Provided Courtesy Of URISH POPECK accountants and consultants

JANUARY 2013
WWW.BDO.COM

THE NEWSLETTER FROM BDO'S NATIONAL ASSURANCE PRACTICE

BDO KNOWS: SEC

SEC YEAR IN REVIEW

SIGNIFICANT 2012 DEVELOPMENTS

As expected, rulemaking required by the Dodd-Frank Wall Street Reform and Consumer Protection Act continued to dominate the Securities and Exchange Commission's agenda in 2012. The SEC adopted rules addressing a number of Dodd-Frank Act requirements that affect corporate governance and disclosure, including a new rule addressing the structure and activities of compensation committees and new rules requiring companies to disclose their use of conflict minerals and requiring resource extraction issuers to disclose payments made to governments. The conflict minerals and resource extraction issuer rules, as well as the Dodd-Frank Act-mandated mine safety disclosures that the SEC codified in its rules in 2011, may reflect the beginning of a trend toward Congress using SEC reporting as a tool to accomplish certain social objectives. This approach was used again with the passage of the Iran Threat Reduction and Syria Human Rights Act of 2012 in August, which requires SEC registrants to disclose certain activities related to Iran in the periodic reports they file with the SEC. Rulemaking to address social objectives is outside the scope of the SEC's mission, which is to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. In some cases, the Commission found Congress's assignment to be difficult. The conflict minerals and resource extraction issuer rules were adopted by a deeply-divided Commission.

The SEC did not complete rulemaking on several other Dodd-Frank requirements, including pay-for-performance and pay ratio disclosures, compensation clawback policies, and disclosing whether hedging against declines in the value of equity securities granted as

Read more

CONTENTS

click a topic for details

compensation is permitted. Since the Dodd-Frank Act did not establish deadlines for adopting these rules, they have been lower priorities of the Commission. Also, further progress on Dodd-Frank Act rulemaking may have been stymied by the need for the Commission and its staff to focus on implementing the Jumpstart Our Business Startups (JOBS) Act of 2012, which was passed in April and had provisions that became effective upon passage of the law.

In 2011 the Commission decided to take a fresh look at some of its offering rules and consider changes that would reduce the regulatory burdens on small business capital formation. To facilitate this, the SEC formed an Advisory Committee on Small and Emerging Companies to provide advice and recommendations to the Commission regarding capital formation by small businesses and small publicly traded companies. The Advisory Committee made several recommendations to the Commission in January and February, which Congress subsequently implemented by reflecting them in the JOBS Act. The JOBS Act's provisions amended a number of securities laws to ease the process and costs associated with raising capital. While a number of the provisions were self-executing, the SEC staff was busy in 2012 preparing interpretive guidance to assist registrants with the application of the rules. Additionally, the Commission began the rulemaking required by the JOBS Act in August with a proposal to eliminate the ban on general solicitation in private offerings if all of the participating investors are accredited investors or qualified institutional buyers.

Little progress was made on deciding whether, and if so, how and when, to incorporate International Financial Reporting Standards into financial reporting by domestic issuers. In July, the staff issued its Final Staff Report on the Work Plan that had been developed in 2010 to provide input to the Commission to enable it to make a decision regarding the use of IFRS by domestic issuers. The Report summarizes the staff's efforts and observations in response to various concerns raised by investors and others regarding the use of IFRS by domestic issuers. The Report did not answer the question of whether transitioning to IFRS is in the best interest of U.S. securities markets or investors or make a recommendation to the Commission. The Commissioners have not publicly expressed their views on the Report's observations.

In addition to the JOBS Act interpretive guidance, the staff issued other guidance throughout the year to assist registrants with interpreting and complying with the SEC's rules and regulations. Specifically, the staff:

- Updated its Compliance and Disclosure Interpretations (C&DIs);
- Updated the Financial Reporting Manual (FRM) four times;
- Issued new Corporation Finance Disclosure Guidance (CFDG) covering two topics – European sovereign debt exposure and smaller financial institutions disclosures; and
- Issued several small business compliance guides covering new rules adopted to implement the Dodd-Frank Act.

The SEC experienced significant leadership departures in the second half of 2012. Most notably, Chairman Mary Schapiro left the Commission in December, and President Obama designated Commissioner Elisse Walter, whose term expires in 2013, as the Chairman. On the staff, James Kroeker resigned as the SEC's Chief Accountant in July and, following the announcement of Chairman Schapiro's resignation, several senior staff members resigned, including Meredith Cross, the Director of the Division of Corporation Finance. Chairman Walter took action to shore up the ranks, naming Paul Beswick as Chief Accountant and appointing acting division directors. The Public Company Accounting Oversight Board also experienced leadership changes. Jeanette M. Franzel was appointed to the board to replace Daniel Goelzer.

Looking forward to 2013, the future is uncertain. How long newly-designated Chairman Walter will remain in that role and how ambitious she will be in setting the Commission's agenda are unknown. In addition, the Commissioners are currently split politically, with two Democrats and two Republicans. The Commissioners from each party generally vote the same way, and on certain issues they have been deeply divided. Accordingly, it appears that unless the Commissioners all agree, it will be difficult for the Commission to complete rulemaking until the fifth seat on the Commission is filled. Given the current political climate, it's difficult to predict when that might be expected.

This publication summarizes the 2012 Commission and staff activities described above. We discuss rulemaking to implement legislation first, followed by staff guidance provided during 2012. While not the focus of this letter, we also briefly discuss the PCAOB's 2012 standards setting and related activities.

▶ Read more

IMPLEMENTING LEGISLATION

THE DODD-FRANK ACT

LISTING STANDARDS FOR COMPENSATION COMMITTEES AND ADVISORS

(Release 33-9330)

In June, the SEC adopted a new rule addressing the structure and activities of compensation committees, as mandated by Section 952 of The Dodd-Frank Act. New Rule 10C-1 implements the Act's requirement for the SEC to direct the national securities exchanges to adopt listing standards related to the compensation committees of an issuer's board of directors as well as its compensation advisors. In particular, Rule 10C-1 directs the listing standards of the exchanges to require the following:

- Each member of an issuer's compensation committee[1] must be a member of the board of directors and must be independent;[2]
- Each compensation committee must have the authority to retain or obtain the advice of a compensation advisor;
- Each compensation committee must take into account specific factors identified by the Commission which may impact the independence of the compensation advisor before hiring a compensation advisor;
- Each compensation committee is responsible for the appointment, compensation and work of the compensation advisor; and
- Each issuer must provide appropriate funding for the payment of reasonable compensation to a compensation advisor appointed by the compensation committee.

