



Journal of the CPA Practitioner

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UPDATE...FROM THE NCCPAP PRESIDENT



ANDREW L. HULT, CPA

The quarterly meeting on August 4, 5 and 6 at the Hyatt Regency in Cambridge, Massachusetts was tremendous. In the following paragraphs, I'll try to recap some of the more significant issues and decisions coming out of the various committees.

Right now, however, I want to invite you to attend upcoming quarterly meetings. The next is at a beautiful Hilton in Woodcliff Lake, New Jersey. It will take place on October 20, 21 and 22, and next year's officers and directors will be installed. In addition, attendees will earn tax CPE and accounting and auditing CPE for attending our Tax and Issues Committee meetings. Furthermore, a MAP seminar on preparing your practice and your clients for the new 1099 reporting requirements is being scheduled.

The subsequent quarterly meeting will take place at the Renaissance Hotel in Boca Raton, Florida, on January 3, 4 and 5, 2011. Again, there will be tax CPE and accounting and auditing CPE. TIGTA, the office of the Treasury Inspector General for Tax Administration, will be making a presentation.

Issues and Decisions

Progress continues to be made toward a final proposal to change NCCPAP's membership unit from a "firm" membership to an "individual practitioner" membership. The Membership Committee is refining the dues structure and retaining the "one firm, one vote" aspect of NCCPAP membership. When enough details are worked out, you and other members will be asked to vote for or against the change.

The Peer Review Committee is finalizing a response to an AICPA exposure draft. The AICPA feels that there is a conflict of interest when a firm markets accounting and auditing practice aids and then conducts peer reviews on firms using those practice aids. NCCPAP supports the intent of the exposure draft but will be proposing some revisions to language that may have unintended adverse consequences.

As you probably know, Carol Markman testified in the Senate Committee on Finance hearings. She was accompanied by Neil Fishman, NCCPAP Tax Chair, and Mark Meinberg. At the Tax Committee meeting in Cambridge, Carol recapped her testimony to the Senate Finance Committee. (Her full testimony, pertaining largely to the complicated impact of the phase-outs of deductions, exemptions, and of the alternative minimum tax, can be downloaded from the internet, at <http://finance.senate.gov/hearings/hearing/?id=6a79ef75-5056-a032-52a1-127f9aebf325>).

In that Cambridge Tax Committee meeting, I spoke about my misgivings concerning the IRS' tax preparer registration mandate. Due to space restrictions, I will not recapitulate many aspects of the initiative.

The issues are involved. At the risk of oversimplification, I will mention that the program could harm the interests of some preparer groups while failing to achieve some of the IRS objectives.

The registration program appears to create a new profession, that of Registered

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Website <http://www.NCCPAP.org>

E-mail execdir@NCCPAP.org

Phone (516) 333-8282 • Toll-Free (888) 488-5400

Fax (516) 333-4099

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Holly Coscetta	(516) 333-8282
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Editor-in-Chief	Frimette Kass-Shraibman, CPA	(718) 253-2998
Editorial Board	Carol Markman, CPA	
	Neil Fishman, CPA	
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**NCCPAP Officers and Directors
Candidates 2020-2011**

The Nominating Committee has proposed the following slate of candidates for the 2010-2011 term.

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Director – Three-Year Term, 2010-2013	Donald Ingram, CPA Robert Markman, CPA Lynne Marcus, CPA
Director – Two-Year Term, 2010-2012	Frimette Kass, CPA

Independent nominations for an Officer or Elected Director may be made by petition filed with the Secretary 40 days following the August meeting (September 15th). The petition shall be signed by at least 25 members of the Conference, and shall certify that the nominee has consented to serve, if elected. Profiles of independent nominations received prior to September 15th will appear in the next regular issue.

In addition, three of the five voting members of the Nominating Committee are to be elected from membership. Nomination for members of the Nominating Committee, other than members elected by the Board, shall be by petition filed with the Secretary prior to the vote at the Annual Meeting of Member Firms. Each petition shall be signed by at least 10 members. Signing members shall certify that the nominee has consented to serve if elected. See page 8 of this *Journal* for the Nominating Petition.

2010-2011 Election Ballots will be mailed September 16th. If you are not attending the Annual Meeting in October, be sure to mail your ballot so as to be received in the National Office prior to October 21st.

Note: NCCPAP is Going Green!
Beginning May 2011, *The Journal of the CPA Practitioner* will be delivered electronically.
Update your profile on the NCCPAP website to include your e-mail address or call the national office for more information.

It is the policy of the National Conference of CPA Practitioners (NCCPAP) that the use of the organization's mailing and contact lists for commercial purposes without the specific written authorization of the Board of Directors is strictly prohibited.

Views expressed in articles printed in *Journal of the CPA Practitioner* are the authors' only and are not to be attributed to the publication, its editors, the National Conference of CPA Practitioners, or their directors, officers, or employees, unless expressly so stated. Articles contain information believed by the authors to be accurate, but the publisher, editors and authors are not engaged in rendering legal, accounting or other professional services. If specific professional advice or assistance is required, the services of a competent professional should be sought.

The National Conference of CPA Practitioners is a non-profit organization. A copy of form 990 may be found at www.guidestar.org.

UPDATE...FROM THE NCCPAP PRESIDENT (continued from page 1)

Tax Preparer. It also would appear to collect fees from preparer groups already subject to IRS regulation under the Office of Professional Responsibility and Circular 230, i.e., attorneys, CPAs and enrolled agents, and to use those fees in part to fund advertising designed to encourage the public to use reputable tax preparers, i.e., Registered Tax Preparers.

Some large commercial tax preparation firms do not currently fit into the attorney, CPA, or enrolled agent categories but would qualify as Registered Tax Preparers. The IRS has expanded the Office of Professional Responsibility's authority to include these preparation firms. This is a good thing, I believe, for the nation and the profession.

For their part, the commercial firms may see the registration as an opportunity to spend millions and millions of advertising dollars, on top of those which the IRS proposes to spend, claiming that the IRS has endorsed their competence as Registered Tax Preparers. I suspect that this scenario, if played out as I envision, might in the long run do significant financial harm to those attorneys, CPAs, and enrolled agents whose practices are centered around tax return preparation, and who lack deep pockets for advertising. It causes me some consternation to think that I am being required to pay a fee for a PTIN that I already have, and that said fee might help fund IRS advertising that could potentially harm my practice.

At the same time, I am concerned that the program will not stop tax fraud among the tax preparers who currently prepare returns for compensation but do not sign them. If they did not comply with IRS directives to sign tax returns in the past, they are not likely to comply with the new IRS directives to register

and pay fees. I suspect that this group of preparers is responsible for a significant portion of the tax gap attributable, for example, to fraudulent claims for earned income credits and federal new home buyer credits.

My concern is that the IRS will not succeed as much as anticipated in closing the tax gap. However, it may succeed, unintentionally, in harming the interests of tax preparer groups, including attorneys, CPAs and enrolled agents, which have worked with it through the years.

This is not a NCCPAP position. It is my personal concern. And it is my personal hope that the IRS will proceed slowly, implementing the program one step at a time over several years. This will leave time to rethink, and to leave the door open for further dialogue with various professional groups, before phasing in the Registered Tax Preparer credential.

In sum, there are crucial issues facing our profession. NCCPAP gives voice to the small practitioner when they arise. NCCPAP is "practitioners helping practitioners."

You are invited to participate more. Think about coming to the next quarterly meetings and letting your voice be heard. And think about joining a committee. It's time to give back to the profession and the nation.

