

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**

**Release No. 56341 / August 30, 2007**

**ACCOUNTING AND AUDITING ENFORCEMENT**

**Release No. 2672 / August 30, 2007**

**ADMINISTRATIVE PROCEEDING**

**File No. 3-12741**

**In the Matter of**

**DAVID A. MILLER, CPA**

**Respondent.**

**ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against David A. Miller (“Miller” or “Respondent”).

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings, Making Findings, and Imposing a Cease-and-Desist Order Pursuant to Section 21C of the Securities Exchange Act of 1934 (“Order”), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds<sup>1</sup> that:

1. Miller, age 36, is a resident of Houston, Texas. During the relevant time period, Miller was the Chief Accounting Officer of Integrated Electrical Services, Inc. ("IES"). Among his duties, Miller was responsible for ensuring proper disclosure in IES's financial statements. Miller is currently self employed. From January 2005 to April 2007, Miller was the Chief Financial Officer of IES. Miller is a licensed CPA in the State of Texas.

2. IES is a Delaware corporation headquartered in Houston, Texas. During the relevant time period, IES was a leading provider of electrical contracting services in the United States, whose shares were traded on the New York Stock Exchange and registered with the Commission under Section 12(b) of the Exchange Act.

3. For the quarter ended June 30, 2003, the fiscal year ended September 30, 2003, the quarter ended December 31, 2003, and the quarter ended March 31, 2004, IES failed to properly disclose material loss contingencies related to its accounts receivable.<sup>2</sup> The loss contingencies surrounding IES's accounts receivable comprised approximately \$3 million in revenues recorded on unsigned, disputed change orders from two electrical construction contracts at an IES subsidiary, Pan American Electric, Inc. ("Pan Am").

4. In February 2000, Pan Am contracted with Centex Rodgers, Inc. ("Centex") for work on construction of the Vanderbilt University Medical Center. By the end of 2002, IES had recorded revenue of approximately \$1.7 million based on work performed pursuant to unsigned change orders. Centex later disputed payment on those change orders. After negotiations, in June 2004 IES accepted \$35,000 as payment in full and wrote-off the remaining balance associated with the disputed account receivable, approximately \$1.7 million, with the agreement that Centex would continue to work with IES and its subsidiaries.

5. In June 2000, Pan Am contracted with Beers Skanska for work on construction of the Bay Medical Center Surgery/ER unit in Panama City, Florida. By the end of 2002, IES had recorded revenue of approximately \$1.3 million based on work performed pursuant to unsigned change orders. Beers Skanska later disputed payment on those change orders. IES wrote down the value of the change orders by 50% in September 2004. After negotiations and litigation, IES recovered \$810,000 on the project in January 2005.

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<sup>1</sup> The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

<sup>2</sup> On August 29, 2007, the Commission filed a Complaint in the Southern District of Texas, Houston Division, entitled SEC v. IES, et al. ("Complaint"), alleging that IES and certain individuals violated the federal securities laws. Simultaneous with the filing of the Complaint, without admitting or denying the allegations therein, IES agreed to the entry of a permanent injunction for violations of Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act, and Rules 13a-1, 13a-13, and 12b-20 thereunder. Miller is not a party to, or named as a defendant in, the Complaint.

6. Prior to writing down the value on the Vanderbilt and Bay Medical account receivables, IES failed to properly disclose the material loss contingencies that existed on the two projects. Moreover, Miller failed to ensure IES's proper disclosure of these material loss contingencies.

7. IES maintained an allowance for doubtful accounts, which IES disclosed in its filings with the Commission. Among other things, IES's disclosure states that the allowance maintained is subject to "judgments and estimates," and the specific amount of the allowance was reflected quarterly and annually in IES's financial statements. However, IES failed to properly disclose material changes in estimates for its allowance for doubtful accounts reserve when it lowered such reserve by nearly \$2 million over the course of three consecutive quarters.

8. During the quarters ended September 30, 2003, December 31, 2003, and March 31, 2004, IES changed the percentage basis for estimating the general portion of its uncollectible accounts receivable from approximately 1% down to 0.25%. This resulted in IES reducing its allowance account and thereby increasing its pre-tax income by \$550,000 for the quarter and fiscal year ended September 30, 2003, by \$1.1 million for the quarter-ended December 31, 2003, and by \$200,000 for the quarter-ended March 31, 2004. These reductions were material to IES's pre-tax income in each period. However, IES failed to properly disclose that it had changed the percentage basis for its doubtful accounts. Moreover, Miller failed to ensure IES's proper disclosure of the changes of the percentage basis for its doubtful accounts.

9. As a result of the conduct described above, Miller caused violations of Section 13(a) of the Exchange Act and Rules 13a-1, 13a-13 and 12b-20 thereunder.

#### IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent's Offer.

Accordingly, it is hereby ORDERED that Miller cease and desist from causing any violations and any future violations of Section 13(a) of the Exchange Act and Rules 13a-1, 13a-13, and 12b-20 thereunder.

By the Commission.

Nancy M. Morris  
Secretary