A listed company must meet these standards in order for its shares to continue trading on the exchange. In September, both the New York Stock Exchange and the NASDAQ Stock Market proposed rule changes to implement the listing standards required by Rule 10C-1. The proposed effective dates vary between the exchanges and are based on the nature of the specific listing standard. Some standards become effective as early as July 1, 2013 for the NYSE or immediately upon SEC approval for the NASDAQ.

The new listing standards must be approved by the Commission by June 27, 2013. A BDO Flash Report that provides further information about the Exchanges' proposed rules is available *here*.

The SEC also amended its proxy disclosure rules. The amendments include revisions to Item 407 of Regulation S-K to require the following additional disclosures in an issuer's proxy or solicitation material for annual meetings at which directors are elected occurring on or after January 1, 2013:

- Whether the company retained or obtained the advice of a compensation advisor;
- Whether the compensation advisor's work has raised any conflict of interest; and
- The nature of any identified conflict of interest and how that conflict is being addressed (if applicable).

The new listing standards requirements in Rule 10C-1 do not apply to smaller reporting companies. In addition, since Rule 10C-1 only applies to national securities exchanges and associations, the new listing standards will not apply to companies whose securities are quoted on the OTC Bulletin Board and the OTC Markets Group (pink sheets). In contrast, the revisions to Item 407 of Regulation S-K apply to all companies subject to the SEC's proxy rules, including non-listed issuers and smaller reporting companies.

The release is available *here* on the SEC's website.

CONFLICT MINERALS

(Release 34-67716)

In August, the SEC adopted Rule 13p-1 under the Securities Exchange Act of 1934, which requires disclosures mandated by Section 1502 of the Dodd-Frank Act. The rule requires companies to determine and publicly disclose on an annual basis whether their products were manufactured using certain minerals, designated as "conflict minerals," and whether those minerals originated in the Democratic Republic of the Congo or adjoining countries (collectively, the "covered countries"). If so, an issuer is required to provide a report describing the

1 The rule applies to any committee of the board that performs functions typically performed by a compensation committee (including executive compensation oversight), whether or not the committee is formally designated as a compensation committee.

2 Limited partnerships, companies in bankruptcy proceedings, registered open-end management investment companies and foreign private issuers who disclose why they do not have an independent compensation committee are exempt from the independence requirement.

Read more

measures taken to determine whether the minerals financed or benefited armed groups in the region and its conclusions. The process surrounding the assertions made on the report is required to be audited.

The rule applies to all SEC-reporting companies that use conflict minerals which are necessary to the functionality or production of a product manufactured or contracted to be manufactured by the company. An issuer who mines conflict minerals is not considered to manufacture conflict minerals unless the issuer also engages in manufacturing. Conflict minerals are defined as cassiterite, columbite-tantalite, gold, wolframite, and their derivatives.[3] Due to the many uses of these minerals (e.g., soldering, electronics, etc.), this rule will likely impact many companies in many industries. The determination of whether an issuer manufactures or contracts to manufacture products containing conflict minerals and whether conflict minerals are necessary to the functionality or production of those products can require significant judgment. Issuers are required to perform procedures to determine the origin of the conflict minerals they use and report the results of that effort on newly created Form SD, which was created for the purpose of reporting information required by this rule and the new rule requiring disclosure of payments to governments by resource extraction issuers (which is discussed below). However, the disclosures are not subject to officer certifications and will not be deemed to be incorporated by reference into filings made under the Securities Act of 1933.

Reporting is required on a calendar year basis regardless of an issuer's fiscal year end and is due by May 31 of the following year. The first report will cover the 2013 calendar year and is due on May 31, 2014. Some transitional relief is provided for the first two years for all issuers and the first four years for smaller reporting companies.

The release is available *here* on the SEC's website.

A BDO Flash Report that provides further guidance on this rule is available *here*.

▶BDO OBSERVATIONS:

In October, the National Association of Manufacturers and U.S. Chamber of Commerce asked the U.S. Court of Appeals to modify or set aside in whole or in part the SEC's conflict minerals rule on the basis that the rule is overly burdensome, unworkable, and ineffective. The U.S. Court of Appeals has yet to respond to their request. Accordingly, companies affected should continue their compliance preparations and stay tuned for future developments in the case.

Since the conflict minerals rule was adopted, a number of implementation questions have been asked. Given the nature of the rule, some of the questions relate to matters about which the SEC staff believes it has limited expertise (e.g., chemistry). The staff has been accumulating the questions and is considering how to provide interpretive guidance.

DISCLOSURE OF PAYMENTS BY RESOURCE EXTRACTION ISSUERS

(Release 34-67717)

In August, the SEC also adopted Exchange Act Rule 13q-1, which was mandated by Section 1504 of the Dodd-Frank Act. The rule requires resource extraction issuers to disclose information about certain payments made to the United States government or foreign governments.

Resource extraction issuers are defined as SEC-reporting companies engaged in the commercial development of oil, natural gas, or minerals. These issuers must disclose any payment (or series of related payments) to the United States government or a foreign government that is not de minimis (which the rule defines as equaling or exceeding $100,000 during a fiscal year) and has been made to further the commercial development of oil, natural gas, or minerals.

The disclosures will be filed in an exhibit to the newly created Form SD (which is also utilized for the conflict minerals disclosures mandated by Rule 13p-1 described above). The report is due 150 days after the end of an issuer's fiscal year. The disclosures need not be audited and are not subject to officer certifications. In addition, the report is not deemed to be incorporated by reference into Securities Act filings. Reporting is required for fiscal years ending after September 30, 2013.

The release is available *here* on the SEC's website.

A BDO Flash Report that provides further guidance on this rule is available *here*.

3 The derivatives are limited to tantalum, tin, and tungsten (referred to as the 3Ts) unless the Secretary of State subsequently determines there are other derivatives financing conflict in the DRC.

