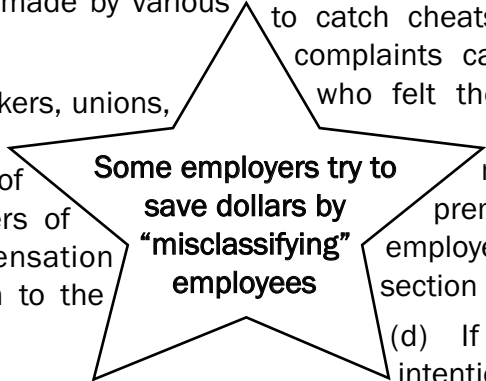
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- Harold Ogulnick (516) 944-7266

**NEW WORKERS' COMPENSATION LEGISLATION
PUTS FOCUS ON EMPLOYERS' FRAUDULENT PRACTICES**

Adapted from an article written by Victor Fusco, Esq. (1-800-466-5954)

The New York State Legislature recently passed historic Workers' Compensation reforms. The bill is extensive and the product of a great deal of negotiation, including proposals made by various stakeholders over the years.

In response to complaints of workers, unions, workers' advocates and the State AFL-CIO, as well as a spate of recent news articles, the framers of the 2007 Workers' Compensation overhaul paid special attention to the question of employer fraud.



“misclassifying” employees on their payrolls. Workers' Compensation carriers ordinarily audit payrolls after the fact, and it was frequently difficult to catch cheats retrospectively. Many of these complaints came from competing employers, who felt they were being undercut in the market place by the cheats who managed to reduce compensation premiums by improper reporting of employees' job classifications. The new section reads as follows:

COVERAGE:

The fines to employers who do not obtain or maintain Workers' Compensation insurance were substantially increased. A second conviction, for example, can result in a \$50,000 fine against the employer or officers, if a corporation.

It is clear that the Governor and the Legislature mean business, and were concerned that when businesses don't maintain compensation insurance, the cost of insurance for legitimate companies and governmental entities, continues to increase via assessments for the Uninsured Employers Fund, which pays benefits to injured workers whose employers failed to have coverage.

Fines in the range of \$50,000 are designed to root out some of the non-compliant companies and fly-by-night contractors who prey on homeowners and whose work-force is predominantly made up of undocumented workers. Additionally, while corporate officers have always been personally liable for the criminal penalties, the stakes are now so much higher that any of the former perceived incentives to circumvent the law have now become too much of a gamble.

PAYROLL FRAUD:

Section 52 (d) and (e) was written in response to repeated complaints that even though carrying Workers' Compensation insurance, some employers would try to save dollars by

(d) If at any time an employer intentionally and materially understates or conceals payroll, or...misrepresents or conceals employee duties so as to avoid proper classification for calculation of premium paid to secure compensation, or...misrepresents or conceals information pertinent to the calculation of premium paid to secure compensation, such employer shall be deemed to have failed to secure compensation and shall be subject to the sanctions applicable to this section.

(e) A stop work order issued because an employer is deemed to have failed to secure compensation under section 141a of this chapter shall have no effect upon an employer's or carrier's duty to provide benefits...or upon any of the employer's or carrier's rights and defenses.

Recognizing that it is frequently difficult to determine the payroll of “cash businesses” which frequently pay employees “off-the-books” or “part on/part off,” the statute goes on to read that: “When an employer fails to provide business records sufficient to enable the chair to determine the employer's payroll for the period requested for the calculation of the penalty..., the imputed weekly payroll for each employee, corporate officer, sole proprietor, or partner shall be the New York state average weekly wage, multiplied by 1.5. Where the employer is a corporation, the president, secretary and treasurer thereof shall be liable for the penalty.”

*Editor's note: There's lots more to this Article, and no space to Print. If you want to read the entire article, e-mail the office for a copy:
egelbien@ns-nccpap.org.*

BE AWARE AND CHECK YOUR CLIENTS, CAREFULLY.

WHOSE LOYALTY IS WORTH MORE - YOUR CLIENTS' OR YOUR EMPLOYEES'?

ADAPTED AND EDITED FROM AN ARTICLE BY AUGUST J. AQUILA, IN *Accounting Today*

Without clients, we wouldn't have a firm — but without employees, we wouldn't have clients. So when it comes to answering the question of whether it is more important to have client or employee loyalty, I would have to answer that employee loyalty and satisfaction is more important.

Employee loyalty is the foundation for long-term success and exceptional profits. Without employee loyalty, you won't have to worry about client loyalty, since you will be spending most of your time worrying about poor performance, poor quality and poor profits. Accounting firms have long pursued programs — client satisfaction surveys, focus groups, cross-servicing, etc. — that are aimed at gaining client loyalty. While some of these have been somewhat effective, they are not the answer to developing client loyalty. While I have not done a statistical survey, I would venture to say that there is a direct correlation between employee loyalty and client loyalty.

