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May. 21, 2013

May 20 — Seattle accounting firm [Moss Adams](#) was ordered Friday to pay \$180,000 over a judge's earlier contempt ruling for not fully complying with a subpoena for audit documents from Meridian Mortgage investment funds and its founder, Frederick Darren Berg.

Judge Karen Overstreet ordered the CPA firm to pay Meridian bankruptcy trustee Mark Calvert to reimburse costs he says were incurred because Moss Adams took more than two years to turn over some documents from its work for Berg, hindering Calvert's investigation on behalf of creditors.

Calvert's attorney, Michael Avenatti, said his research indicates the sanction is a record amount against a U.S. audit firm in a contempt-of-court case.

Kelly Corr, an attorney representing Moss Adams, said the firm believes the ruling is in error and has asked the judge to reconsider it. "This ruling will have no impact on Moss Adams' professional standing," he added in a statement. "The judge specifically found that there was no evidence of any intentional withholding of documents."

Moss Adams, the nation's 11th-largest CPA firm, audited some of Meridian Mortgage's real-estate-investment funds in some years, and it did Berg's personal taxes as well.

Berg pleaded guilty to defrauding investors of more than \$100 million and was sentenced to 18 years in prison.

Bankruptcy trustee Calvert sued Moss Adams in December 2011, contending the firm was negligent in its audits of six of the Meridian funds at various times between 2001

and 2007, and should have detected Berg's fraud.

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