Also, please share your thoughts with NCCPAP's officers, directors and committee chairs so that they can more effectively represent you. And, call me. My phone number is 516-565-1702. My e-mail is alhult@alhcompany.com.

Andrew L. Hult, CPA

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Go to our website, click on "CPA Classified," and access the PROFESSIONAL CLASSIFIED DIRECTORY, where you can advertise to sell a practice, post Help Wanted ads, or anything else related to your practice. The cost for a NCCPAP member to place an ad is very reasonable, just \$75 per month or \$750 for 12 months. The ad is e-mailed to approximately 180,000 accounting professionals each week. There is no specific limit on the number of words in the ad. Just be reasonable!

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Profiles of the Candidates

President: **ANDREW L. HULT, CPA**

Andrew has been a CPA in public practice for over twenty years. A decade ago he left Owen Peterson to form a sole proprietorship. Prior to his career in public practice, he was a decorated naval officer and a corporate financial executive.

Drew is currently serving NCCPAP as National President and is on the Issues, Tax, and Peer Review Committees. Previously he was Nassau/Suffolk Chapter President, National Treasurer, and National Executive Vice President. He also chaired the Public Relations Committee (National), the Council of Chapter Presidents (National), the Ethics Committee (National) and the Marketing Committee (Nassau/Suffolk Chapter).

Drew is a member of the AICPA as well as the NYSSCPAs. He has lectured to the Nassau and Suffolk Bar Associations as well as the American Management Association.

Drew actively participates in the Garden City, Long Island community where he and Marilyn, his wife reside. In his church he served as a Trustee and Chair of the Board of Finance and Administration, and currently serves on the Investment Committee. He was Treasurer and President of his tennis club, and President of the Garden City Student Aid and Scholarship Fund. Drew and Marilyn have three children and four grandchildren.

Executive VP: **LANA KUPFERSCHMID, CPA**

Active in her hometown of New City, N.Y., Lana is Treasurer for the Downtown New City Corp. She enjoys biking, hiking and traveling with her husband. Her married identical twin daughters and four grandchildren live in Golden, Colorado.

“My goal for NCCPAP is to continue to provide assistance to all practicing CPAs. I wish to continue to serve on the National level because I believe in the organization. NCCPAP has provided me with the knowledge to develop and expand my practice. At the chapter level, I would like to get one important message across; a member maximizes benefits of an organization only by participating and becoming involved!”

While serving as Director in the Westchester/Rockland Chapter, Lana pursued the development of the New Jersey Chapter. Looking toward the future, Lana states “we need to uphold the value of the CPA, the trusted professional. NCCPAP can be the driving force behind this goal.”

Vice President: **NEIL H. FISHMAN, CPA, CFE, FCPA, CAMS**

Neil has been in practice since 1989. He is a graduate of the State University of New York College at Oneonta, and is licensed as a CPA in New York and Florida. He is a member of the New York State Society of CPAs, the Florida Institute of CPAs, the Association of Certified Fraud Examiners, the Association of Certified Anti-Money Laundering Specialists, and the Forensic CPA Society. His service to NCCPAP includes Chairman of the National Tax Policy Committee, National Vice President (2009-2010), National Secretary (2008-09), and founding President of the South Florida Chapter.

Neil has authored several articles which have appeared in *The CPA Journal*, published by the New York State Society of CPAs, *California CPA*, published by the California Society of CPAs, and on the website of the Florida Institute of CPAs. In March

2005, Neil was a panelist on taxtalktoday.tv, a webcast run by the IRS; the topic was “How the Bank Secrecy Act Affects You and Your Clients.” Neil has assisted in the drafting of tax legislation introduced in the United States House of Representatives.

Vice President: **VITO M. MASTRO, CPA**

Vito received his MBA in Accounting from St. John’s University. He has his own CPA practice, Mastro Associates, LLC, with offices in New York City, and South Brunswick, New Jersey. Vito has served as NCCPAP’s NJ Chapter President and is currently serving as Treasurer in the New York City and New Jersey Chapters. He is a member of the Board of Directors.

Vito is active in his hometown of Princeton Junction, New Jersey. He is one of the original founders of the parish of Saint David the King and the first trustee appointed by the Bishop of Trenton. He is also the Grand Knight and founder of the Knights of Columbus Chapter 14716, a member of the Board of Directors and RIC Committee (fund allocation) and Chairman of the Finance Committee for United Way of Mercer and Princeton counties. Vito, his wife Elaine, six grown children and thirteen grandchildren all live in the Mercer County Area.

“My major goal is to see a sizeable growth in NCCPAP membership and become of major importance in the CPA society.”

Vice President: **RONALD C. TOCKMAN, CPA**

Ronn is a graduate of Suffolk University class of 1971. He has been a practicing CPA in his own firm since 1975, with clients primarily in Eastern Massachusetts, Southern New Hampshire and Rhode Island area. Ronn has served NCCPAP on the Board of Directors, as National Secretary and as National Vice President. He is also a member of the American Institute of CPAs (AICPA) and the Massachusetts Society of CPAs (MSCPA). He has served on the Federal Tax Committee of the MSCPA since 1979 and as chairman of the Infoshare subcommittee for several years. Ronn lectures on current tax topics for continuing education courses for the MSCPA and to private groups on tax law updates.

Ronn lives in Stoughton, MA and has three adult children. He enjoys spending time with his five grandchildren, Hunter, Hannah, Aidan, Alex, and Dylan.

Secretary: **EDWARD P. CAINE, CPA, MBA**

Ed is a graduate of both Lehigh University and Temple University with over 35 years’ experience in management and accounting. His CPA practice is headquartered in Bryn Mawr, PA with a satellite office in River Edge, New Jersey.

His background includes both public and private practice. He has served as the CFO, Director of HR and Director of IT of the JCC MetroWest, West Orange, N.J. (largest JCC in New Jersey and fourth largest in the U.S.) and was Chief Administrative Officer of the Union for Reform Judaism, with direct responsibility for the administrative day-to-day operations, including 14 offices and 13 other sites throughout North America. Ed was the CFO of both a large accounts receivable management services corporation and a manufacturing firm. He also has eight years’

experience in commercial banking in credit, finance and accounting. He began his public accounting career in the small business groups at Arthur Andersen & Co and Deloitte & Touche.

Ed is a member of Beta Alpha Psi (the National Honorary Accounting Society) and listed in Marquis *Who's Who in America*. He has is a member of both the American Institute and Pennsylvania Institute of CPAs (AICPA and PICPA), a Past President of The Temple University School of Business and Management Alumni Association and Main Line Reform Temple, Beth Elohim, Wynnewood, Penn. He is a past chair of the PICPA Business, Government and Education (BGE) committee. In 1997-98, he was appointed to serve on President Clinton's Roundtable on Race Relations.

Treasurer: KENNETH HAUPTMAN, CPA

Ken received a BS in Economics, specializing in Accounting, in 1972 from Brooklyn College, and an MS in Taxation from Long Island University/C.W. Post in 1979. He has practiced public accounting for over 40 years, initially with Lutz and Carr, CPA's and as a partner with the firms of Weinick, Sanders & Co., CPA's and Hauptman, Elsner & Co., CPA's, prior to establishing his own CPA practice.

Ken is a member in good standing of the American Institute of CPAs and the New York State Society of CPAs. For NCCPAP, he served as Secretary of the Nassau/Suffolk Chapter in 2003–2005, a member of the Board of Directors in 2005–2008, and Co-chairperson of the Nassau/Suffolk Chapter MAP committee from 2005–2007. Currently he serves on NCCPAP's Board of Directors and as Chairperson of the National MAP committee. Ken is Co-chairperson of the NYS Society of CPA's Nassau Chapter Small Firm MAP committee. He resides in Old Bethpage with his wife Robyn. Ken and Robyn have three children and four grandchildren.

