



ALABAMA STATE BOARD OF PUBLIC ACCOUNTANCY

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J. LAMAR HARRIS, CPA
EXECUTIVE DIRECTOR

November 30, 1999

CERTIFIED MAIL P141992242

Mr. James R. Moody
Moody & Morgan, P.C.
P.O. Box 361075
Birmingham, AL 35236

RE: Moody, James R.,
Certificate No. 1290;
Case No. 99-1.

Dear Mr. Moody:

Attached is the Order by the Alabama State Board of Public Accountancy ("the Board") dated November 19, 1999. The order revokes your Alabama CPA Certificate No. 1290 and your Permit To Practice. The order also requires the return of your CPA Certificate to the Board office.

This Board action also requires that you cease holding yourself out as a Certified Public Accountant and discontinue any practice of public accounting in the State of Alabama.

If you have any questions, please call me at 1-800-435-9743.

Sincerely,

J. Lamar Harris, CPA
Executive Director

JLH/CAMOODY4.DOC

Attachment

cc: Mr. Robert D. Tambling, Esq.
Mr. Reneau P. Almon, Esq.
Mr. George W. Andrews, III, Esq.
Mr. J. Mark White, Esq.

BEFORE THE ALABAMA STATE BOARD OF PUBLIC ACCOUNTANCY

In the Matter of the)
Complaint Against:)
James R. Moody, CPA) Case No. 99-1
Certificate No. 1290)
RESPONDENT.)

ORDER

COMES NOW the Alabama State Board of Public Accountancy ("the Board"), and, following a full and fair hearing before the Board on November 2, 1999, in Montgomery, in the matter of the complaint against James R. Moody, CPA, Certificate No. 1290, makes the following Findings of Fact and Conclusions of Law in support of this Order.

FINDINGS OF FACT

1. Respondent is a duly Certified Public Accountant in the State of Alabama, and was so registered at all times relevant to the complaint.
2. Respondent was provided notice of the hearing by certified mail, return receipt requested, and regular first class mail to the most recent address on file with the Board.
3. The certified mail receipt was signed and returned to the Board.
4. Respondent attended the hearing with Reneau P. Almon, Esq. and George W. Andrews, III, Esq. as counsel. Mr. Almon and Mr. Andrews presented and questioned witnesses, presented documentary evidence and presented oral argument on behalf of the Respondent.
5. Documentary evidence designated as Boards' Exhibits 1-5 and Respondents' Exhibits 1-4 were admitted into evidence and published to the Board.
6. The evidence presented at the hearing established that as of the filing of the complaint, Respondent was the managing shareholder in the accounting firm Moody & Morgan, P.C.

7. The evidence presented at the hearing established that between September 1991 and September 1995, Respondent was a partner in the accounting firm Peters, Moody & Morgan.

8. The evidence presented at the hearing established that in 1992 David Krider, a candidate for Mayor of the City of Irondale, asked the Respondent if his firm would be interested in performing audit work for the City of Irondale provided Krider was elected mayor. Respondent indicated to Krider that his firm would be interested in performing the audit work. Krider and the Respondent agreed that Respondent and his firm would perform audit work for the City of Irondale for the sum of \$40,000.00 annually.

9. The evidence presented at the hearing established that at some point subsequent to this agreement Krider told Respondent that Respondent would have to pay him the sum of \$5,000.00 per year. Respondent agreed to make these payments.

10. The evidence presented at the hearing established that on or about the latter half of the calendar year of 1992, Respondent began making payments to Krider. During this time period, Respondent cashed checks from a business account totaling \$5,000.00 and delivered the money to Krider.

11. The evidence presented at the hearing established that on or about October 29, 1993, Respondent cashed two checks from a business account totaling \$5,000.00 and delivered the money to Krider.

12. The evidence presented at the hearing established that on or about October 21, 1994, Respondent cashed a check from a business account in the amount of \$5,000.00 and delivered the money to Krider.

13. The evidence presented at the hearing established that on or about October 5, 1995, Respondent cashed two checks from a business account totaling \$5,000.00 and delivered the

money to Krider.

