

(Continued from page 5)

statements” filed by the lender. They claim KPMG was responsible for its collapse because it allowed the lender to use inappropriate accounting that led it to underestimate the provisions it needed to cover bad loans. This made its position look better and gave it access to more funds...”

Or, Donna Kardo of the “Wall Street Journal.”

The lawsuits filed Wednesday said that specialists at KPMG tried to point out errors in New Century’s financial statements but were silenced by the KPMG partner in charge of the audits “to protect KPMG’s business relationship with, and fees from, New Century.”

KPMG had a tough day all around as yesterday also saw stiff sentences handed down to two former KPMG’ers related to their tax shelter case.

Also, there’s both a California filing against KPMG LLP, the US firm, and a filing in New York against KPMG International, the umbrella firm for the KPMG “global network” of firms. Interestingly, and not too surprising, the attorney for these cases against KPMG, Steven Thomas, is the same attorney who won the large judgment under appeal in the Banco Espiritu Santo case against BDO Seidman and the one who is going to trial in the same issue against BDO International, their umbrella firm.

Here are some other clients with whom they are having potential or active litigation concerns:

“Countrywide, PCAOB, PWC/Satyam, Deloitte International/Parmalat, Fannie Mae, etc., etc.” the name KPMG seems to come up in almost every paragraph relating to financial auditing services.

Many of KPMG’s law suits stem from mis-advice to clients on arrangement of financial statements to minimize the IRS taxes for the company. Would it be of interest to know if KPMG ever had anything to do with affecting the taxes of our corporations?

Yes! They Have!

Priorities

We cannot underestimate the consequences of the PRIORITIES that a Managing Agent places in the management of a Home Owners Association. When we look at the failings of our financial institutions and try to understand what happened, you keep returning to the priorities of the people in control. Enron, AIG, etc., had “good and knowledgeable” CEO’s who had the capabilities to run large multi billion dollar corporations. This also applies to a company like KPMG.

So, what went wrong with these potentially superb companies? Their PRIORITIES?

We see the same thing happening with our country’s governance. At one time the highest priority in the land was to the people by following the directives established by our founders. Those pioneers created controlling documents that ensured that those elected to govern, would do so while keeping the citizens of this great country as their highest priority. Since then, every time we turn around, the politicians find a loophole to justify changing the priority from the original governing documents to someone who wants to have the power under their control and chaos begins to overshadow good.

This same problem occurs on a smaller scale when we apply it to our local governance of LWV, and by osmosis to our city council. There is a difference between who has the power, and who should have the power.

The major power should emanate from our boards and we, the owners, should be the highest priority. Decisions should always be made on what is best for the owners. This is how it should work.

Unfortunately, it does not function in this manner in LWV. The Home Owners Association is controlled by the Managing Agent, regardless of his continuous