Director: DONALD INGRAM, CPA

Donald is a graduate of Adelphi University who holds a BBA in Accounting and an MBA. He is a Certified Information Systems Auditor (CISA). His practice is located in Plainview, N.Y.

Donald is a Past-President of the Nassau/Suffolk Chapter of NCCPAP and is on the IRS Service Liaison Committee. He is also a member of the NYSSCPA, the Institute of Management Accountants and the National Association of Tax Professionals.

Donald resides in Plainview, N.Y. with his wife Myrna and has three grown children. He is on the board of Directors of the Plainview Old Bethpage Chamber of Commerce and was awarded "Businessperson of the Year" in 2005 from the Nassau County Chambers of Commerce. He is active in the Plainview Jewish Center and is a past President. He is a Vietnam Vet serving in the US Navy.

Director: ROBERT MARKMAN, CPA

Bob received an MS in Accounting from the School of Professional Accounting of C.W. Post Center of Long Island University and has been a registered and practicing Certified Public Accountant in the state of New York State since 1973.

From 1970 to present, Bob has provided sales tax consultation services and representation at sales and use tax audits. His clients include major retailers. He frequently lectures for NCCPAP, the Foundation for Accounting Education (FAE), the New York

State Society of CPAs, the Suffolk County Bar Association, the Eastern Regional Association of Sales Tax Administrators and various other Professional Accounting Organizations.

Bob resides in Westbury with his wife Carol, who is also a CPA. They have two grown children. He is active in the Community Reform Temple and the Retired Senior Volunteer Program of Suffolk County. He proudly participates in the Volunteer Income Tax Assistance Program (VITA).

Director: LYNNE MARCUS, CPA, CFP

Lynne has a BA in Accounting from Queens College and an MBA in Finance from St. John's University. She completed the Certified Financial Planner program of the College for Financial Planning at Queens College and also holds a General Securities License. She is an Investment Advisor Representative with Commonwealth Financial Network, a member of the FINRA and SIPC.

Lynne began her accounting career with Price Waterhouse and Co. in their Small Business Department. She has worked in both large and small companies. Her experience includes banking, real estate, service and retail organizations. In her current practice, in Great Neck, N.Y. and Palm Beach Gardens, Fla., she offers services including computerized accounting and book-keeping, tax return preparation and tax planning, budgeting, estates, trusts, investment, insurance and retirement planning. Lynne was an Adjunct Professor at several NY and Florida universities, where she taught Accounting and Auditing courses. She was the Program Coordinator and taught the Certified Financial Planner Program and Foundation in Financial Planning in conjunction with the College for Financial Planning in Denver, Colorado. She was also the 1992–1994 Chairperson for the NYS Society of CPA's-Nassau (NY) Chapter—Personal Financial Planning Committee.

Director: FRIMETTE KASS-SHRAIBMAN, CPA

Frimette has her BA in accounting from Queens College–CUNY and an MA and PhD in Business Education from New York University.

Frimette is a former manager at Kamlet & Epstein, P.C. and Demetrius & Co. P.C. She also worked at the NYS Insurance Department. as an insurance examiner, at AICPA as a Professional Development Manager, and at The Foundation for Accounting Education as Director of Education. She is editor of *The Journal of the CPA Practitioner*.

Frimette has taught at the Sy Syms School of Business of Yeshiva University, Audrey Cohen College, New York University, Baruch College, and Queensborough Community College–CUNY. She is currently an Associate Professor of Accounting at Brooklyn College–CUNY. She also practices accounting, tax, and financial planning with her husband Henry Shraibman, CFP, CISA. She resides in Brooklyn, NY with her husband and three children.

Did You Know.....

Your attendance at a National Issues Committee and/or Tax Committee Meeting during NCCPAP quarterly meetings qualifies you for up to 2 CPE Credit per meeting—call the National Office for details.

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Advising Your Senior Clients On HECMs and Protecting Them From Fraud

by *Frimette Kass-Shraibman, CPA, PhD*

Reverse mortgages have been increasing in popularity. In a simple version of a reverse mortgage, the homeowner receives monthly checks from the lender to supplement his/her income. The only reverse mortgage program insured by the Federal Housing Administration (FHA) is called a Home Equity Conversion Mortgage (HECM). HECMs are designed for senior citizens that have equity in their home and need additional income. Because the lenders are insured by the FHA, and seniors generally are a population vulnerable to fraud, the FHA's HECM program has been an area where fraudsters lurk at every turn.

Who Is Eligible For a HECM?

The basic eligibility requirements for an FHA HECM are:

- Age of 62 years or older
- Owner of the property outright or a small mortgage balance
- Occupy the property as your principal residence
- Not delinquent on any federal debt
- Participate in a consumer information session given by an approved HECM counselor

In addition, the borrowers must maintain the home as a principal residence. If the borrowers leave the home, then the loan becomes due. However, the borrowers may be in a nursing home for up to 12 months without affecting the loan. The borrowers are also required to keep their property taxes up to date and to maintain the property. The borrowers are required to re-certify their HECM eligibility every 12 months.

In order to reduce fraud against the elderly, the federal Housing and Urban Development Agency (HUD) requires that all HECM borrowers be counseled by a certified HECM counselor about the provisions and risks of a HECM loan. HUD has found that, in some instances, borrowers are being counseled over the telephone. Although this is permissible, it is less than optimal. Many of the elderly borrowers have trouble hearing over the phone, and it is hard for the counselor to gauge nervous reactions when not sitting with the borrower. This is an important aspect of the program as HECM counselors have been able to pick up on potential abuse of the elderly and forward these cases to the HUD Office of the Inspector General (OIG).

Some Examples of the Frauds

Many of the HECM loans are appropriate for the borrower and help to maintain the elderly in their lifelong homes. However, there are some sleazy lenders who are taking advantage of the borrowers. Here are some frauds taking place:

Cash Out

The program was designed for the borrower to get a cash stream as needed. Taking out a large cash payment from the credit line at the inception of the loan is not forbidden, but it is not what the program was designed for. Fraudsters have been known to encourage the elderly to take out a large amount of cash at inception to pay fees to the mortgage originator (mortgage broker or salesperson) and the money is never seen again. If the

borrower needs to take out money later, there is no line of credit left. Sometimes the proceeds go to relatives or other people known to the borrower who are "advising" the borrower on financial matters.

Unallowed Fees

Some lenders are charging fees, in excess of those allowed, at the closing.

Cross-Selling

Some con artist loan originators convince the borrower to use the proceeds of the mortgage to invest in products that bring the loan originator high commissions, and are usually inappropriate investments for the borrower. HUD-OIG considers cross-selling a major red flag when looking for fraud.

Straw Buyers

This is one of the most sophisticated HECM frauds around. The swindler recruits seniors by telling them they can now have their own home, for free, and no longer have to live in a rental. The swindler buys a home, usually one in disrepair, and sells it to the buyer using a quit claim deed and an inflated appraisal. The senior puts little or no cash down and signs a large note to the swindler. That fraudster then helps the senior get a HECM loan, based on the inflated appraisal, to pay off the note to the fraudster. The senior has the home at no cost.