Hence, in order to improve client loyalty and satisfaction, more attention needs to be given to ensure employee loyalty. And it's not the "program du jour" that will win employee loyalty. Loyalty, like trust, comes from the inner being, not from some policy or program. Firms must create organizations where their employees and fellow partners find meaning, purpose and a sense of belonging.

FINDING MEANING. Ask yourself this simple question: Why do you commit your time, energy and perhaps dollars to any organization?

Service firms, like accounting firms, exist to serve others, to help clients achieve their goals and make their business lives easier. The greatest satisfaction that we achieve is having some impact on our clients' lives. If your partners and staff don't get anything more from the firm than their paycheck (which, of course, plays some part in finding meaning), they are missing a critical part of finding meaning in their work. How do your people find meaning at your firm?

FINDING PURPOSE. One great thing about a sports team is that everyone has a role to play. They want to feel that in some way they are valuable contributors to the success of the team. Partners and employees know that they are contributors when they understand how their work helps the firm achieve its strategic vision. This is called alignment. Even receptionists should know how their position and daily interaction with clients help the firm achieve its vision. Studies have shown that more than half of the people in all kinds of organizations are unaware of how their jobs align with their company's vision. No matter how small or large, how important or unimportant the role,

every employee has a part in helping the firm achieve its vision. What are you doing to help your employees find purpose at your firm?

FINDING A SENSE OF BELONGING. Finally, employees and partners want to work with others who want to achieve the same big, hairy, audacious goals. Employees and partners feel that they belong at a firm when they are valued, respected and feel that what they do really matters. Esteem needs — esteem of others and self-esteem — are at the very top. In almost every exit interview that I have done with employees and with clients, I hear them saying that they did not feel valued by the firm. In short, they did not feel part of the organization either as an employee or a client. What do you do to make your employees and clients feel valued?

MAKING IT HAPPEN

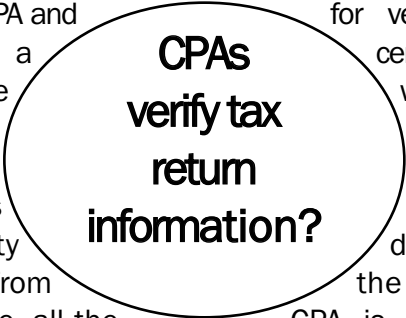
Here are some tips for improving employment loyalty and satisfaction.

1. Forget the latest employee loyalty gimmick. The first thing you need to do is to create a meaningful vision (what do you want to become), mission (why is the firm in business) and core values (how do you want employees to treat each other and clients). Without these building blocks, your employee and client loyalty programs won't have legs to stand on.
2. Once you have done the above and the answers really mean something in the firm, you can start observing how people behave and are treated in the firm. The best way to do this is simply to manage by walking around. What do you see happening in the office? Are your people happy at work? Do they smile? Are they courteous to one another? Is there a positive atmosphere in the firm? Is there a sense of energy? If not, then you need to go to the next step.
3. Identify the causes of employee dissatisfaction. You need to get your arms around the root causes. If you don't, nothing will change.
4. Have an independent third party conduct an annual employee attitude survey and exit interviews to gather more information. Take only two or three issues and work on improving them during the next 12 months.
5. Finally, tie business results to improved employee satisfaction and loyalty. Studies show that as employee satisfaction scores rise, customer satisfaction scores also increase. Productivity improves, retention increases and last but not least, profits improve.

LENDING LETTERS - CPAs BEWARE!

Many CPA practitioners are getting requests from clients who are seeking to secure loans from a bank.

In many of these situations, the bank has requested that the client's CPA verify tax return information, credit-worthiness or self-employment status of the client in a "letter." Other requests have gone further in asking for a "CPA-certified P&L, for financial information to be "signed off on" by a CPA and for verification that a certain level of income will be earned by the client.



"This puts a pretty difficult position. From the client's perspective, all the CPA is doing is writing a one to two paragraph letter. The clients don't understand why the CPA doesn't just do it because they don't realize that asking the CPA to do this deviates from the norm," said John Raspante, of CAMICO Mutual Insurance. "Sometimes the statement signed by the CPA turns out to be incorrect and there is the opportunity for damages if the client doesn't pay his loan."

THE RISE OF NO-DOCUMENT LOANS

Underlying this increasingly common situation is what is being referred to as "no-document loans," a banking industry invention that allows people to borrow money at higher rates without proving substantiation of their income or assets. These loans are becoming more prevalent, and the wording required by banks of CPAs on behalf of clients is becoming more exacting, further obfuscating the CPA's ability to fulfill the request and remain within the law and prescribed standards.