▶ Read more

▶**BDO OBSERVATIONS:**

In October, the American Petroleum Institute, the U.S. Chamber of Commerce and two other business groups filed a lawsuit against the SEC to overturn the resource extraction issuer payments rule, arguing that the information would provide valuable secrets to competitors. The lawsuit claims the SEC exceeded its authority when it adopted the rule and that it ignored companies' suggestions for limiting the rule's cost. In November, the SEC denied requests to stay the new rule because it believes the groups did not demonstrate how the rule would cause "imminent, irreparable harm." Therefore, affected companies should continue their compliance preparations and stay tuned for future developments.

THE JUMPSTART OUR BUSINESS STARTUPS ACT

On April 5, 2012, the President signed the Jumpstart Our Business Startups (JOBS) Act into law.[4] A primary goal of the JOBS Act is to improve small companies' access to capital as job growth is coming from smaller companies. The Act amended the securities laws to ease the process and costs associated with raising capital and thus provide liquidity for growth.

To facilitate initial public offerings of equity securities, Title I of the JOBS Act created a new category of filers called "emerging growth" companies who are entitled to certain reporting reliefs. Emerging growth companies are defined as companies that had less than $1 billion of revenue in their most recently completed fiscal year and have not issued $1 billion or more of non-convertible debt in the most recent three-year period.[5] Filers will maintain their emerging growth status for five years following their IPO unless they have annual revenues that exceed $1 billion, become a large accelerated filer (generally, a company whose common equity held by non-affiliates has a market value of at least $700 million), or issue $1 billion or more of non-convertible debt in a three-year period.

The emerging growth company status permits reduced disclosures in an IPO registration statement and provides a temporary exemption from certain financial reporting and governance requirements thereafter.[6] These reporting reliefs allow emerging growth companies to:

- Submit an IPO registration statement with two years of audited financial statements and selected financial data (in lieu of the three years of audited financial statements and five years of selected financial data usually required);
- Submit an IPO registration statement confidentially for review by the SEC staff. The initial registration statement and subsequent amendments are not required to be made public until three weeks prior to the IPO roadshow;
- Exclude from subsequent filings selected financial data for periods prior to the earliest audited period presented in the initial registration statement;
- Exclude a report on the auditor's attestation of the company's internal control over financial reporting from their annual reports (management's report on internal control is still required);
- Adopt new accounting standards using the effective dates applicable to nonpublic companies (if the standard is applicable to nonpublic companies);
- Disregard certain governance requirements related to executive compensation (i.e., say-on-pay and say-on-golden parachute compensation);
- Comply with smaller reporting company requirements for all other executive compensation disclosures; and
- Disregard any future PCAOB rules related to mandatory audit firm rotation or auditor discussion and analysis. Emerging growth companies will also be exempt from other PCAOB rules enacted after the effective date of the Act unless the SEC determines that the application of such rules is necessary or appropriate in the public interest, after considering the protection of investors and whether the action will promote efficiency, competition, and capital formation.

In addition to Title I, other portions of the JOBS Act were also self-executing. These provisions:

- Raised the number of shareholders of record a company may have before SEC registration is required from 500 to 2,000 as long as there are less than 500 shareholders who are not accredited investors (nonpublic banks and bank holding companies are not subject to the 500 unaccredited investor threshold); and

4 The text of the Act is available *here*.

5 Companies who first sold their common equity securities in a registered offering prior to December 8, 2011 would generally not be eligible for emerging growth company status. However, if such a company subsequently stopped having an Exchange Act reporting obligation, it can qualify as an emerging growth company. See FAQ No. 54 of the SEC staff's *Generally Applicable Questions on Title I of the JOBS Act* *here*.

6 Title I of the JOBS Act was self-executing. Therefore, SEC rulemaking was not required for emerging growth companies to take advantage of the relief provided by Title I.

▶ Read more

- Raised the number of shareholders of record a bank or bank holding company must be below in order to terminate its SEC registration from 300 to 1,200.

Other significant changes to securities laws included in the JOBS Act which require SEC rulemaking or additional analysis will:

- Eliminate the ban on general solicitation in private offerings if all of the participating investors are accredited investors or qualified institutional buyers. In August, the SEC proposed rules to address this requirement. The press release announcing the proposal can be found *here* and the proposing release can be found *here*.
- Authorize "crowd-funding" by exempting companies raising $1 million per year or less from the standard SEC registration process. Certain filing requirements will still apply. The intent is to allow limited-size offerings, principally on the internet, to enable small amounts of securities to be sold to a large number of investors. Participating investors will not need to be accredited and will be subject to specific purchase limits.
- Establish a new offering process by which a private company can publicly offer up to $50 million of securities if it complies with reporting requirements that are substantially less than those applicable to registered public offerings. (The process may be similar to the one established via Regulation A, which is a process in which a private company can publicly offer up to $5 million of securities in any twelve-month period and remain a private company.)
- Require the Comptroller General to conduct a study on the impact of state securities laws (i.e., "Blue Sky Laws") on Regulation A offerings.
- Require the SEC to conduct a number of studies, most notably one which reviews the disclosure requirements of Regulation S-K to determine how the registration process can be simplified and costs reduced for emerging growth companies.

Since the law's passage, the SEC has issued a series of frequently asked questions and other resources to assist companies with the application of the JOBS Act. These frequently asked questions and resources are available *here* on the SEC's website.

The SEC has also established a portal for receiving public input regarding JOBS Act matters, which is available *here* on the SEC's website.

Additionally, due to the Act's requirement that confidential submissions by emerging growth companies be made public, the staff revised its policy permitting confidential submissions by foreign private issuers. Under the prior policy, confidential submissions by foreign private issuers would remain confidential. The revised policy now requires confidential submissions by foreign private issuers to be filed as exhibits to the first publicly filed registration statement, consistent with the requirements for emerging growth companies. The staff's policy is available *here* on the SEC's website.

BDO OBSERVATIONS:

With the adoption of the Act, an issuer must now answer three questions to determine the filing requirements with which it must comply:

1. Is the issuer a non-accelerated filer, an accelerated filer or a large accelerated filer?
2. Is the issuer a smaller reporting company?
3. Is the issuer an emerging growth company?

An issuer must address each question independently and meet all requirements applicable to each category in which it falls. For example, a smaller reporting company cannot take advantage of any emerging growth company accommodations unless it also qualifies as an emerging growth company.