Once in the home, the senior finds out that the boiler doesn't work and the roof leaks. Also, bills come due for real estate taxes. In many communities, real estate tax appraisals are based on the last sale. In this case the last recorded sale was at an inflated amount. Since the entire HECM loan was cashed out to pay the fraudster's note, the senior does not have funds to make repairs or enough cash flow to pay real estate taxes. The town will foreclose for unpaid real estate taxes and the FHA has to make good on the loan to the bank.

Protecting Your Clients

To protect your clients, an ounce of prevention is worth a pound of cure. Train your clients to NEVER make a major financial decision without first talking to their CPA. In many parts of the country it is not customary to use an attorney to buy or mortgage property. However, I always recommend that my clients do this. On more than one occasion, I have saved clients a lot of money and protected their homes. If an elderly client is ever approached by a stranger to enter into a financial transaction, they should consult with a trusted family member, their attorney, and/or their CPA. I've seen cases where the senior just says to the fraudster, "I first want to talk to my son/daughter"—and the fraudster is never heard from again. They know that the family member will see right through the fraud.

Red Flags For Auditors

The HUD's OIG is very active in conducting investigations and audits to uncover HECM frauds. Some of the red flags the HUD investigators look for are:

(continued on page 8)

Advising Your Senior Clients On HECMs (continued from page 7)

- Was the property recently acquired by the borrower?
- Is there investor involvement?
- Is the senior a first-time buyer?
- Are there unrecorded covenants or deeds?
- Does the senior have limited knowledge of the transaction?
- Was the senior/borrower recruited?
- Was the senior promised a free house?
- Does the senior have a previous history of long-term rental?
- Is there participation of a third party?
- Is the transaction being rushed?
- Does senior have diminished mental capacity?
- Is the senior not living in the home?
- Were there lump sum payments made to third parties?
- Does the senior say he/she is investing the proceeds?

ulent HECM transaction, the incident can be reported to the HUD-OIG by calling 1-800-347-3735, faxing 1-202 708-4829, or e-mailing hotline@hudoig.gov.

Summary

Fraud lurks in many areas of our society. The elderly are particularly vulnerable. We all need to watch our elderly clients and try to protect them from becoming the victim of a fraud.

Frimette Kass-Shraibman is an Associate Professor of Accounting at Brooklyn College and editor of the Journal of the CPA Practitioner. She is a member of the NYC chapter of NCCPAP

The author wishes to thank Lisa Gore, Assistant Special Agent in Charge, HUD-OIG, for her comments at the National Association of Consumer Credit Administrators Conference in Memphis.

Reporting Fraud

If you suspect that your client has become involved in a fraud-

Nominating Petition

Candidates for 2010/2011 NCCPAP Nominating Committee

Three (3) candidates shall be elected from the General Membership to the Nominating Committee at the ANNUAL MEETING. The nominating petition (below) must be signed by at least 10 members and returned to the Secretary of the Corporation. Candidates shall not be members of the Board of Directors and shall not have served as members of the Nominating Committee this year (see listing of Board of Directors in *Journal of the CPA Practitioner*). Further, 2 nominees will be appointed from the Board of Directors, by the Board of Directors, for a total of five (5) elected positions on the Committee. There are also two (2) unelected non-voting members of the Nominating Committee comprising the Immediate Past President of the Conference and a member from the prior year's Nominating Committee designated by the prior years Nominating Committee, both of whom shall act as advisors to the Committee.

To: Ed Caine, CPA; Secretary, NCCPAP, 22 Jericho Turnpike, Mineola, NY 11501

In accordance with Section 2 of Article XIII of the By-Laws, the undersigned hereby petition the National Conference of CPA Practitioners, Inc. to place in nomination:

NAME OF NOMINEE

NAME OF MEMBER FIRM

as a member of the Nominating Committee to be elected at the 2009 Annual Meeting of Members. The undersigned hereby certify that the above named candidate has consented to serve if elected.

Name of Member Firm

Name of Member Firm

Signature of Partner/Shareholder/Owner

Signature of Partner/Shareholder/Owner

Name of Member Firm

Name of Member Firm

Signature of Partner/Shareholder/Owner

Signature of Partner/Shareholder/Owner

Name of Member Firm

Name of Member Firm

Signature of Partner/Shareholder/Owner

Signature of Partner/Shareholder/Owner

Name of Member Firm

Name of Member Firm

Signature of Partner/Shareholder/Owner

Signature of Partner/Shareholder/Owner

What Is Your Client Thinking?

by Anthony J. Citrolo, CPA, CVA, CBI

**Is it Time to Go? Is it Time to Retire? Is it Time to Sell?
Is it Time to Buy? Is it Time to Develop a Succession Plan? Is it Time to Develop an Exit Strategy?**

Some of your clients may be approaching that critical point in their business life that cries for decisions to be made, and perhaps a paradigm shift be made that would affect everyone associated with their business: their family, employees, advisors, lifestyle and, more importantly for you, their CPA (especially if it is a key client to your practice). This could signal a transition to a successor, an acquisition before an offering to a private equity group or an outright sale to a private or public company. It could also mean liquidation, the fate of many a business in today's challenging economy.

Among the questions to ponder are: "What Is Your Client Thinking? What are their plans? Do they need assistance in crafting an acquisition? How can they best maximize the value of their entity for either an immediate- or a long-range sale to a third party?"

Many professionals are caught by surprise. I have experienced dozens of circumstances where the principals/owners of privately-held companies call for a consultation and initiate a conversation leading to the sale of their family business. They need an exit strategy. They need recommendations as to how to monetize their business and reap the rewards of many years of building a business that would lead to a comfortable retirement. They envision themselves sitting at the beach and enjoying life. Most want to do it sooner than later. To my amazement, greater than 70% of those seeking to exit do so without the blessing of any of their "centers of influence." This lack of planning means that many experience severe tax consequences in addition to

failing to adequately address the ongoing living expenses that result in a lifestyle modification, to say the least.

Of course, there are times that health dictates a sale, but often it is a sense of "burnout" that has become intolerable, driving the owner to a quicker-than expected exit.

Here are recommendations to short-circuit any possible loss:

- Determine which principals among your clients are in the "baby boomer" generation (age 45 and up). These clients are likely to need an exit or continuation strategy. Most partnerships need buy/sell agreements. It is a widely known that 80% are without adequate protection;
- Consider the health of these principals. Those with obvious issues need a plan in the event of a long-term disability or illness;
- Ascertain which clients have successors they employ. Many of these need employees in need to be included in a formal succession plan. It would also be in the CPA's best interest to develop a relationship with the "younger" generation to assure continuance in service.
- Evaluate which clients are in industries where there has been increased consolidation. A merger or acquisition could have a negative effect on the CPA. However, if a client's business is a good candidate for acquisition by a Private Equity, there is a possibility you can remain the CPA;
- Take inventory of clients with strained profitability. If they consider acquiring a competitor, the economies of scale could

(continued on page 10)

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What Is Your Client Thinking? (continued from page 9)

benefit both you and the client;

- Identify which of your clients have had severe partner disagreements. Assisting them in remedying the situation will have a positive effect on your client and your firm.
- Pay special attention to clients with cash flow issues. With the lending environment in disarray, you should be proactive in finding alternatives to assist them work out a solution, whether it be a reduction in overhead, inventory controls or non-traditional lending sources including private investors;

These situations are just a few that are indicative of a client who may be a candidate to exit their business. Which of the above are your clients? Most CPA's don't want to encourage them to think about an exit strategy. However, it is far more painful to put it off and later find out that your client is being acquired when you receive a request for financial information as the acquirer completes the due diligence process. Many clients with EBITDA's in excess of \$1M are candidates for PE acquisition. The PE may retain your CPA firm since you are critical to the client's operation. If you are proactive, you can create a positive situation with your clients, resulting in an increase your revenue, a deeper relationship and a clearer understanding of your client's direction. You need to know just what your client is thinking!

