

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 67988 / October 4, 2012

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3412 / October 4, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-12126

In the Matter of	:	ORDER GRANTING APPLICATION FOR
	:	REINSTATEMENT TO APPEAR AND PRACTICE
Gilbert Bergsman, CPA	:	BEFORE THE COMMISSION AS AN ACCOUNTANT
	:	
	:	

On December 15, 2005, Gilbert Bergsman, CPA (“Bergsman”) 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 Bergsman pursuant to Rule 102(e) of the Commission's Rules of Practice.¹ Bergsman consented to the entry of the December 15, 2005 order without admitting or denying the findings therein. This order is issued in response to Bergsman’s application for reinstatement to appear and practice before the Commission as an accountant.

Bergsman was found to have engaged in improper professional conduct with respect to the audit of the financial statements of eSafetyworld, Inc. (“eSafety”) for its fiscal year ended June 30, 2001 and the reviews of the financial statements for the quarters ended September 30, 2000, December 31, 2000, and March 31, 2001 by Eichler Bergsman & Co., LLP. Bergsman served as the engagement partner on the eSafety engagement. During this time, Bergsman 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. Specifically, Bergsman (i) failed to make adequate inquiries into eSafety’s new revenue stream and the valuation thereof during the first three quarters of 2001; (ii) allowed the reports on eSafety’s quarterly financial statements to remain outstanding despite eSafety’s failure to reverse certain consulting revenues recognized during the first three quarters of 2001; (iii) did not confirm accounts receivable from eSafety’s consulting clients, and

¹ See Accounting and Auditing Enforcement Release No. 2354 dated December 15, 2005. Bergsman was permitted, pursuant to the order, to apply for reinstatement after one year upon making certain showings.

did not note or require disclosure of eSafety's related party relationships with eSafety's consulting clients; (iv) did not appropriately audit or require correction of eSafety's deferral of certain administrative costs; and (v) did not obtain sufficient competent evidence to conclude that certain cash advances were loans or investments, which eSafety improperly recorded as assets rather than expenses.

Bergsman has met all of the conditions set forth in the December 15, 2005 order and, in his capacity as an independent accountant, has stated that he will comply with all requirements of the Commission and the Public Company Accounting Oversight Board, including, but not limited to all requirements relating to registration, inspections, concurring partner reviews and quality control standards. 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, Bergsman 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.

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 the information supplied, representations made, and undertakings agreed to by Bergsman, it appears that he has complied with the terms of the December 15, 2005 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 Bergsman, 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, and that Bergsman, by undertaking to comply with all requirements of the Commission and the Public Company Accounting Oversight Board, including, but not limited to, all requirements relating to registration, inspections, concurring partner reviews and quality control standards, in his practice before the Commission as an independent accountant 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 Gilbert Bergsman, CPA is hereby reinstated to appear and practice before the Commission as an accountant.

By the Commission.

Elizabeth M. Murphy
Secretary