

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 61518 / February 16, 2010

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3114 / February 16, 2010

ADMINISTRATIVE PROCEEDING
File No. 3-12326

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

On June 7, 2006, Nevanna Sacks, CPA (“Sacks”) 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 Sacks pursuant to Rule 102(e) of the Commission's Rules of Practice.¹ Sacks consented to the entry of the order without admitting or denying the findings therein. This order is issued in response to Sacks’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.

The Commission alleged that Sacks engaged in improper professional conduct with respect to certain audits and reviews of Peregrine Systems, Inc.’s (“Peregrine”) financial statements by Arthur Andersen LLP (“Andersen”). Sacks served as audit manager on Andersen’s audit of Peregrine’s fiscal year 2001 financial statements and review of the company’s quarterly financial statements for the third quarter of 2001 and the first, second and third quarters of 2002. Sacks engaged in improper professional conduct by repeatedly engaging in unreasonable conduct, resulting in a violation of applicable professional standards that indicated a lack of competence to practice before the Commission. Sacks (i) failed to adequately audit Peregrine’s accounts receivable; (ii) did not obtain sufficient competent evidential matter to conclude that Peregrine had a history of collecting on certain sales; (iii) failed to make adequate inquiries into Peregrine’s agreements with customers; (iv) failed to obtain sufficient competent evidential matter to afford a reasonable basis for Andersen to issue a report on the financial

¹ See Accounting and Auditing Enforcement Release No. 2441 dated June 7, 2006. Sacks was permitted, pursuant to the order, to apply for reinstatement after two years upon making certain showings.

statements of Peregrine, which consolidated the financial statements of Peregrine Germany, a material subsidiary, after Arthur Andersen Germany refused to provide an audit report on the financial statements of Peregrine Germany; (v) failed to exercise due professional care in connection with Peregrine's false and misleading response to a Commission Comment Letter; and (vi) failed to exercise due professional care in connection with the audit and reviews.

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, Sacks attests that she will undertake 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, while practicing before the Commission in this capacity. Sacks 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 order, which denied her privilege of appearing and practicing before the Commission as an accountant, in this regard. Therefore, the denial of Sacks's privilege of appearing or 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 Sacks, it appears that she has complied with the terms of the June 7, 2006 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 Sacks, 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,

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 Nevanna Sacks, 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