A number of interpretive questions addressed by the staff in the frequently asked questions documents referred to above, speeches and informal discussions address the application of the criteria for determining whether an issuer is an emerging growth company.[7] For example:[8]

- An issuer loses its emerging growth company status as of any date on which it has issued more than $1 billion of non-convertible debt securities during the prior rolling three-year period. Except for identical debt securities issued in exchanges of registered notes for unregistered notes, all non-convertible debt securities, whether outstanding or not and whether issued in a registered offering or not, should be counted against the $1 billion limit.

7 Whether a company is an emerging growth company is determined by applying the criteria in the Act. In other words, a company does not elect to be an emerging growth company. However, an emerging growth company may elect to not take advantage of some or all of the reporting reliefs available to emerging growth companies. We understand that the staff prefers that all emerging growth companies communicate their status in their filings, the extent to which they have elected to take advantage of the reporting reliefs, and the effect, if any, this may have on the comparability of the information they will report to information reported by companies that are not emerging growth companies.

8 These lists of examples do not address all of the topics covered in the guidance the SEC staff has provided.

Read more

- An issuer must apply the debt issuance test at the time of an initial public offering. The test must be performed when the issuer (1) engages in test-the-waters communications, (2) confidentially submits a draft registration statement, and (3) initially files the registration statement.
- The revenue test should be applied based on the most recently completed fiscal year, whether or not the financial statements for that period are presented in the registration statement. For example, a company filing a registration statement in January 2013 that presents the financial statements as of and for the years ended December 31, 2011 and 2010 and as of and for the nine months ended September 30, 2012 and 2011 should perform the test using its revenues for the year ended December 31, 2012.
- A registrant loses its emerging growth company status immediately upon crossing the $1 billion annual revenue threshold or the $1 billion debt issuance threshold. For example, a calendar year end registrant that crosses the $1 billion revenue limit or the $1 billion debt limit at any time during 2012 will need to obtain an audit of its internal control over financial reporting as of December 31, 2012 if it is an accelerated filer. The staff assumes that registrants are able to plan for crossing these thresholds and therefore will have adequate time to plan for and obtain an audit of their internal controls. However, if a registrant finds itself in a situation it could not have planned for and that situation causes the need for an internal control audit that is difficult or impossible to obtain, the registrant may contact the staff to discuss the possibility of relief from this requirement.

Others address the reporting requirements in emerging growth companies' filings. For example:

- The Commission has not amended its forms, Regulation S-X, or Regulation S-K to be consistent with the disclosure provisions for emerging growth companies as set forth in Title I. An emerging growth company may comply with Title I's disclosure provisions, even if doing so would be inconsistent with existing rules and regulations.
- Emerging growth companies that completed an IPO of their common equity securities after December 8, 2011 but before April 5, 2012 can elect to file their periodic reports using the scaled disclosure provisions included in Title I (even though the effective IPO registration statement did not).
- A foreign private issuer that qualifies as an emerging growth company can elect to file its Form 20-F using the scaled disclosure provisions available to emerging growth companies.
- Emerging growth companies may elect to adopt new or revised accounting standards using the effective dates applicable to nonpublic companies only if the standard was issued after April 5, 2012 and is applicable to nonpublic companies. The election must be disclosed in an issuer's first report filed as an emerging growth company. An election to follow public company adoption dates is irrevocable.
- An emerging growth company that elects to present only two years of financial statements in its registration statement is not required to present more than two years of financial statements for a significant acquired business or equity method investee.
- An emerging growth company need not present its ratio of earnings to fixed charges for more years than presented in the selected financial data table.
- An emerging growth company that is not a shell company and elects to present only two years of financial statements in its registration statement covering an exchange offer or merger is not required to present more than two years of financial statements for the target to be acquired in the merger.
- Emerging growth companies are not exempt from the requirement to provide financial information in XBRL format.

Others address whether a company that became an SEC registrant through a process other than a traditional initial public offering of equity securities is an emerging growth company and, if so, the effects on its reporting requirements. For example:

- Assuming the other definitions are satisfied, as long as the first sale of common equity securities pursuant to an effective registration statement under the Securities Act occurred after December 8, 2011, an issuer qualifies as an emerging growth company. The first sale of common equity securities may include a company's initial public offering, an offering pursuant to an employee benefit plan registered on Form S-8, or a selling shareholder's secondary offering on a resale registration statement.
- Assuming the other definitions are satisfied, a company that has only issued debt securities pursuant to an effective registration statement on or before December 8, 2011 can still qualify as an emerging growth company.
- An emerging growth company can confidentially submit a draft registration statement for review purposes in an exchange offer (generally of debt securities) or merger that constitutes an initial public offering of its common equity securities.
- An emerging growth company that files a registration statement under the Exchange Act (e.g., because it desires to list its securities or is required to register a class of securities because it has more than $10 million of assets and more than 2,000 shareholders) must provide three years of audited financial statements in its registration statement on Form 20-F or Form 10. Only Securities Act registration statements covering the initial public offering of common equity securities are eligible to present two years of financial statements. Generally, even though a company filing on Form 10 qualifies as an emerging growth company, there are fewer

▶ Read more

accommodations available when filing an Exchange Act registration statement (e.g., the confidential submission process is not available).

- In an initial public offering of debt securities, an emerging growth company must present three years of audited financial statements (as the ability to present two years is limited to registered offerings of common equity securities). However, if an emerging growth company conducts an offering of debt securities subsequent to an initial public offering of its common equity securities, it does not need to present any period prior to the earliest period presented in the initial registration statement covering the offering of common equity securities.
- An issuer that is a subsidiary or carve-out of an existing registrant can qualify as an emerging growth company as long as the issuer or its parent is not engaging in the transaction solely to take advantage of the benefits available to an emerging growth company.
- An issuer that conducted an initial public offering of equity securities prior to December 8, 2011, but is no longer required to file Exchange Act reports, can qualify as an emerging growth company in its next registered offering. However, the staff may question circumstances that indicate an issuer has ceased to be a reporting company for the sole purpose of taking advantage of the reporting relief available to emerging growth companies.
- An accelerated filer that is also an emerging growth company is not required to obtain an audit of internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act. A registrant that, among other things, has a worldwide public equity float of over $75 million (making it an accelerated filer) but, among other things, has never sold common equity securities pursuant to an effective registration statement under the Securities Act of 1933 (making it an emerging growth company) would fit within this fact pattern.
- If an emerging growth company became an SEC registrant by filing a registration statement other than a Securities Act registration statement covering an offering of common equity securities (e.g., it registered an offering of debt securities or filed an Exchange Act registration statement), it may remain an emerging growth company indefinitely assuming no disqualifying triggers are met. The fifth anniversary provision does not apply until the first sale of common equity securities pursuant to an effective Securities Act registration statement.

