

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 75298 / June 25, 2015

INVESTMENT ADVISERS ACT OF 1940
Release No. 4130 / June 25, 2015

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3665 / June 25, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16652

In the Matter of

**MICHAEL S. WILSON, CPA
and COTTERMAN-WILSON
CPAs, INC.,**

Respondents.

**ORDER INSTITUTING PUBLIC
ADMINISTRATIVE AND CEASE-
AND-DESIST PROCEEDINGS
PURSUANT TO SECTION 4C OF THE
SECURITIES EXCHANGE ACT OF 1934,
SECTION 203(k) OF THE INVESTMENT
ADVISERS ACT OF 1940, AND RULE
102(e) OF THE COMMISSION'S RULES
OF PRACTICE, MAKING FINDINGS,
AND IMPOSING REMEDIAL
SANCTIONS AND A CEASE-AND-
DESIST ORDER**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate that public administrative and cease-and-desist proceedings be, and hereby are, instituted against Michael S. Wilson, CPA ("Wilson") and Cotterman-Wilson CPAs, Inc. (the "Firm") (collectively,

“Respondents”) pursuant to Section 4C¹ of the Securities Exchange Act of 1934 (“Exchange Act”), Section 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”), and Rule 102(e)(1)(ii) of the Commission’s Rules of Practice.²

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondents consent to the entry of this Order Instituting Public Administrative and Cease-and-Desist Proceedings Pursuant to Section 4C of the Securities Exchange Act of 1934, Section 203(k) of the Investment Advisers Act of 1940, and Rule 102(e) of the Commission’s Rules of Practice, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondents’ Offers, the Commission finds³ that:

SUMMARY

1. This proceeding arises out of Respondents’ failure to complete surprise examinations pursuant to Section 206(4) of the Advisers Act and Rule 206(4)-2 thereunder (the

¹ Section 4C provides, in relevant part, that:

The Commission may censure any person, or deny, temporarily or permanently, to any person the privilege of appearing or practicing before the Commission in any way, if that person is found . . . (1) not to possess the requisite qualifications to represent others . . . (2) to . . . have engaged in . . . improper professional conduct; or (3) to have willfully violated, or willfully aided and abetted the violation of, any provision of the securities laws or the rules and regulations thereunder.

² Rule 102(e)(1)(ii) provides, in pertinent part, that:

The Commission may . . . deny, temporarily or permanently, the privilege of appearing or practicing before it . . . to any person who is found . . . to have engaged in . . . improper professional conduct.

³ The findings herein are made pursuant to Respondents’ Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

“Custody Rule”) in 2009, 2010, and 2011.⁴ Professional Investment Management, Inc. (“PIM”), a registered investment adviser, had custody of client assets held in three omnibus accounts at all relevant times and was required by the Custody Rule to engage an independent public accountant to conduct annual surprise examinations to verify those assets. PIM engaged the Firm to perform these required annual surprise examinations from 1999 to 2011. Respondents completed the surprise examinations on an annual basis from 1999 to 2008. However, Respondents failed to complete the surprise examinations (*i.e.*, conduct fieldwork, prepare and issue a surprise examination report, and file Form ADV-E with the Commission) or withdraw from the surprise examinations in 2009, 2010, and 2011, and, thus, caused PIM to violate the Prior Custody Rule or the Custody Rule, as applicable, for each of those years. In addition, Wilson engaged in improper professional conduct, within the meaning of Section 4C of the Exchange Act and Rule 102(e)(1)(ii) of the Commission’s Rules of Practice, in connection with the surprise examinations from 2009 through 2011.

RESPONDENTS

2. **Michael S. Wilson**, age 61, has been a certified public accountant (“CPA”) licensed by the Ohio Board of Accountancy since June 9, 1980. Wilson is a 50% shareholder of the Firm, and, at all times relevant to this proceeding, was the engagement partner for the services that the Firm performed for PIM, which included, as relevant to this proceeding, annual surprise examinations required by the Prior Custody Rule and the Custody Rule. Wilson has never been subjected to any disciplinary or regulatory proceedings.

3. **Cotterman-Wilson CPAs, Inc.** is a Columbus, Ohio-based accounting firm established in 1997 that has five full-time employees: two CPAs who each are 50% shareholders of the Firm, a CPA who is not a shareholder of the Firm, and two administrative personnel. The Firm primarily provides accounting and tax services to individuals and private entities. The Firm has never been registered with the Public Company Accounting Oversight Board, and has never been subjected to any disciplinary or regulatory proceedings.