"This is not necessarily coming down from the banks; it's coming more from the mortgage brokers who are searching for credit in secondary

markets; for people who have a low income or poor credit or no documentation," Raspante said. "The underwriters need an attestation from a CPA because these people don't have W-2s or tax returns. The attestations can have a lot of sway over the underwriter's decision to lend."

CPAs who sign such lending letters may be opening a can of worms for themselves. There is a great deal of potential liability. In the event that a loan is not repaid, the lender needs to be made whole, and goes to the CPA to say, "You contributed to the damages here. Without your statement we wouldn't have loaned the money."

BEWARE!!! DON'T PUT YOURSELF IN JEOPARDY!

JENKENS & GILCHRIST TO CLOSE AMID TAX-SHELTER PROBE

The Dallas-based law firm Jenkins & Gilchrist will close amid a federal probe of criminal tax shelter activity, the Internal Revenue Service and U.S. Attorney's Office said, according to The Wall Street Journal.

Jenkins & Gilchrist, which until recently had more than 600 attorneys, has agreed to a \$76 million penalty as part of a tax shelter settlement, the IRS said, according to the paper. The firm also reached a non-prosecution operation agreement with federal prosecutors "for criminal tax violations arising from J&G's tax shelter activities," according to the U.S. Attorney's Office for the Southern District of New York.

"The firm's tax shelter practice was spearheaded by tax practitioners in J&G's Chicago office who are no longer with the firm," the firm's statement said. "We deeply regret our involvement in this tax practice, and the serious harm it caused to the United States Treasury."

SEC UPDATE

Adapted and edited from NYSSCPA.org E-zine Staff

FASB TO CONSULT SEC IN BOARD APPOINTMENTS

The foundation that oversees FASB has agreed to give the SEC more say in the process governing appointments to the private body, which sets accounting rules for thousands of public and private U.S. companies.

The foundation will notify the SEC of potential appointments to the board under a specified timetable, and allow commissioners to nominate their own candidates. The SEC will also be able to interview contenders for open board seats under the arrangement.

SEC CHARGES ENRON COUNCIL IN CIVIL SUIT

Securities regulators charged former Enron Corp general counsel, Jordan Mintz, and former associate general counsel, Rex Rogers with securities fraud and aiding and abetting fraud at the Houston energy firm.

The agency said the two men took part in a scheme to misrepresent transactions in Enron's financial statements. The SEC cited a venture once hidden in one of Enron's notorious off-the-books partnerships...Cuiaba, a power project in Brazil.

GOOD & WELFARE COMMITTEE

The Good & Welfare Committee exists to promote Good & Welfare and express congratulations or sympathy to a member, a family member of a member or a friend of the chapter, as appropriate.

**Best Wishes to Scott & Jennifer Sanders
on the birth of their son, Tyler Spencer!**

**Congratulations to all our members for another
tax season well done!**

Please be sure to contact:
Nathan Eichner at (631) 742-4400 or the Chapter Office
when an event occurs.

SEC SANCTIONS ERNST & YOUNG

Federal regulators censured Ernst & Young and ordered it to pay \$1.6 million to settle charges of compromising its independence and contributing to faulty accounting by a client in 2001.

The Ernst & Young auditors failed to make an independent review of PNC's accounting separate from the accounting firm's advice to AIG when it was helping develop the product, the SEC alleged. As a result of PNC's faulty accounting for the transactions, it was forced to restate nearly \$155 million in earnings, the SEC said.

SEC'S COX OPPOSES WEAKENING OF SOX

Though the Sarbanes-Oxley Act of 2002 (SOX) is often a punching bag for shareholders, investors, auditors and others who have borne the brunt of compliance costs, according to Securities and Exchange Commission Chairman Christopher Cox, "it is wrong to confuse the implementation problems of 404 with the entirety" of the Act.

NOTES FROM THE OFFICE

If you know of anyone who would like to exhibit at the LI TAX SYMPOSIUM and/or MONTHLY CHAPTER MEETINGS, contact the office and we will gladly mail an exhibitor packet to them.

TAX COMMITTEE

BY TODD NEWMAN, CPA

So, if you are upset about the State you live in, tell this to your clients:

Congratulations to Minnesota! No, they're not in basketball's Final Four.

Rather, Minnesota's State Senate passed a bill to increase the top tax bracket in the state to 9.7%, the highest regular tax bracket in the country. You would need to make over \$250,000 to be impacted by the new bracket (\$141,250 if single).

Pro-Capital Consulting Services, Inc.



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The Answer...

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The
 Deadline
 for submissions to
 the newsletter is the
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 EVERY MONTH!**

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Please consider that they
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 We publish something for everyone
 And some people are always

LOOKING FOR MISTAKES

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