Anthony J. Citrolo is principal of New York Business Brokerage, Inc. (www.nybbinc.com) and Reliance Strategies Mergers & Acquisitions (www.reliancestrategies.com) located in Melville, NY. He can be contacted at 631.390.9650 or via email at anthony@nybbinc.com or anthony@reliancestrategies.com.

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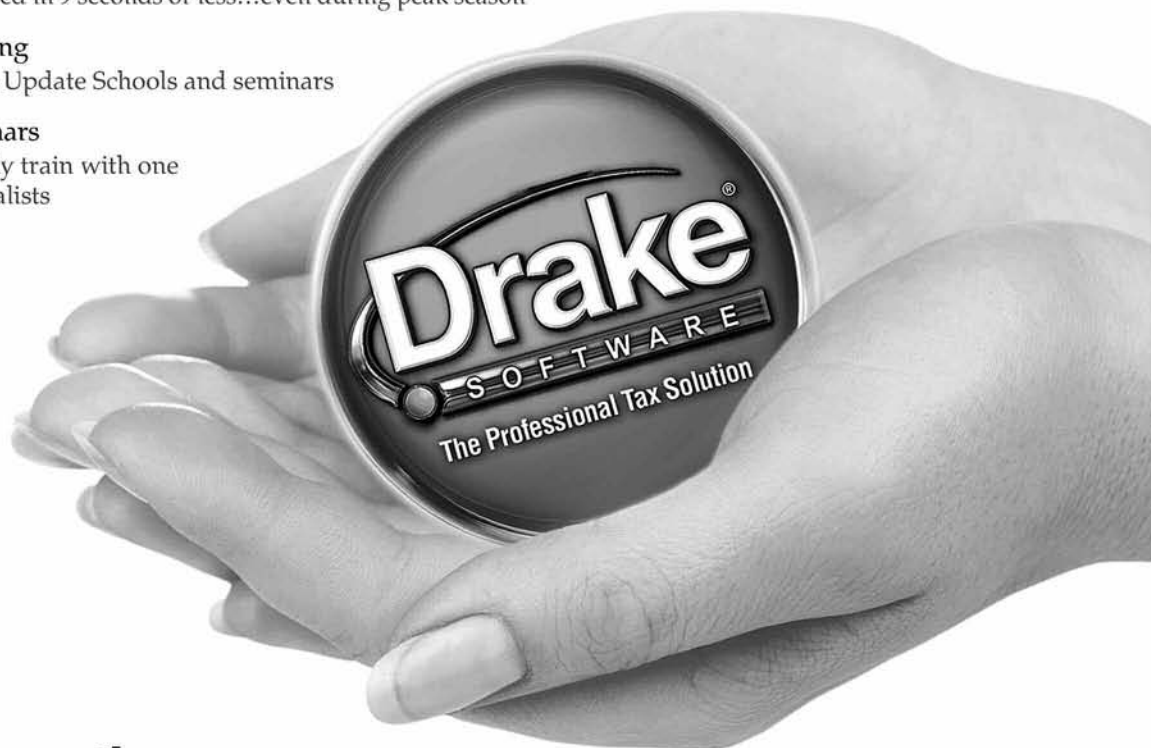
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Involuntary Conversions and Like-Kind Exchanges: Are They Like in Kind?

by Frances H. Pfeiffer, CPA and Glenn S. Pfeiffer, Esq.¹

Your client, Bob, is a real estate developer that owns several properties throughout the United States. Rumors several years ago that the State would be building a highway in rural upstate New York near the City of Demolition Derby piqued Bob's interest. Bob, being a risk-taker, acquired 150 acres of land in Demolition Derby with a view to building a discount shopping center, with the hope that it would now be conveniently located near a major highway. He got a steal—he paid only \$5,000 per acre and had a total tax basis of \$750,000. To Bob's dismay, when the State released its plans for the highway, they revealed that the highway would cut right across his 150 acre property, sounding the death knell for his discount shopping center. The State has threatened to "take" (with compensation, of course) 50 acres of that property for the highway. Unfortunately, the remaining 100 acres does not suffice for his planned enormous discount center and the site would now be split up by the highway, rendering it unfit for the discount center.

All was not lost, however. Bob has agreed on a price that the State would pay to take his property (\$7,500 per acre for the 50 acres the state needs) and has found a buyer to acquire the remaining 100 acres (the new buyer is willing to pay \$10,000 per acre to build a strip mall on each side of the highway). His total sales price would be \$1,375,000, representing a gain of \$625,000.

Bob played golf with several colleagues, all of whom encouraged him to deposit the sales proceeds with a "qualified intermediary" to proceed with a like-kind exchange. Bob, being one of your most sophisticated clients, knows all about the Like-Kind Exchange rules but does not want to decide on replacement property in a 45-day period and execute on an exchange in 180 days. He tends to look for very speculative opportunities that take time to develop. He asks you if there is anything he can do other than a regular like-kind exchange to help defer the tax on the exchange.

How can you advise him?

Bob can thank Congress for designing a set of rules in Section 1033 designed to address "involuntary conversions." The general rule of section 1033 is that no gain or loss is recognized if property is destroyed in whole or in part, stolen, seized or condemned if the property is appropriately replaced with similar property within the requisite period.ⁱⁱ Since the State has threatened to take part of Bob's property, Bob (with your help) should determine whether the section 1033 involuntary conversion rules would help him.

A discussion of the differences and similarities between the like-kind exchange rules (which are generally well-known by taxpayers and their advisors) and the involuntary conversion rules (not generally as well-known) will help illustrate the power and limitations of the involuntary conversion mechanics.

What Triggers Involuntary Conversion Status?

As discussed above, in order to benefit from the special rules on

involuntary conversions, section 1033 requires that the gain result from the property's "destruction in whole or in part, theft, seizure, or requisition or condemnation or threat or imminence thereof."ⁱⁱⁱ While one might expect that these events would generate losses, gains are in fact common, because gains can be realized as a result of the receipt of insurance proceeds, condemnation proceeds or a negotiated sale of the property in anticipation of the condemnation.

With respect to seizures, requisitions and condemnations, a taxpayer is permitted to apply the involuntary conversion rules even if the property is not actually taken. Thus, if a taxpayer sells the property to the government on the threat of condemnation, the involuntary conversion rules are applicable. In Bob's case, however, only 50 of the acres were threatened to be taken by the State. Bob sold the remaining 100 acres to a third party. The question that arises is whether the involuntary conversion rules can apply to all 150 acres sold or only the 50 acres actually handed over to the State.

The law on this subject seems to be favorable in distinguishing between repairable and irreparable damage to the property. For example, in *Masser*, the Tax Court held that where there was an "economic unit" of two properties, one of which became unusable as a result of a qualifying event, the entire economic unit was eligible for involuntary conversion treatment.^{iv} Conversely, in *C.G. Willis, Inc.*, where a ship was damaged by a qualifying event but was able to be repaired, the court held that involuntary conversion treatment was not proper because the taxpayer made a business decision to sell the property instead of repairing it.^v Thus, in Bob's case, since all 150 acres are likely to be treated as a single economic unit and were not usable for Bob's intended use (a large 150-acre discount center), the involuntary conversion rules should be applicable to the entire 150 acres sold.