OTHER RELEVANT ENTITIES

4. **Professional Investment Management, Inc.** is an Ohio corporation with its principal place of business in Columbus, Ohio. At all times relevant to this proceeding, PIM was

⁴ On December 30, 2009, the Commission adopted amendments to the Custody Rule, which became effective March 12, 2010. *See Custody of Funds or Securities of Clients by Investment Advisers*, Release No. IA-2968 (Dec. 30, 2009). Respondents’ conduct in 2009 was governed by the Custody Rule in effect before the December 30, 2009 amendments (the “Prior Custody Rule”). *See Custody of Funds or Securities of Clients by Investment Advisers*, Release No. IA-2176 (Sept. 25, 2003). The significant differences between the Custody Rule and the Prior Custody Rule, as relevant to this specific proceeding, are described below in Paragraph 11.

owned by Douglas E. Cowgill (“Cowgill”), Owner A, and Owner B. PIM was registered with the Commission as an investment adviser from 1978 through September 30, 2013, and from June 24, 2014 to today. PIM provides third-party administration services and investment advisory services to approximately fifteen retirement plan clients (which consist of approximately 325 participants who, in turn, own approximately 425 individual retirement accounts that PIM advises), and also provides investment advisory services to approximately twenty-five individual clients for their own (non-retirement plan) accounts. PIM has approximately \$120 million of regulatory assets under management, and has custody of client assets through three omnibus accounts. PIM is the only SEC registrant that the Firm or Wilson has ever had as a client.

FACTS

5. The Commission filed suit against Cowgill and PIM in the United States District Court for the Southern District of Ohio on April 29, 2014 alleging that Cowgill and PIM violated the antifraud provisions of the U.S. securities laws, and that PIM violated, and Cowgill aided and abetted and caused PIM’s violations of, the registration provisions of the Advisers Act, the Prior Custody Rule, and the Custody Rule. The Commission filed an Amended Complaint on August 7, 2014 that included additional counts against Cowgill and PIM, and the Court entered a Judgment by Consent against Cowgill on August 21, 2014 as to all counts asserted in the Amended Complaint. The Commission alleged that PIM and Cowgill hid a shortfall of more than \$700,000 in client assets by sending false account statements to clients.

6. At all relevant times, PIM maintained client funds in an omnibus checking account held on an agency basis at Custodian 1, and client securities in two omnibus accounts held on an agency basis at Custodian 2 and Custodian 3. All client funds were initially deposited into the omnibus checking account held at Custodian 1, and then were transferred for investment to various firms, including Custodians 2 and 3.

7. PIM maintained records for the omnibus accounts held at Custodians 1, 2, and 3 on a client level (*i.e.*, PIM kept track of the assets in these accounts on a client-by-client basis), and sent directly to its clients periodic (typically quarterly) account statements that it generated based upon its own internal records.

8. However, neither Custodian 1, Custodian 2, nor Custodian 3 maintained records for the omnibus accounts on a client level (indeed, none of these custodians was privy to PIM’s client information), and neither Custodian 1, Custodian 2, nor Custodian 3 sent quarterly account statements to any of PIM’s clients.

9. The Custody Rule requires, and the Prior Custody Rule required, registered investment advisers with custody of client funds or securities, like PIM, to implement certain controls designed to protect those client assets from loss, misappropriation, misuse, or the adviser’s insolvency.

10. Specifically, the Prior Custody Rule required registered investment advisers to either: (i) have a reasonable basis for believing that a “qualified custodian,” such as a bank or broker-dealer, was sending quarterly account statements to each of the clients for which they maintained funds or securities; *or* (ii) send the quarterly account statements themselves and obtain an annual surprise examination by an independent public accountant to verify all of the client funds and securities.

11. The Custody Rule amended the Prior Custody Rule by, among other things, requiring all registered investment advisers with custody of client funds or securities to undergo an annual surprise examination by an independent public accountant to verify all of the client funds and securities, regardless of whether such advisers had a reasonable basis for believing that a “qualified custodian,” such as a bank or broker-dealer, was sending quarterly account statements to each of the clients for which they maintained funds or securities.⁵

12. PIM thus was obligated in 2009 under the Prior Custody Rule to have the client assets held in omnibus accounts at Custodians 1, 2, and 3 verified through surprise examination by an independent public accountant because none of these custodians sent quarterly account statements directly to PIM’s clients (and PIM did not have a reasonable basis for believing that they did so), and also was obligated in 2010 and 2011 under the Custody Rule to have the client assets held in omnibus accounts at Custodians 1, 2, and 3 verified through surprise examination by an independent public accountant because PIM had custody of those assets.

