

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 53830 / May 18, 2006**

**ACCOUNTING AND AUDITING ENFORCEMENT**  
**Release No. 2432 / May 18, 2006**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-12298**

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<b>In the Matter of</b>	:	
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<b>William D. Baker, CPA,</b>	:	<b>ORDER INSTITUTING PUBLIC</b>
	:	<b>ADMINISTRATIVE PROCEEDINGS</b>
<b>Respondent.</b>	:	<b>PURSUANT TO RULE 102(e) OF THE</b>
	:	<b>COMMISSION’S RULES OF</b>
	:	<b>PRACTICE, MAKING FINDINGS, AND</b>
	:	<b>IMPOSING REMEDIAL SANCTIONS</b>
	:	

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**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted against William D. Baker (“Baker” or “Respondent”) pursuant to Rule 102(e)(3)(i) of the Commission’s Rules of Practice.<sup>1</sup>

**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, and the findings

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<sup>1</sup> Rule 102(e)(3)(i) provides, in relevant part, that:

The Commission, with due regard to the public interest and without preliminary hearing, may, by order, . . . suspend from appearing or practicing before it any . . . accountant . . . who has been by name . . . permanently enjoined by any court of competent jurisdiction, by reason of his or her misconduct in an action brought by the Commission, from violating or aiding and abetting the violation of any provision of the Federal securities laws or of the rules and regulations thereunder.

contained in Section III.3 below, which are admitted, Respondent consents to the entry of this Order Instituting Public Administrative Proceedings Pursuant to Rule 102(e) of the Commission's Rules of Practice, Making Findings, and Imposing Remedial Sanctions ("Order"), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. Baker, age 59, is a certified public accountant who has been licensed to practice in the State of Indiana. He served as Senior Vice President of Finance and Operations and the Chief Financial Officer of Netopia, Inc. ("Netopia" or the "Company") from 2001 until 2005.

2. Netopia is a Delaware corporation headquartered in Emeryville, California that develops, markets and supports broadband and wireless products and services including both computer hardware and software. Netopia's common stock is registered with the Commission pursuant to Section 12(g) of the Securities Exchange Act of 1934 ("Exchange Act"). Netopia was delisted from NASDAQ on October 20, 2004 as a result of its failure to file a SEC Form 10-Q for the period ended June 30, 2004. Netopia stock is currently quoted on the pink sheets.

3. On March 29, 2006, the Commission filed a complaint against Baker in SEC v. Thomas A. Skoulis, et al. (Civil Action No. C 06-02239 JF). On May 2, 2006, the Court entered an order permanently enjoining Baker, by consent, from future violations of Section 17(a) of the Securities Act of 1933 and Sections 10(b), 13(a), 13(b)(2)(A), 13(b)(2)(B) and 13(b)(5) of the Exchange Act and Rules 10b-5, 12b-20, 13a-11, 13a-13, 13a-14, 13b2-1 and 13b2-2 thereunder. Baker also was ordered to pay a \$35,000 civil money penalty and prohibited from serving for five years as an officer or director of a public company.

4. The Commission's Complaint alleged, among other things, that Baker engaged in actions that resulted in Netopia filing materially false financial statements for the fiscal quarters ended June 30, 2002 and March 31, 2004 and filing a materially false Form 8-K on July 6, 2004. The Complaint alleged that, during the quarter ended June 30, 2002, Netopia recognized revenue on a transaction with a reseller where collectibility was not probable, in violation of Generally Accepted Accounting Principles ("GAAP"). According to the Complaint, Baker knew, or was reckless in not knowing, that the reseller did not have the financial ability to pay. The Complaint also alleged that Netopia improperly recognized revenue on a transaction in its fiscal year ended September 30, 2003 where the reseller had agreed to pay only after it was paid by its customer. Under GAAP, revenue cannot be recognized if the customer is not obligated to pay. The Complaint alleges that in April 2004 Mr. Baker became aware of the payment contingency and withheld that information from the Company's audit committee and its outside auditors. Additionally, the Complaint alleges that he did not otherwise take steps to correct Netopia's financial statements to reflect the contingency. The Complaint further alleges that Baker allowed the Company to issue a misleading press release (filed as an exhibit to a Form 8-K on July 6, 2004) that falsely described the lack of payment on the transaction at the close of its September 30, 2003 year end as a "bad debt" rather than as a contingent transaction that would require the reversal of revenue.

#### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanction agreed to in Respondent Baker's Offer.

Accordingly, it is hereby ORDERED, effective immediately, that:

A. Baker is suspended from appearing or practicing before the Commission as an accountant.

B. After five years from the date of this order, Baker may request that the Commission consider his reinstatement by submitting an application (attention: Office of the Chief Accountant) to resume appearing or practicing before the Commission as:

1. a preparer or reviewer, or a person responsible for the preparation or review, of any public company's financial statements that are filed with the Commission. Such an application must satisfy the Commission that Baker's work in his practice before the Commission will be reviewed either by the independent audit committee of the public company for which he works or in some other acceptable manner, as long as he practices before the Commission in this capacity; and/or

2. an independent accountant. Such an application must satisfy the Commission that:

(a) Baker, or the public accounting firm with which he is associated, is registered with the Public Company Accounting Oversight Board ("Board") in accordance with the Sarbanes-Oxley Act of 2002, and such registration continues to be effective;

(b) Baker, or the registered public accounting firm with which he is associated, has been inspected by the Board and that inspection did not identify any criticisms of or potential defects in Baker's or the firm's quality control system that would indicate that Baker will not receive appropriate supervision;

(c) Baker has resolved all disciplinary issues with the Board, and has complied with all terms and conditions of any sanctions imposed by the Board (other than reinstatement by the Commission); and

(d) Baker acknowledges his responsibility, as long as Baker appears or practices before the Commission as an independent accountant, to comply with all requirements of the Commission and the Board, including, but not limited to, all requirements relating to registration, inspections, concurring partner reviews and quality control standards.

C. The Commission will consider an application by Baker to resume appearing or practicing before the Commission provided that his state CPA license is current and he

has resolved all other disciplinary issues with the applicable state boards of accountancy. However, if state licensure is dependent on reinstatement by the Commission, the Commission will consider an application on its other merits. The Commission's review may include consideration of, in addition to the matters referenced above, any other matters relating to Baker's character, integrity, professional conduct, or qualifications to appear or practice before the Commission.

By the Commission.

Nancy M. Morris  
Secretary