

LOS ANGELES

# Daily Journal

## **Trustee Sues Bankrupt Show Biz Payroll Company for 'Massive Multiple Audit Failures'**

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By Ciaran McEvoy

Alleging gross negligence and “massive multiple audit failures,” the court-appointed trustee for the bankrupt Axiom International, once one of entertainment industry’s largest payroll and accounting services, has sued international accounting firm BDO Global in New York federal court and its U.S. wing, BDO Seidman, in arbitration.

SulmeyerKupetz P.C. member Howard M. Ehrenberg filed the lawsuit, which alleges Axiom underpaid more than \$100 million in federal payroll taxes, and BDO Global routinely failed to notice the underpayment.

Ehrenberg was appointed Chapter 7 bankruptcy trustee for Axiom, a \$1.8 billion payroll company whose clients included Sony and 20th Century Fox. Axiom, a Burbank-based company, closed its doors in January 2008 and simultaneously filed for bankruptcy.

A representative of the Chicago-based BDO Seidman was not immediately available for comment.

The lawsuit, which seeks more than \$100 million in compensatory damages, claims BDO Global and BDO Seidman engaged in unfair business practices and violated its duties to the public by portraying Axiom as a healthy company in its financial audits. The law firm of Thomas, Alexander & Forrester in Los Angeles, is representing Ehrenberg.