

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 57560 / March 26, 2008

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 2804 / March 26, 2008

ADMINISTRATIVE PROCEEDING
File No. 3-9516

	: ORDER GRANTING APPLICATION FOR : REINSTATEMENT TO APPEAR AND PRACTICE : BEFORE THE COMMISSION AS AN ACCOUNTANT : RESPONSIBLE FOR THE PREPARATION OR : REVIEW OF FINANCIAL STATEMENTS REQUIRED : TO BE FILED WITH THE COMMISSION
In the Matter of Lynn R. Michl, CPA	

On December 23, 1997, Lynn R. Michl, CPA (“Michl”) was denied the privilege of appearing or practicing as an accountant before the Commission as a result of settled public administrative proceedings instituted by the Commission against him pursuant to Rule 102(e) of the Commission's Rules of Practice.¹ Michl consented to the entry of the order without admitting or denying the findings therein. This order is issued in response to Michl’s application for reinstatement to appear and practice before the Commission as an accountant responsible for the preparation or review of financial statements required to be filed with the Commission.

During 1992, 1993 and the first half of 1994, the Commission found that, while Michl was serving as CFO, Terrano Corporation (“Terrano”) improperly recorded sales of certain software enhancement modules that were not yet available for use. In the course of the audits of Terrano’s financial statements for fiscal 1992 and 1993, Michl provided Terrano’s independent auditor with management representation documents which falsely stated that the software enhancement modules were available for delivery. In addition, during the same time period, Terrano improperly recorded, as software revenue and accounts receivable, sales of software that was available for delivery, but which had not been delivered at the time the revenue and accounts receivable were recorded. Michl either knew or should have known that revenue and accounts receivable on these sales had been improperly recorded. Based on the foregoing, Michl engaged in improper professional conduct and willfully violated the provisions of the Federal securities

¹ See Accounting and Auditing Enforcement Release No. 999 dated December 23, 1997. Michl was permitted, pursuant to the order, to apply for reinstatement after five years upon making certain showings.

laws and the rules thereunder within the meaning of Rule 102(e) of the Commission's Rules of Practice.

In his capacity as a preparer or reviewer, or as a person responsible for the preparation or review, of financial statements of a public company to be filed with the Commission, Michl attests that he will undertake to have his work reviewed by the independent audit committee of any company for which he works, or in some other manner acceptable to the Commission, while practicing before the Commission in this capacity. Michl is not, at this time, seeking to appear or practice before the Commission as an independent accountant. If he should wish to resume appearing and practicing before the Commission as an independent accountant, he will be required to submit an application to the Commission showing that he has complied and will comply with the terms of the original order in this regard. Therefore, the denial of Michl's privilege of appearing and practicing before the Commission as an independent accountant continues in effect until the Commission determines that a sufficient showing has been made in this regard in accordance with the terms of the original order.

Rule 102(e)(5) of the Commission's Rules of Practice governs applications for reinstatement, and provides that the Commission may reinstate the privilege to appear and practice before the Commission "for good cause shown."² This "good cause" determination is necessarily highly fact specific.

On the basis of information supplied, representations made, and undertakings agreed to by Michl, it appears that he has complied with the terms of the December 23, 1997 order denying him the privilege of appearing or practicing before the Commission as an accountant, that no information has come to the attention of the Commission relating to his character, integrity, professional conduct or qualifications to practice before the Commission that would be a basis for adverse action against him pursuant to Rule 102(e) of the Commission's Rules of Practice, and that Michl, by undertaking to have his work reviewed by the independent audit committee of any company for which he works, or in some other manner acceptable to the Commission, in his practice before the Commission as a preparer or reviewer of financial statements required to be filed with the Commission, has shown good cause for reinstatement. Therefore, it is accordingly,

² Rule 102(e)(5)(i) provides:

"An application for reinstatement of a person permanently suspended or disqualified under paragraph (e)(1) or (e)(3) of this section may be made at any time, and the applicant may, in the Commission's discretion, be afforded a hearing; however, the suspension or disqualification shall continue unless and until the applicant has been reinstated by the Commission for good cause shown." 17 C.F.R. § 201.102(e)(5)(i).

ORDERED pursuant to Rule 102(e)(5)(i) of the Commission's Rules of Practice that Lynn R. Michl, CPA is hereby reinstated to appear and practice before the Commission as an accountant responsible for the preparation or review of financial statements required to be filed with the Commission.

By the Commission.

Nancy M. Morris
Secretary