Similarities to Like-Kind Exchanges

Comparing involuntary conversions with like-kind exchanges is a useful way to consider the advantages and disadvantages of each alternative (assuming the sale qualifies for involuntary conversion treatment). As a general matter, the rules operate similarly—if a taxpayer disposes of property in an event that qualifies for involuntary conversion treatment and purchases replacement property within the requisite period, no gain is recognized. As in like-kind exchanges, if not all the proceeds is re-invested or is reinvested in unrelated property (and the taxpayer therefore receives "boot"), gain is recognized to the extent of such "boot."^{vi} In addition, as in like-kind exchanges, a taxpayer's basis in the new property would be its carryover basis.^{vii} Consequently, in Bob's case, if he reinvested all \$1.375 million, he would have a basis in the property of \$750,000 (his basis in the old Demolition Derby property).

The rules become a bit more complex where there is a mortgage on the old property. In that case, in order to avoid

(continued on page 14)

having boot and therefore recognizing gain, the old debt needs to be replaced with new debt on the new property or with new cash out of pocket. Thus, in Bob's example, if there was a \$600,000 mortgage on the old property and the debt is repaid when he effected the sale, he would only have \$775,000 of cash remaining (\$1.375 million less debt repayment of \$600,000). However, he needs to reinvest the full \$1.375 million of "proceeds." Thus, his new property would need a mortgage of at least \$600,000 or he would need to come up with new cash of \$600,000.^{viii}

Differences from Like-Kind Exchanges

Process and Mechanics

One key difference between like-kind exchanges and involuntary conversions (presenting an advantage for involuntary conversions) is the process of reinvesting the cash. As is well known, with a like-kind exchange, the cash proceeds from the sale of the old property must be deposited with a qualified intermediary,^{ix} the new property must be identified within 45 days of the sale of the old property,^x and the new property must be received by the taxpayer within 180 days of the sale of the old property.^{xi} Suffice it to say, the like-kind exchange rules are complex and can have traps for the unwary.

The involuntary conversion process is far simpler—there is no need to deposit the cash proceeds with a qualified intermediary and the taxpayer may have full use and control over the cash. The replacement property is two years (three years in the case of real property condemnations, such as Bob's Demolition Derby property) after the close of the taxable year in which any portion of the gain is realized, significantly longer than the 180-day period afforded by the like-kind exchange rules.^{xii}

While the involuntary conversion rules contain no explicit

identification procedure, IRS and court rulings have evolved such as to impose an intent requirement in an involuntary conversion. The statute itself seems to contemplate an "election" not to recognize the gain and seems to impose an intent requirement. Thus, the preferred procedure would be as follows:

- If a taxpayer is certain that gain deferral is desired, the election may be made by simply omitting the gain from its return. If the taxpayer actually specifies its intent to acquire replacement property and designates replacement property on its tax return, it is unclear whether the taxpayer may revoke that election.^{xiii} When finding a suitable replacement property, the taxpayer should prove intent by designating the property as replacement property on its tax return for the year in which the replacement occurred.^{xiv} This extends the statute of limitations for the old property's year to 3 years beyond the year of the replacement.^{xv} If there is any money remaining (and thus, gain is required to be realized), it should be done by amending the return for the year of the disposition.
- If the taxpayer is not certain whether gain deferral is desirable (due to expiring NOLs, etc.), the gain should be reported as taxable in the year of disposition. This is because of the IRS's unclear guidance on whether a designation of replacement property is irrevocable.^{xvi} If the taxpayer does find suitable property and decides to treat the exchange as an involuntary conversion, the tax return for the year of the disposition can then be amended.

Type of Property that Qualifies

For like-kind exchange purposes, the replacement property must be "like kind" to the relinquished property. The regulations look to the nature or character of the properties, as opposed to their grade or quality.^{xvii} In addition, the like-kind exchange regu-

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lations contain special safe harbors for determining whether equipment is like-kind with other equipment. Generally, if two properties fall within the same general product class under the North American Industry Classification System (NAICS), they are like kind.^{xviii} Likewise, if they fall within the same General Asset Class of Revenue Procedure 87-56,^{xix} they are like kind.^{xx}

The involuntary conversion rules have a slightly different standard—the property needs to be “similar or related in service or use.” In certain respects, the involuntary conversion standard can be broader and in other respects, more limiting.

For example, there are several specific exclusions from the like-kind exchange rules that are inapplicable to involuntary conversions. Corporate or partnership interests are not like kind for like-kind exchange purposes,^{xxi} but are considered similar or related in service or use for involuntary conversion purposes if the underlying property is similar or related in service or use.^{xxii} Likewise, while the rules for exchanging intangibles in a like-kind exchange may be very limiting,^{xxiii} involuntary conversions with respect to intangibles appear to have just the simple “similar or related in service or use” standard.

Conversely, in certain respects, the like-kind exchange rules are more liberal. For example, the like-kind exchange rules provide that real estate is always like in kind to other real estate (regardless of whether it is improved or unimproved).^{xxiv} However, in an involuntary conversion, the Regulations provide that a taxpayer may not exchange unimproved property for improved property or vice versa.^{xxv} Thus, Bob would not be able to buy improved real estate if he went down the involuntary conversion path, while he would have many opportunities for improved real estate (including tenancy in common interests) if he proceeded with a like-kind exchange.

As has been demonstrated, the involuntary conversion rules can be a powerful opportunity that is often misunderstood by taxpayers and their advisors. As Bob likely learned, a taxpayer can always follow the like-kind exchange rules, but, when available, the special time periods and other leniencies of the involuntary conversion rules can be a valuable tool for your clients.

ⁱ *Frances Pfeiffer, CPA, is an Assistant Professor in the Economics Department of Brooklyn College and is co-owner of Complete Tax and Bookkeeping Service, an accounting practice based in Staten Island, NY.*

Glenn Pfeiffer, Esq. is the Tax Director, Lending at GE Capital, Americas. The opinions presented herein are solely those of the authors and should not be attributed to any company, firm or organization.

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ⁱⁱ As the rules do in the like-kind exchange context, the rules permit two types of involuntary conversions—one is a conversion directly for similar property and the other is conversion into cash followed by a reinvestment

of the proceeds into similar property. As the cash scenario is more common, this article focuses on that fact pattern.

ⁱⁱⁱ IRC Sec. 1033(a).

^{iv} *Masser v. Commissioner*, 30 T.C. 741 (1958). See also Rev. Rul. 80-175, 1980-2 CB 230 (revoking Rev. Rul. 72-372 and ruling that timber that is sold for salvage would have rotted as a result of a section 1033 qualifying event and the taxpayer was permitted to sell the property and still avail itself of the involuntary conversion rules).

^v *C.G. Willis, Inc. v. Commissioner*, 41 T.C. 468 (1964). See also *Wheeler v. Commissioner*, 58 T.C. 469 (1972) (holding that, since the taxpayer could have repaired property destroyed by fire but instead chose to sell the property, involuntary conversion treatment was not available).

^{vi} Treas. Reg. 1.1033(a)-2(c)(7).

^{vii} IRC Sec. 1033(b).

^{viii} If the old property was not mortgaged, whether the new property can be mortgaged and how quickly the old equity can be “cashed out” depends on whether the financing is connected or “bundled-up” with the exchange. See *Fredericks v. Commissioner*, TC Memo 1994-27 (holding that where the taxpayer took significant additional financing after a like-kind exchange, the financing and the exchange were not sufficiently connected to cause “boot” treatment for the financing proceeds).

