

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934  
Release No. 61432 / January 27, 2010

ACCOUNTING AND AUDITING ENFORCEMENT  
Release No. 3110 / January 27, 2010

ADMINISTRATIVE PROCEEDING  
File No. 3-11911

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

On April 26, 2005, Karen T. Baker (“Baker”) 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 Baker pursuant to Rule 102(e) of the Commission's Rules of Practice.<sup>1</sup> Baker consented to the entry of the April 26, 2005 order without admitting or denying the findings therein. This order is issued in response to Baker’s application for reinstatement to practice before the Commission as an accountant.

Baker served as the audit manager for Deloitte & Touche LLP’s audit of Just for Feet, Inc.’s financial statements for the fiscal year ended January 30, 1999. The Commission found that Baker reasonably should have known that the financial statements had not been prepared in accordance with GAAP, but nonetheless issued, with others, an unqualified audit report that represented that the financial statements were free from material misstatements and were fairly presented in conformity with GAAP and that the auditors had adhered to GAAS when the audit was performed. Baker did not comply with GAAS in the conduct of the audit and engaged in improper professional conduct within the meaning of Rule 102(e)(1)(ii) of the Commission’s Rules of Practice through repeated instances of unreasonable conduct.

In her 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, Baker attests that she will undertake to have her work reviewed by the independent audit committee of

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<sup>1</sup> See Accounting and Auditing Enforcement Release No. 2238 dated April 26, 2005. Baker was permitted, pursuant to the order, to apply for reinstatement after one year upon making certain showings.

any company for which she works, or in some other manner acceptable to the Commission, while practicing before the Commission in this capacity. Baker is not, at this time, seeking to appear or practice before the Commission as an independent accountant. If she should wish to resume appearing and practicing before the Commission as an independent accountant, she will be required to submit an application to the Commission showing that she has complied and will comply with the terms of the original suspension order in this regard. Therefore, Baker's suspension from practice 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 suspension 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."<sup>2</sup> This "good cause" determination is necessarily highly fact specific.

On the basis of information supplied, representations made, and undertakings agreed to by Baker, it appears that she has complied with the terms of the April 26, 2005 order denying her 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 her character, integrity, professional conduct or qualifications to practice before the Commission that would be a basis for adverse action against her pursuant to Rule 102(e) of the Commission's Rules of Practice, and that Baker, by undertaking to have her work reviewed by the independent audit committee of any company for which she works, or in some other manner acceptable to the Commission, in her 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,

ORDERED pursuant to Rule 102(e)(5)(i) of the Commission's Rules of Practice that Karen T. Baker, 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.

Elizabeth M. Murphy  
Secretary

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<sup>2</sup> 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).