

the work the firm had been doing in the private equity arena for the past few years really began paying off in 2010.

"The price sensitivity in the market and Friedman's international capabilities, through DKF International, also helped the firm last year," he added.

Zudek expects the firm's success in China to continue in 2011.

"We see a lot of opportunity there," he said.

The firm sees good things outside China as well.

"We are seeing a little more M&A activity [among SEC registrants]," Zudek said. "The transaction work sometimes gives us an entrée into proposing on audit work."

Outside the U.S., the firm hopes to leverage its Chinese success into similar success in India.

"We hope we can grow that business the way we have our China practice," he said. "We are involved with several companies in India. There is not the language and handwriting barrier there is in China. That gives us the ability to utilize U.S. staff that want to work on the engagements."

Marcum's 2010 acquisitions of **Stonefield Josephson**/Los Angeles and UHY's New England practice contributed 29 of the firm's 40 wins for CY2010. An acquisition from 2009, **Rachlin**/Miami, bumped the firm's SEC engagement win total in 2010 to 30, related to its M&A activity.

Much like other firms posting solid results in the analysis, China figures into Marcum's plans too. The firm closed out 2010, agreeing to terms in December with **Bernstein & Pinchuk**/New York to merge their China practices to create **Marcum Bernstein and Pinchuk**, in a deal effective Jan. 1, 2011.

"Marcum's stated business plan has been to grow the firm into being a boutique national firm with a focus on entrepreneurs and middle market companies," said Marcum's NYC Partner-in-Charge of the SEC Practice Group David Bukzin. "We want to be viewed by the business community as being a true alternative to the Big Four. The strategic mergers and acquisitions during the past year have gone a long way to accomplishing our stated goals. We are now clearly one of the top 10 auditors of public companies in the U.S. and look forward to expanding our footprint in 2011 and beyond."

No discussion of SEC firm annual success would be complete without touching on **MaloneBailey**/Houston.

The firm was involved in both prime movers for many SEC firms in 2010: M&A and China. The firm had an acquisition in May, although it didn't directly boost the firm's 2010 SEC engagement win total of 39.

Outside of that, firm founder and SEC Practice Leader John Malone, has been blogging about the effect of M&A on the end of the SEC market he and his firm have traditionally dominated, the micro-caps. Malone's blog is understandably titled, **Microcap Blog**.

In addition to its May acquisition, the firm did have a strategic acquisition of staff and clients from **Kempisty & Co.**/New York at the start of the year that augmented its China practice. The firm's revenue related to China in 2010 increased five-fold from 2009 revenue. Malone said a factor in the firm's success was the approach they used in entering the market.

"Many of the firms were competing mainly on price," he told *ANR*. "When we came into the market, we came in different. We hired former Big Four people, fluent in Mandarin and focused on quality."

MaloneBailey Audit Partner George Qin, Chinese Audit Practice leader, said the Chinese market is going through a bit of transition currently.

"The mentality right now is that people think they need a Big Four firm," he said. "Many will switch. But in the end they will switch back."

Back at home, Malone said the micro-cap market was also going through a transition, because of the efforts of the **PCAOB** to clean out auditors doing shoddy work.

"The new competitors that entered the market are not like the ones they have replaced, they are competent and proficient making the competition much tougher," he said.

Despite the tougher environment, Malone has a positive outlook with some reservation.

"I am bullish," he said. "The unknown is how much recovery we will get and how fast we will get it." ■

**Editors Note:** The annual auditor change analysis and rankings are calculated from analysis of an entire calendar year of auditor changes compiled by **AuditAnalytics.com**. Standings are determined by weighing net gain in market cap of clients involved in auditor changes, net gains in the revenue audited of engagements involved in auditor changes, net gains in the assets audited of engagements involved in auditor changes,

majority of Mr. Batchelor's investments took place prior to BDO issuing its audit opinion on May 3, 1999. The Batchelor Foundation's sole investment took place seven months before BDO was hired and more than a year before an audit was issued BDO's audits of Grand Court conformed to all Generally Accepted Auditing Standards. We look forward to reversing this verdict on appeal."

The firm's confidence is more than false bravado or posturing as it has a solid record on appeal in Florida. Since 1995 the firm has a spotless 3-0 record in getting trial verdicts overturned on appeal in the Sunshine State. The latest win for the firm was June 2010 in the Third District Court of Appeal. The court tossed out a \$521.7 million jury award against BDO in the Banco Espirito Santo case.

The same lawyer representing the plaintiffs in the so-called Batchelor case, Steven Thomas, represented the plaintiffs in the Banco Espirito Santo case. ■

---

## CB&H Expands, Again

**Cherry, Bekaert & Holland**/Richmond, Va. added to its home state footprint with the acquisition of **Burrus Paul & Turnbull**/Virginia Beach, Va.

The deal, effective Feb. 1, 2011, adds two partners and nine professionals to CB&H's presence in the Hampton Roads area. Post-acquisition, the firm has nine partners, more than 80 professionals and offices in Virginia Beach, Norfolk and Newport News in the area.

"Hampton Roads is one of CB&H's key markets, so we are pleased to add the resources and talent of BP&T through this acquisition," said CB&H MP Howard Kies. Expanding our service reach into Norfolk and Newport News provides us with a solid foundation to support our continued growth."

Since last summer the firm has completed a bushel of deals. CB&H closed out 2010 expanding its south Florida operations adding 115 former **Berenfeld Spritzer Shechter & Sheer**/Coral Gables, Fla. partners and professionals from the defunct firm.

CB&H also closed two traditional M&A deals in 2010: **McLeod & Co.**/Roanoke, Va. (Seven partners and 30 professionals), effective Nov. 15 and **Braver Schimler Pierce Jenkins**/Atlanta, effective Aug. 1.