Some emerging growth companies have not taken advantage of all of the reporting reliefs available to them, perhaps due to a perceived stigma associated with certain of the Act's provisions. For example, a *Wall Street Journal* study of 55 prospectuses revealed that approximately 85 percent of emerging growth companies that have gone public since April did not take advantage of the delayed adoption of accounting standards provision.[9] Additionally, the WSJ study found that most of the companies examined chose to provide three years of audited financial statements, rather than the two years allowed by the Act. Perhaps some companies and their underwriters are concerned about giving investors the impression that the emerging growth company status is indicative of less sophistication or higher risk than that associated with a non-emerging growth company.

THE IRAN THREAT REDUCTION AND SYRIA HUMAN RIGHTS ACT

The Iran Threat Reduction and Syria Human Rights Act of 2012 was signed into law on August 10, 2012. Among other things, the law creates Section 13(r) of the Exchange Act, which requires SEC registrants to disclose certain activities that they and their affiliates have engaged in related to Iran in the periodic reports they file with the SEC. The transactions and activities required to be disclosed include matters such as supporting terrorist activities, involvement in the development of weapons of mass destruction, activities that facilitate Iran's development, production and exportation of petroleum, and any transaction with the government of Iran that is not specifically authorized by a federal department or agency.

The law is available *here*. The provisions requiring disclosure in SEC filings become effective for reports due on or after February 6, 2013.

▶BDO OBSERVATION:

We understand that because the list of covered activities and the definition of "affiliate" are broad, companies may be surprised to find, after consultation with legal counsel, that they must report activities to comply with Section 13(r).

9 Source: *Wall Street Journal* study discussed in the article "Some Firms Shun Looser IPO Rules" by Jessica Holzer, November 14, 2012.

▶ Read more

▶DECIDING WHETHER TO INCORPORATE IFRS INTO U.S. FINANCIAL REPORTING

In February 2010, the Commission directed the SEC staff to develop and execute a Work Plan to consider specific areas and factors relevant to a Commission determination as to whether, and if so, how and when, to incorporate IFRS into financial reporting by domestic issuers. The Commission issued a statement at the time indicating that the information obtained through the Work Plan would aid the Commission in evaluating the implications of incorporating IFRS into the financial reporting system for U.S. companies.

Since that time, the staff has been working on gathering and analyzing information related to the specific areas in the Work Plan. The staff has also issued two papers on the development and application of IFRS in 2011 and issued its Final Staff Report on the Work Plan in July 2012 (which is available on the SEC's website *here*). The Report did not make a recommendation to the Commission or answer the question of whether transitioning to IFRS is in the best interest of U.S. securities markets and investors. Rather, the Report summarizes the staff's findings and observations that should be taken into consideration by the Commission when it does make a decision. The staff's analysis and observations are summarized according to the six key areas of the Work Plan:

- The comprehensiveness and application of IFRS;
- The independence of IASB standard setting for the benefit of investors;
- Investor understanding and education regarding IFRS;
- The impact of a change in accounting standards on the U.S. regulatory environment;
- The impact on issuers; and
- Human capital readiness.

The Report also addresses implementation methods other than the direct adoption of the IASB's standards. In particular, it considers that an endorsement approach, which includes an ongoing role for the FASB, may reduce concerns expressed by some constituents about moving to IFRS. A BDO Flash report summarizing the Work Plan and its findings is available *here*.

At the 2012 AICPA Conference on SEC and PCAOB Developments, the staff indicated that it had finished the work it was asked to do under the Work Plan and is waiting for further instruction from the Commission. When discussing this topic at the Conference, the SEC's acting chief accountant, Paul Beswick, told attendees he hopes that at this time next year we will have a better indication of the path the Commission plans to take and to "please stay tuned."

▶BDO OBSERVATION:

As part of the G-20, the U.S. still has expressed a commitment to achieving a single set of high-quality, global accounting standards. As such, the lack of commitment on the part of the SEC to move forward and make a decision has received some criticism in the international community. As discussed earlier, the SEC does not currently have a full complement of Commissioners. In addition, the current Commissioners have said little publicly about their views on this subject. Also, there are a number of vacancies in key leadership positions at the SEC. Given the Commission's other priorities and the staff's remarks at the Conference, it seems unlikely that a final decision will be made in the near term.

▶ Read more

STAFF GUIDANCE

COMPREHENSIVE INCOME IN PARENT-ONLY AND CONDENSED CONSOLIDATING FINANCIAL INFORMATION

When preparing parent-only condensed financial information in accordance with Rules 5-04 and 12-04 of Regulation S-X or guarantor condensed consolidating financial information in accordance with Rule 3-10 of Regulation S-X, registrants are required to follow the general guidance found in Article 10 of Regulation S-X. Article 10 prescribes the form and content of interim financial statements and specifies the extent to which they can be condensed. The FRM indicates that condensed financial statements prepared in accordance with Article 10 should report comprehensive income in the same manner as it is reported in annual financial statements upon the adoption of ASU 2011-05.[10] ASU 2011-05 requires an entity to report comprehensive income in either a single continuous financial statement or in two separate but consecutive financial statements. In April, the SEC staff revised the FRM to clarify that registrants providing condensed financial information pursuant to Rules 5-04 and 12-04 or Rule 3-10 should report comprehensive income as part of that information.

SIGNIFICANCE CALCULATIONS FOR ACQUISITIONS OF RELATED BUSINESSES

In April, the SEC staff revised the FRM to clarify the approach registrants should use to assess the significance of acquisitions of related businesses under Regulation S-X Rule 3-05(a)(3). The update clarified that for purposes of the income test, the absolute values should be used when some of the related businesses report losses and others report income. At the June meeting of the Center for Audit Quality SEC Regulations Committee, the staff confirmed that this guidance requiring the summation of absolute values was intended to apply to "put together" transactions in which previously unrelated businesses are acquired at the same time. The guidance was not intended to apply to businesses that are considered related because they are under common control or management, when ASC 810-10-55-1B permits combined financial statements to be presented. If the related businesses have been under common control or management for the period covered by the income test, the combined or net amount of the targets' income should be used to compute significance.