^{ix} Treas. Reg. 1.1031(k)-1(g)(4).

^x IRC Sec. 1031(a)(3)(A). In addition, the regulations set forth a complicated set of rules regarding identifying alternative properties if the taxpayer is uncertain at the end of the 45-day period. Treas. Reg. 1.1031(k)-1(c)(4).

^{xi} IRC Sec. 1031(a)(3)(B). If the taxpayer does not file an extension the 180-day period can be earlier—the due date of the tax return for the tax year in which the sale of the old property took place. *Id.*

^{xii} IRC Sec. 1033(a)(2)(B); 1033(g)(4).

^{xiii} Compare *McShain v. Commissioner*, 65 TC 686 (1976) (holding that a taxpayer may not revoke its designation of intent to construct replacement property) with IRS Publication 544 (March 12, 2009) at page 10. The IRS publication is not clear because it does not speak to the question of whether the designation of replacement property by the taxpayer is revocable, the question at issue in *McShain*. In addition, the example in the IRS Publication is discussing the reverse case—where the taxpayer opts to report the event as taxable—there, clearly the taxpayer can change its mind. The IRS’s Field Service Advice (FSA 2001-47-053) cites *McShain* but doesn’t seem to resolve the uncertainty.

^{xiv} See *Feinberg v. Commissioner*, 45 TC 635 (1966). FSA 2001-47-053 (Sept. 28, 2001).

^{xv} IRC Sec. 1033(a)(2)(C). Treas. Reg. 1.1033(a)-2(c)(2).

^{xvi} FSA 2001-47-053 (Sept. 28, 2001).

^{xvii} Treas. Reg. 1.1031(a)-1(b). See also Treas. Reg. 1.1031(a)-2(c)(1) and (3).

^{xviii} Treas. Reg. 1.1031(a)-2(b)(3).

^{xix} Rev. Proc. 87-56, 1987-2 C.B. 674.

^{xx} Treas. Reg. 1.1031(a)-2(b)(2).

^{xxi} IRC Section 1031(a)(2)(B) and (D).

^{xxii} IRC Section 1033(a)(2)(A) (implying that the acquisition of a controlling interest in a corporation can be replacement property in an involuntary conversion). *Priv. Ltr. Rul.* 2009-21-009 (Feb 13, 2009).

^{xxiii} For instance, goodwill is never like kind with other goodwill. Treas. Reg. 1.1031(a)-2(c)(2). In addition, when exchanging other types of intangibles, both the nature and character of the rights must be alike as well as the nature and character of the underlying property. For instance, a copyright of novel for copyright of novel would be okay, but a copyright for patent does not qualify and a novel copyright for song copyright does not qualify. Treas. Reg. 1.1031(a)-2(c)(1) and (3). While the IRS has ruled that FCC licenses for radio stations and TV stations are like kind, they also require a separate analysis of the goodwill and other intangibles associated with the stations. *Tech. Adv. Mem.* 2000-35-005 (May 11, 2000).

^{xxiv} Treas. Reg. 1.1031(a)-1(b).

^{xxv} Treas. Reg. 1.1033(a)-2(c)(9)(i)

Reduce Cost and Protect Your Assets

by Armando D'Accordo of CMIT Solutions

Reducing paper and disaster recovery plans are two hot topics in the IT community. Unfortunately, far too many business owners are ignoring these essential business needs. If approached strategically, both of these subjects can be tackled with one coordinated plan that will result in increased productivity and safety for your business, while actually reducing cost over time.

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- Nearly 75% of time spent working with paper-based information is wasted in searching and filing.—*Coopers & Lybrand*
- The average office worker maintains 20,000 pieces of paper annually.—*Coopers & Lybrand*
- 95% of corporate information is on paper. The average worker prints out approximately 45 sheets of paper per day.—*IDC*
- It costs \$25,000 per year to fill a four drawer cabinet, and \$2,160 per year to maintain.—*Orfal, Harkey & Edwards in Essential Client/Server Survival Guide*
- 25% of enterprise paper documents that are misplaced will never be located.—*Datapro/Gartner Group*

If cost savings do not spur you to action, maybe productivity gains will:

- 50% to 100%+ productivity increases can be realized for implementations focused on process improvements. Staff savings are primarily professional.—*Workflow Management Coalition*
- 30% productivity increase is common for simple workflow enabled document management. Staff savings are primarily clerical.—*Workflow Management Coalition*

Once you have your paper scanned and the resulting data files centralized you will need to back them up. And if you are not backing up your other essential files, please consider what would happen to your business if disaster struck and you did not go paperless, or if you did not have off site backup.

- Small business owners invest a tremendous amount of time, money and resources to make their ventures successful, and yet, while the importance of emergency planning may seem self evident, it may get put on the back burner in the face of more immediate concerns. For small business owners, being prepared can mean staying in business after a disaster.—*US Small Business Administration*
- 93% of companies that lost their data for ten days or more due to a disaster filed for bankruptcy within one year of the disaster. 50% of businesses that found themselves without

data management for this same time period filed for bankruptcy immediately.—*National Archives & Records Administration in Washington*

- Companies that aren't able to resume operations within ten days (of a disaster hit) are not likely to survive.—*Strategic Research Institute*
- More than two-thirds (69%) of home computer users and nearly half (46%) of work computer users personally back up their data only once a month or less often, or they never back up their data. As a result, computer users are often completely unprepared for sudden attacks by hackers, viruses, blackouts and electrical failure.—*2001 national survey conducted by Bruskin Research for Iomega Corporation*
- Nearly three out of five personal computer users have lost an electronic file they thought they had sufficiently stored and only one in four users frequently back up digital files, even when 85% of computer users say they are very concerned about losing important digital data.—*National Harris Interactive survey*
- A hard drive crashes every 15 seconds.—*University of North Carolina's Information Technology Service*
- 2,000 laptops are stolen or lost every day.—*University of North Carolina's Information Technology Service*
- 31% of PC users have lost all of their PC files due to events beyond their control.—*University of North Carolina's Information Technology Service*
- As much as 60% of corporate data resides unprotected on PC desktops and laptops.—*IDC analyst Cynthia Doyle, Business Continuity in 2002: It's Not Business as Usual*
- More than 22% of home and business users indicate that backing up information is on their to-do list, but they seldom do it.—*National Harris Interactive survey*

What Should Small Business Owners Be Doing?

In summary:

- **Reduce paper by implementing a scanning solution.** It should include a centralized filing system that ensures easy retrieval of your data files while reducing paper as well as associated storage and labor costs.
- **Back up offsite for recovery** after a disaster and business continuity purposes.
- **Do not carry data on laptops** unless the entire hard drive is encrypted.
- **Do not carry data on thumb drives or external hard drives** that are not encrypted.
- **Centralize files onto a file server** for security and ease of backup. If you do not have a file server, then each PC needs to be backed up both onsite and offsite.
- **Automate all backup systems**, both onsite and offsite.
- **Do not focus on the up front costs;** instead calculate the long-term savings and consider the value of peace of mind and compliance gains.

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IN MY OPINION...

New York State's Adoption of the 150 Credit-Hour Requirement: Is It Really Worth It?

by Steven Bram

Anyone and everyone who has any connection with the public accounting community is aware that, over the course of the last few decades and throughout the nation, there has been a transformation in the requirements necessary for aspiring CPA's to become certified. At this point, nearly every state has adopted a new requirement commonly referred to as the "150 credit-hour rule," which requires college graduates with a bachelor's degree in accounting to obtain an additional 30 credits of coursework credit before being licensed as certified public accountants. While in some states one must have fulfilled this requirement before sitting for the actual uniform CPA exam, in some states, such as New York, students need only have the previously required 120 credits to sit for the exam. However, in order to be licensed, they must comply with the new requirement. Within the new requirement are a few other changes as well. For example, whereas the public accounting work experience was previously two years to be qualified for a license, that number has been reduced to a mere one year, its reason perhaps being to allow students one more year to devote to completing the extended education requirement.

