

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934  
Release No. 68591 / January 4, 2013

ACCOUNTING AND AUDITING ENFORCEMENT  
Release No. 3435 / January 4, 2013

ADMINISTRATIVE PROCEEDING  
File No. 3-13977

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In the Matter of  Kenneth J. Abod, CPA	: 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
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On July 23, 2010, Kenneth J. Abod, CPA (“Abod”) was denied the privilege of appearing or practicing before the Commission as an accountant as a result of settled public administrative proceedings instituted by the Commission against Abod pursuant to Rule 102(e)(1)(iii) of the Commission's Rules of Practice.<sup>1</sup> This order is issued in response to Abod’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 found that Abod failed to comply with Generally Accepted Accounting Principles (“GAAP”) while serving as Sunrise Senior Living, Inc.’s (“Sunrise” or the “Company”) treasurer for the year-end 2004 and the first fiscal quarter of 2005. Abod helped determine the amount of Sunrise’s 2004 year-end bonus accrual and was aware that the company was planning to pay \$1 million in 2004 bonuses in 2005 but had failed to accrue for them at 2004 fiscal year-end. Abod also instructed Sunrise employees to make an adjustment to eliminate the corporate bonus accrual account for the first quarter of 2005, ended on March 31, 2005. Sunrise would not have met previously issued earnings per share forecasts if it had properly accrued for bonuses at year end 2004 and the first fiscal quarter of 2005. The accounting for the corporate bonus accrual account failed to comply with GAAP, because it was probable that Sunrise would pay bonuses and could reasonably estimate the bonus payment amounts. Consequently, Abod caused Sunrise to issue an annual report for fiscal year 2004 and a quarterly report for the first

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<sup>1</sup> See Accounting and Auditing Enforcement Release No. 3158 dated July 23, 2010. Abod was permitted, pursuant to the order, to apply for reinstatement after one year upon making certain showings.

quarter of 2005 that failed to comply with GAAP. As a result of this conduct, the Commission found that Abod willfully violated Section 13(b)(5) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 13b2-1 thereunder and caused and willfully aided and abetted Sunrise’s violations of Exchange Act Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) and Rule 12b-20, 13a-1, and 13a-13 thereunder.

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, Abod 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. Abod 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 suspension order in this regard. Therefore, Abod’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 Abod, it appears that he has complied with the terms of the July 23, 2010 order suspending him from 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 Abod, 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,

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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).

ORDERED pursuant to Rule 102(e)(5)(i) of the Commission's Rules of Practice that Kenneth J. Abod, 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