The June CAQ SEC Regulations Committee minutes are available on the CAQ's website *here*.

NEED TO REVISE FINANCIAL STATEMENTS WHEN FILING A REGISTRATION STATEMENT

At the June CAQ SEC Regulations Committee meeting, the SEC staff discussed its views about whether a registrant should revise its historical annual financial statements before incorporating them by reference in a new or amended registration statement[11] if it has already revised its prior year interim financial statements to retrospectively apply a new or existing[12] accounting standard that requires retrospective application. If retrospective application is required and the impact is material to the prior periods, the staff expects registrants to file revised annual financial statements prior to filing a new or amended registration statement. These revised financial statements are typically provided in a Form 8-K. If revised annual financial statements were not filed, the basis of presentation would differ between the prior year interim and annual financial statements. The staff indicated that while it is acceptable to not revise financial statements to reflect changes that are immaterial, it may question the basis for concluding that the effect of retrospective application is not material.

Previously, when new accounting standards requiring retrospective application were issued, the staff would provide general guidance regarding whether the effect of the new accounting standard was narrow enough to permit registrants to provide disclosures about the effect of the new standard in a registration statement in lieu of revising the annual financial statements before incorporating them by reference. For example, in last year's letter, we noted that the staff allowed registrants to incorporate their annual historical financial statements by reference even if they did not reflect the retrospective application of ASU 2011-5. Consistent with the view expressed above, the staff indicated that it does not plan to make similar specific accommodations in the future.

The June CAQ SEC Regulations Committee minutes are available on the CAQ's website *here*.

---

10 ASU 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income* (as amended by ASU 2011-12, *Comprehensive Income (Topic 220): Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05).*

11 This discussion applies to registration statements other than those filed on Form S-8. Guidance on Form S-8 in these circumstances can be found in a note to Section 13100 of the FRM.

12 For example, discontinued operations are retroactively reflected for all comparative periods presented.

Read more

REPORTING REQUIREMENTS FOR A COMPANY THAT HAS RECENTLY EXITED SMALLER REPORTING COMPANY STATUS

In March, the CAQ SEC Regulations Committee and SEC staff discussed certain reporting and disclosure requirements for companies that have recently exited the smaller reporting company status. Specifically, the staff addressed situations in which a registrant no longer meets the definition of a smaller reporting company and, prior to filing its first annual report as an "other reporting company," files a registration statement or a Form 8-K to report a significant business acquisition. The following fact pattern illustrates the staff's views:

Fact Pattern: Company Z, a smaller reporting company with a calendar year end, reassessed its smaller reporting company status as of June 30, 2012 and determined that it no longer meets the definition of a smaller reporting company. Accordingly, Company Z must transition to the other reporting company disclosure requirements beginning with its March 31, 2013 Form 10-Q filing.[13]

Question 1: *If Company Z files a registration statement prior to filing its March 31, 2013 10-Q filing, should the company follow the smaller reporting company requirements or the other reporting company requirements?*

The level of disclosure required for registrants in this situation depends on the Form's requirements. Form S-3 (and Form S-4 for an S-3 eligible issuer) requires a registrant to incorporate its most recently filed periodic reports by reference and does not otherwise prescribe the form and content of the registrant's financial statements. Accordingly, Company Z may incorporate its 2012 Form 10-K (prepared under the smaller reporting company disclosure requirements) by reference into a Form S-3. However, Form S-1 (and Form S-4 for a non-S-3 eligible issuer) contains specific disclosure requirements, including financial statements meeting the requirements of Regulation S-X. Therefore, if the registrant initially files a registration statement on Form S-1 after December 31, 2012, the registrant must include or incorporate by reference the disclosures applicable to an other reporting company (i.e., presenting financial statements for three years, meeting the more rigorous presentation and disclosure requirements or Articles 3-5 of Regulation S-X, and providing expanded Regulation S-K disclosures).

Question 2: *If Company Z reports a discontinued operation in its March 31, 2013 10-Q filing and subsequently files a registration statement, what are the applicable reporting requirements for the historical financial statements that must be recast if the impact of the discontinued operation is material?*

The disclosure requirements for the recast financial statements also depend on the Form's requirements. Accordingly, if Company Z files on Form S-1 (or S-4 and is not S-3 eligible), the financial statements should be recast as if Company Z were an other reporting company. Conversely, if Company Z files on Form S-3 (or S-4 and is S-3 eligible), the financial statements may be recast as if Company Z were a smaller reporting company. This position applies to recast financial statements whether they are presented in the registration statement or filed in a Form 8-K and incorporated by reference.

Question 3: *If Company Z files an Item 2.01 Form 8-K for a significant business acquisition after December 31, 2012 but before its March 31, 2013 Form 10-Q filing, what are the applicable reporting requirements for the acquiree's financial statements in the Form 8-K?*

Only a registrant meeting the definition of a smaller reporting company can take advantage of the reduced disclosure requirements in Article 8 of Regulation S-X. Consequently, if Company Z initially files the Form 8-K after December 31, 2012, the acquiree's financial statements cannot be prepared in accordance with Article 8. If the initial Form 8-K is filed on or before December 31, 2012, the acquiree's financial statements can be prepared in accordance with Article 8.

PRO FORMA FINANCIAL INFORMATION

In certain circumstances (e.g., significant business combinations or dispositions), Article 11 of Regulation S-X requires registrants to present pro forma financial information. The information is intended to show investors how a specific transaction or event may have affected the historical financial statements and is accomplished by way of discrete adjustments to historical financial information. To meet this objective, pro forma income statements should not reflect nonrecurring charges or credits resulting directly from the transaction. Said differently, pro forma income statement adjustments must relate to matters that are expected to have a continuing impact. However, the terms

13 In accordance with the transition rules under Regulation S-K Item 10(f)(2)(i), Company Z is permitted to file the remaining Form 10-Qs and Form 10-K due for its 2012 fiscal year using the smaller reporting company disclosure requirements. Company Z is also permitted under Compliance and Disclosure Interpretation 104.13 to prepare its proxy statement for the 2013 annual shareholder meeting using the smaller reporting company requirements.

▶ Read more

"nonrecurring" and "continuing impact" are not defined, and over the past year the SEC staff has questioned practice as it relates to the meaning of these terms.