14. The evidence presented at the hearing established that in 1996, Respondent requested additional compensation for accounting services performed for the City of Irondale. Krider agreed to pay Moody & Morgan, P.C. \$47,500.00 but insisted that he be paid \$7,500.00 per year. Respondent agreed.

15. The evidence presented at the hearing established that on or about October 2, 1996, Respondent cashed a check from his business account in the amount of \$4,000.00 and delivered the money to Krider. On or about November 11, 1996, Respondent cashed a check from a business account in the amount of \$3,500.00 and delivered the money to Krider.

16. The evidence presented at the hearing established that from 1992 through 1996, Respondent made payments to Krider totaling approximately \$27,500.00. In return, Respondent and his firm were allowed to perform audit work for the City of Irondale. During this period, Respondent and his firm derived compensation from the City of Irondale in the amount of approximately \$207,500.00.

17. The evidence presented at the hearing established that from 1992 through and including 1994, Respondent was the managing partner responsible for audit work conducted by Peters, Moody & Morgan for the City of Irondale. From 1995 through and including 1997, Respondent was the managing shareholder responsible for audit work conducted by Moody & Morgan, P.C. for the City of Irondale.

18. The Board finds that from fiscal years ending September 30, 1992, through and including September 30, 1996, Respondent and his firms Peters, Moody & Morgan and Moody & Morgan, P.C. prepared audits expressing an opinion on financial statements of the City of Irondale while lacking independence with respect to such enterprise.

19. The Board finds that from fiscal years ending September 30, 1992, through and including September 30, 1996, Respondent and his firms Peters, Moody & Morgan and Morgan & Moody, P.C. associated their names with financial statements prepared for the City of Irondale in such a manner as to imply they were acting as independent public accountants when they had not complied with the independence standard of the generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants.

20. The Board finds that from 1992, through and including 1996, Respondent and his firms Peters, Moody & Morgan and Moody & Morgan, P.C. made payments to City of Irondale Mayor David Krider, a public official, for the purpose of securing and or maintaining contracts to conduct audit services for the City of Irondale. Respondent's conduct, as described herein, constitutes sufficient evidence that he committed acts or engaged in conduct discreditable to the public accounting profession.

CONCLUSIONS OF LAW

The Board finds that the facts as established at the hearing and as outlined above constitute a violation of Sections 34-1-1, et seq., Code of Alabama 1975, as follows:

1. The acts of the Respondent constitute a violation of the rules of professional conduct established by the Board, specifically, Board Rule 30-X-6-.02(1), which is a cause for revocation under Section 34-1-12 (a)(4), Code of Alabama 1975.

2. The acts of the Respondent constitute a violation of the rules of professional conduct established by the Board, specifically, Board Rule 30-X-6-.03(2), which is a cause for revocation under Section 34-1-12 (a)(4), Code of Alabama 1975.

3. The acts of the Respondent constitute a violation of the rules of professional conduct established by the Board, specifically, Board Rule 30-X-6-.05(1), which is a cause for revocation

under Section 34-1-12 (a)(4), Code of Alabama 1975.

CONCLUSION

Based on the Findings of Fact and Conclusions of Law set forth above, the Board finds that the Respondent is guilty of all charges alleged and, thus, his certificate and permit to practice public accounting is due to be revoked on each of the three charges, separately and severally.

It is therefore ORDERED, ADJUDGED and DECREED by this Board that the certificate and permit to practice of the Respondent be REVOKED and that Respondent return the revoked Certified Public Accountant Certificate to the Board office.

DONE this 19th day of November 1999.

ALABAMA STATE BOARD OF PUBLIC ACCOUNTANCY

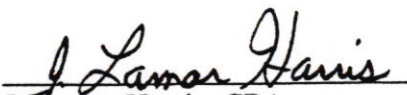
CONCUR:

MESSRS. MCCULLAR, BATSON,
LAWRENCE, WHITE
AND MS. BOLLINGER

RECUSED:

MR. DELOACH

ATTEST:


J. Lamar Harris, CPA
Executive Director
November 30, 1999