As a recent college graduate with a degree in Accounting from the Sy Syms School of Business at Yeshiva University (New York City), I can honestly say that while an additional requirement may in fact be beneficial to the long-term health of the accounting profession, the manner in which it has been improvised is highly inefficient and to some extent, pointless. Allow me to explain. The American Institute for Certified Public Accountants (AICPA) published an article in 1967 entitled "Horizons of a Profession" in which they described and supported their belief that a four-year undergraduate accounting program was simply not enough to prepare CPAs for the work they would be encountering in the constantly growing field of accounting. Since that time, many in the accounting community have come to the conclusion that, in order to meet the goals of the AICPA, accounting students must be educated in a more well-rounded fashion. As a result, accountants would be more exposed to the kind of knowledge that is beneficial to those involved in international business. In the article issued in 1967, the AICPA stated that the additional credits should lead to a post-graduate degree and that the specific content should be left up to the academic community. Essentially, the AICPA feels that the accounting students should be more well-rounded before being certified, and the means to become more well-rounded, in their opinion, is to take additional classes that result in a post-graduate degree. Despite this last "suggestion," the earning of a post-graduate degree is still not part of the enacted law. As a result, students that aspire to become CPAs in the state of New York (and many others) can now fulfill their accounting and general business academic requirements (33 credit hours and 36 credit hours, respectively) by taking the remaining courses in anything—even Advanced Poetry or Introduction to Tennis. Not

to imply that I am a proponent against either of these—but this loose style that forms the newly adopted education requirement seems not to be fulfilling the very purpose it was instituted to fulfill. On the AICPA's official website (www.AICPA.org), the following reasons for the additional requirement are listed:

- Significant increases in official accounting and auditing pronouncements and the proliferation of new tax laws have expanded the knowledge base that professional practice in accounting requires.
- Business methods have become increasingly complex. The proliferation of regulations from federal, state, and local governments requires well-educated individuals to ensure compliance. Also, improvements in technology have had a major effect on the design, internal control procedures, and auditing methods of information systems.
- The staffing needs of accounting firms and other employers of CPAs are changing rapidly. With more sophisticated approaches to auditing now in use, and with the increase in business demands for a variety of highly technical accounting services and greater audit efficiency, the requirements for effective professional practice have increased sharply. The demand for a large quantity of people to perform many routine auditing tasks is rapidly diminishing.

In light of this, the question I would like to pose to the community of professional accountants, and more specifically, certified public accountants, is: How are these issues being addressed if there is no structure whatsoever that governs which courses should be required for one to obtain a CPA license? It seems as though the additional requirement serves as a detrimental obstacle that keeps accountants in training out of the office and into a randomly-selected classroom for a year. The real issue here is that the additional educational experiences one must now have to become a CPA have nothing to do with providing a better education in the field of accounting. Furthermore, even if the purpose of the additional requirements is to provide accountants with a more well rounded background, what benefit does it serve without any limitations or direction?

I pose the following question to you, as members of the community of Certified Public Accountants: Taking the new requirement exactly as it is, is it really worth it? If not, what must be done to improve it and as a result, the quality of the accounting profession at large?

Steven Bram is a recent graduate of the Sy Syms School of Business. He has a B.S. degree in accounting and is currently taking additional courses at Brooklyn College – CUNY in order to satisfy the 150-hour requirement.

Disclaimer: The opinions expressed here are the views of the writer and do not necessarily reflect the views and opinions of the National Conference of CPA Practitioners.

NASSAU/SUFFOLK, NEW YORK

Contact: Chapter Office (516) 997-9500
 Chapter Meeting: Reg. /Buffet Dinner 5:30 p.m.;
 Seminar 7:00 p.m.
 Holiday Inn of Plainview, 215 Sunnyside Blvd., Plainview, N.Y.
 (exit 46 off the L.I.E.), except as noted

Thursday, September 2, Chapter Meeting
NYS Tax Update – 2 CPE credits (TAX)

Wednesday, September 22, Reg. 7:30 a.m., Seminar 8-10:30 a.m.
Implementation of New Healthcare Regulation
Affecting Healthcare – 2½ CPE credits (MAP & TAX)
 On Parade Diner, 7980 Jericho Turnpike, Woodbury, N.Y.

Thursday, October 7, Chapter Meeting
Compilation and Review – 2 CPE credits (A&A)

Wednesday, October 27, Reg. 7:45 a.m., Seminar 8-10 a.m.
MAP Meeting – 2 CPE credits (MAP)
 On Parade Diner, 7980 Jericho Turnpike, Woodbury, N.Y.

November 17, 18 & 19 – Three Day Event
2010 Long Island Tax Professionals Symposium –
 (A & A and Tax Credits Available)
 Crest Hollow Country Club, Woodbury, N.Y.
 Visit: www.litps.org for details & to register

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Contact: Chuck Pegler, CPA (631) 582-9090
 E-mail: Chuck@PeglerCPA.com

Call for information.

NEW YORK CITY, NEW YORK

Contact: Jay Rosenbaum, CPA (212) 594-4610
 Please call to confirm; meetings, topics, times, locations.

September, October, and November: To be announced.

WESTCHESTER/ROCKLAND, NEW YORK

Contact: Chapter Office (914) 708-9404
 DoubleTree Hotel, 455 South Broadway, Tarrytown, N.Y.

Tuesday, September 14, 7:30 a.m. - 9:30 a.m.
Succession Planning – 2 CPE credits

Tuesday, September 21, 9 a.m. - 5 p.m.
A & A – 8 CPE credits

October: To be announced.

Tuesday, November 9, 9 a.m. – 5 p.m.
S Corp and Partnership Updates – 8 CPE credits

**NEW JERSEY**

Contact: Fred Bachmann, CPA (973) 377-2009
 E-mail: bachmanncpa@msn.com
 All meetings at Victor's Maywood Inn
 122-124 West Pleasant Avenue, Maywood, N.J.
 Phone (201) 843-8022/ E-mail: www.maywoodinn.com
 6 -8 p.m. – Dinner and Seminar

Monday, September 13
Form 1040 NR Taxation of Foreign Nationals – 2 CPE credits

Monday, Monday, October 4
IRS and Tax Practitioners: An Update – 2 CPE credits

Monday, November 1
New Jersey Tax Update – 2 CPE credits

FLORIDA

Contact: Neil Fishman (561) 369-3228
 All meetings at 1500 Gateway Blvd., Room 220,
 Boynton Beach, FL
 8:45 a.m. – 10:45 a.m., Registration at 8:30 a.m.

Thursday, September 2
Breakfast With the IRS – 2 CPE credits (TAX)

Thursday, October 7
1031 Exchanges – 2 CPE credits (TAX)

Thursday, November 4
Loan Modifications, the Courts and the Banks –
 2 CPE credits (MAS)

MASSACHUSETTS

Contact: Ronald Tockman, CPA (781) 341-2400

Wednesday, September 1, 7:30 a.m. – 9:30 a.m.
The 2010 HIRE Act – 2 CPE credits
 Sheraton Needham Hotel, 100 Cabot Street, Needham, MA

October and November: To be announced.

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