The staff addressed the meaning of continuing impact at the 2011 AICPA Conference on SEC and PCAOB Developments. At that time the staff communicated that continuing impact should be interpreted as an impact that extends beyond one fiscal year. However, as highlighted in our third quarter Ac'Sense webcast (available *here*), the staff modified its view on this topic in mid 2012, deciding that items are deemed to have a continuing impact if they are not "one-time" (meaning they affect more than one day).

At the 2012 Conference, the staff communicated that it is thinking about this issue again and has not reached a decision. Therefore, the staff recommends that registrants contact the staff before filing to discuss the propriety of pro forma adjustments that are material and affect a period of longer than one day but less than twelve months. Examples of such adjustments may include interest expense on short-term bridge loan financing, amortization of intangible assets with lives of less than twelve months, and the additional cost of sales that results from the turnover of inventory that was stepped-up to fair value when recording a business combination.

▶BDO OBSERVATION:

Given the impracticality of consulting the staff in all of these situations, we suspect that in many cases registrants may opt to instead simply interpret the rules as they deem appropriate and fully disclose the approach they have taken.

SMALLER COMPANIES

To facilitate the Commission's consideration of rule changes that would reduce the regulatory burden on small business capital formation, the SEC formed an Advisory Committee on Small and Emerging Companies in late 2011. The Advisory Committee's key objective is to provide advice and recommendations to the Commission regarding capital formation by small businesses and small publicly traded companies.

In January and February, the Advisory Committee made a number of recommendations to the SEC that Congress subsequently implemented by reflecting them in the JOBS Act. In the summer, the Advisory Committee began work on market structure issues, scaling disclosure requirements and corporate governance rules for smaller public companies, and extending benefits available to emerging growth companies under Title I of the JOBS Act to a broader group of issuers, particularly smaller public companies that do not qualify as emerging growth companies because they completed their IPOs before the JOBS Act took effect. Information regarding the Advisory Committee's activities is available on the SEC's website *here*.

In 2012, the SEC staff posted additional materials to the Commission's website to assist smaller public companies in complying with the SEC's rules. Those materials include the following:

1. The slides and speaker notes from a 2011 presentation, *SEC CF Staff Review of Common Financial Reporting Issues Facing Smaller Issuers*, which are available *here* on the SEC's website.

2. Several small entity compliance guides related to the following topics:
   a. *Mine Safety Disclosure* – available *here*.
   b. *"Accredited Investor" Net Worth Standard* – available *here*.
   c. *Listing Standards for Compensation Committees and Disclosure Regarding Compensation Consultant Conflicts of Interest* – available *here*.
   d. *Conflict Minerals Disclosure* – available *here*.
   e. *Disclosure of Payments by Resource Extraction Issuers* – available *here*.

CF DISCLOSURE GUIDANCE

During 2012, the staff of the SEC's Division of Corporation Finance continued to issue guidance in a new format that it implemented in 2011, called CF Disclosure Guidance. The staff is issuing guidance in this format in lieu of "Dear CFO" letters and slide presentations in an effort to better communicate with a broader audience. The staff issued CF Disclosure Guidance covering two topics in 2012:

▶ Read more

1. **CFDG Topic No. 4 – European Sovereign Debt Exposures** – Through reviews of filings, the staff identified inconsistencies in the substance and presentation of information financial institutions had provided about their exposures to European countries. CFDG 4 communicates that the staff issued comments requesting the following enhanced disclosures:
   - Gross exposure to sovereign, financial institution, and non-financial corporation borrowers, separately by country;
   - Quantified disclosure explaining how gross exposures are hedged; and
   - A discussion of the circumstances under which losses may not be covered by purchased credit protection.

   Topic No. 4 also cites the MD&A, risk factors, market risk, and Industry Guide 3 disclosure requirements that may call for enhanced disclosure of European debt exposures and provides guidance regarding the level of detail and specific information that registrants should consider providing.

2. **CFDG Topic No. 5 – Staff Observations Regarding Disclosures of Smaller Financial Institutions** – This guidance focuses on MD&A and accounting policy disclosures related to three key topics: asset quality and loan accounting issues, deferred taxes, and FDIC-assisted transactions. While the guidance in Topic No. 5 is directed toward smaller financial institutions, it may be applicable to larger financial institutions and other companies with finance receivables. The staff provided further observations on reporting by financial institutions in a presentation made in September at the AICPA National Conference on Banks and Savings Institutions; the slides are available *here* on the SEC's website.

CF Disclosure Guidance is available *here* on the SEC's website.

FINANCIAL REPORTING MANUAL

The SEC staff updated its FRM[14] four times in 2012. There were few substantive changes, and they are discussed above.

The staff includes a summary immediately following the FRM cover that describes the nature of the changes and lists the paragraphs that were updated. Additionally, the staff continues to annotate the FRM to communicate the date a paragraph was most recently updated. The FRM is available *here* on the SEC's website.

COMPLIANCE AND DISCLOSURE INTERPRETATIONS

The SEC staff updated its C&DIs during the year. The updates provided guidance on topics such as how a company should describe the advisory vote to approve executive compensation on its proxy and voting instruction cards, the new disclosure requirements related to the Iran Threat Reduction and Syria Human Rights Act of 2012 and various legal matters.

The C&DIs are available *here* on the SEC's website.

PCAOB DEVELOPMENTS

ADOPTED AUDITING STANDARD AND AMENDMENTS

In August, the Public Company Accounting Oversight Board adopted Auditing Standard No. 16, *Communications with Audit Committees*, and amendments to other PCAOB standards. The standard establishes requirements that are intended to enhance the relevance and timeliness of the communications between the auditor and the audit committee and foster a constructive dialogue between these two parties on significant audit and financial statement matters. The standard supersedes the PCAOB's interim auditing standards AU sec. 310, *Appointment of Independent Auditor,* and AU sec. 380, *Communication with Audit Committees*. The standard and amendments include an effective date for public company audits of fiscal periods beginning after December 15, 2012. The SEC granted approval of AS No. 16 and the related amendments in December for all public company audits, including those of emerging growth companies. The Commission determined that emerging growth companies should not be exempt from the standard and its related amendments as the provisions are critical to investor protection.[15]

14 The FRM is an SEC staff reference document that provides general guidance covering several SEC reporting topics. While the FRM is not authoritative, it is often a helpful source of guidance for evaluating SEC reporting issues.

15 Under the JOBS Act, emerging growth companies are exempt from certain PCAOB rules enacted after the effective date of the Act unless the SEC determines such rules necessary or appropriate in the public interest, after considering the protection of investors and whether the action will promote efficiency, competition, and capital formation.

Read more

The adopted standard is available *here* on the PCAOB's website. The SEC order granting approval of the standard is available *here* on the SEC's website.

PROPOSED AUDITING STANDARD AND AMENDMENTS

In February, the PCAOB issued for public comment a proposed auditing standard, *Related Parties*, which would supersede the PCAOB's interim auditing standard AU sec. 334, *Related Parties*, upon adoption. This proposal was issued to improve the auditor's evaluation of a public company's identification of, accounting for, and disclosure about its relationships and transactions with related parties. At the same time, the PCAOB also proposed amendments to its standards to enhance the auditor's identification and evaluation of a company's significant unusual transactions that are outside that the normal course of business or that otherwise appear unusual due to their timing, size, or nature. Additionally, amendments were proposed to improve the auditor's understanding of a company's financial relationships with its executive officers.

The proposed standard and proposed amendments align and build upon the foundational requirements of the PCAOB's risk assessment standards (Auditing Standards 8 – 15). The proposed amendments to other standards are intended to complement the proposed standard on related parties by, for example, improving the auditor's identification and evaluation of significant unusual transactions, which may assist in identifying related parties or relationships or transactions with related parties previously undisclosed to the auditor.

The proposed standard and proposed amendments are available *here* on the PCAOB's website. Comments were due May 15, 2012.

BDO OBSERVATIONS:

Our comment letter on the proposed standard and proposed amendments expresses support for the PCAOB's overall objective to strengthen existing audit procedures for identifying, assessing, and responding to the risks of material misstatement associated with a company's related party transactions and the auditor's evaluation of significant unusual transactions, including transactions with executive officers, as part of the risk assessment process. While supportive of the PCAOB's overall objective, BDO suggested certain enhancements to the proposed standard that we believe would improve clarity and ultimately the effectiveness of implementing the proposals. For example, we suggested including additional implementation guidance within the proposed standard to assist practitioners in the consistent application of the requirements, specifically as it relates to the relationship between the foundational risk assessment requirements, including those related to fraud risks, and the procedures set out in the proposed standard.

Our comment letter is available *here*.

GUIDANCE

In December, the PCAOB issued Staff Audit Practice Alert No. 10, *Maintaining and Applying Professional Skepticism in Audits*. The Alert defines professional skepticism as an attitude that includes a questioning mind and a critical assessment of audit evidence, and emphasizes the importance of each member of the engagement team applying appropriate professional skepticism throughout the audit. This involves considering what can go wrong with the financial statements, performing audit procedures to obtain sufficient appropriate audit evidence rather than merely obtaining the most readily available evidence to corroborate management's assertions, and critically evaluating all audit evidence regardless of whether it corroborates or contradicts management's assertions. The timing of this Alert is intended to facilitate an audit firm's emphasis on professional skepticism in the upcoming calendar year-end audits.

The Alert is available *here* on the PCAOB's website.

PROJECT ON AUDITOR INDEPENDENCE AND FIRM ROTATION

During 2012, the PCAOB held three public meetings to obtain input on its concept release on auditor independence and audit firm rotation, which the Board originally issued on August 16, 2011. The public meetings were meant to supplement the views of those stakeholders that provided comment letters to the PCAOB on this topic. The PCAOB received more than 600 comment letters, primarily from auditors and preparers. The comment letters on the whole suggested that the PCAOB take additional time to study the issue and in general suggested more modest reforms than those proposed in the concept release.

The transcripts of the public meetings are available *here* on the PCAOB's website.

▶ Read more

BDO OBSERVATIONS:

Our comment letter on the concept release acknowledged the PCAOB's concerns regarding the frequency and types of audit deficiencies identified during the inspection process. However, our letter emphasized that mandatory firm rotation was not the appropriate or necessary response to that concern and provided other more cost-effective ways that audit quality could be enhanced. During the March 2012 public meeting, BDO's Global Head of Audit and Accounting participated as a panelist and provided further insights into how best to enhance auditor independence, objectivity, and professional skepticism.

At the 2012 AICPA Conference on SEC and PCAOB Developments, PCAOB member Jay Hanson publicly voiced his doubts about whether a mandatory firm rotation standard would ever be finalized, primarily because the PCAOB has yet to establish a link between tenure and audit quality.

Our comment letter is available *here*.

PUBLIC REPORTS

In August, the PCAOB issued a public report, Release No. 2012-003, *Information for Audit Committees About the PCAOB Inspection Process*. The report is meant to assist audit committees in (1) understanding the PCAOB's inspections of their audit firms, and (2) gathering useful information from their audit firms about those inspections. It suggests some specific approaches that an audit committee might consider for initiating or enhancing PCAOB inspection related discussions. Information gathered during these discussions may prove helpful to audit committees in carrying out their oversight role. The report is available *here* on the PCAOB's website.

In December, the PCAOB issued another public report, Release No. 2012-006, *Observations from 2010 Inspections of Domestic Annually Inspected Firms Regarding Deficiencies in Audits of Internal Control Over Financial Reporting*. The report is intended to inform auditors, management, audit committees and the investing public about significant issues identified in the PCAOB's inspection program. The report describes the most pervasive deficiencies identified in the inspections of eight registered public accounting firms that covered approximately 300 audits of internal control over financial reporting. The report is available *here* on the PCAOB's website.

ABOUT BDO USA

BDO is the brand name for BDO USA, LLP, a U.S. professional services firm providing assurance, tax, financial advisory and consulting services to a wide range of publicly traded and privately held companies. For more than 100 years, BDO has provided quality service through the active involvement of experienced and committed professionals. The firm serves clients through more than 40 offices and over 400 independent alliance firm locations nationwide. As an independent Member Firm of BDO International Limited, BDO serves multinational clients through a global network of 1,204 offices in 138 countries.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms. For more information, please visit: www.bdo.com.

CONTACT:

WENDY HAMBLETON
312-616-4657
whambleton@bdo.com

JEFF LENZ
312-616-3944
jlenz@bdo.com

CHRIS SMITH
310-557-8549
chsmith@bdo.com