**PIM Engaged the Firm to Perform the
2009, 2010, and 2011 Surprise Examinations**

13. PIM engaged the Firm to complete PIM’s surprise examinations for the periods of time ending April 30, 2009 (the “2009 Exam”), April 30, 2010 (the “2010 Exam”), and May 31, 2011 (the “2011 Exam”).

⁵ As reflected in Rule 206(4)-2(a)(4), the Custody Rule also amended the Prior Custody Rule to require all surprise examinations be conducted pursuant to a written agreement between the adviser and the accountant that explicitly requires the accountant to: (i) file Form ADV-E with the Commission within 120 days of the time chosen by the accountant stating that it has examined the client funds and securities and describing the nature and extent of the examination; (ii) notify the Commission within one business day of its finding any material discrepancies; and (iii) file Form ADV-E within four business days of resignation or dismissal from, or other termination of the engagement, along with a statement that includes, among other things, the date of such resignation, dismissal, removal, or other termination, and an explanation of any problems that contributed to such resignation, dismissal, removal, or other termination. The Custody Rule thus established a new contractual reporting obligation for accountants regarding their resignation or dismissal from, or other termination of the engagement, and established a 120-day deadline by which surprise examinations must be completed.

14. Owner A, on behalf of PIM, engaged the Firm on or about May 28, 2009 to perform the 2009 Exam by signing a three-page letter in which the Firm represented, among other things, that:

We will examine management's assertion, included in the Management Statement Regarding Compliance with Certain Provisions of the Investment Advisers Act of 1940 (the Act), that Professional Investment Management, Inc. (the Company) complied with certain provisions of rules 204-2(b) and 206(4)-2 of the Investment Advisers Act of 1940 as of April 30, 2009 and during the period June 1, 2008 to April 30, 2009. The Company is responsible for compliance with the requirements of the [A]ct. Our responsibility is to express an opinion on management's assertion about the Company's compliance based on our examination.

Our examination will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants [(“AICPA”)]. . . .⁶

15. PIM also engaged the Firm to perform the 2010 and 2011 Exams.

16. Wilson was the sole CPA on each of the 2009, 2010, and 2011 Exams, and was solely responsible for completing the planning and fieldwork, supervising the two non-CPAs who performed largely ministerial work on these exams, issuing a report or choosing to withdraw from the engagement, and ensuring that Form ADV-E was filed with the Commission for each of the years for which the Firm was engaged by PIM to perform a surprise examination.

Respondents' 2009 Exam Report Lacks Reasonable Basis

17. Respondents performed field work in connection with the 2009 Exam. Indeed, the Firm sent invoices to PIM reflecting the work it had performed, and PIM paid each of these invoices in full.

⁶ The AICPA attestation standards applicable to surprise examinations performed pursuant to the Prior Custody Rule and the Custody Rule are set forth in AT Section 101, “Attest Engagements” and AT Section 601, “Compliance Attestation.” See, e.g., *Commission Guidance Regarding Independent Public Accountant Engagements Performed Pursuant to Rule 206(4)-2 Under the Investment Advisers Act of 1940*, Release No. IA-2969 (Dec. 30, 2009). This December 30, 2009 interpretative guidance had not been published at the time that PIM engaged the Firm to perform the 2009 Exam, but was published prior to both the date that the Firm issued its report for the 2009 Exam and the dates that PIM engaged the Firm to perform the 2010 and 2011 Exams.

18. Respondents signed a final report for the 2009 Exam on or about July 27, 2010, which provides the following opinion:

We have examined management's assertion, included in the accompanying Management Statement Regarding Compliance with Certain Provisions of the Investment Advisers Act of 1940, that [PIM] complied with certain provisions of rules 204-2(b) and 206(4)-2 of the Investment Advisers Act of 1940 as of and during the period ended April 30, 2009.

* * *

In our opinion, management's assertion that [PIM] complied with the requirement of subparagraphs (1) of rule 206(4)-2(a) under the Investment Advisers Act of 1940 as of April 30, 2009, and has complied with rule 204-2(b) and the requirements of subparagraphs (2) and (3) of rule 206(4)-2(a) under the Investment Advisers Act of 1940 as of and during the period from June 1, 2008 through April 30, 2009, is fairly stated, in all material respects.

19. Respondents' opinion lacks reasonable basis for two reasons:
- a. First, AT Section 601.11 requires an accountant to obtain a written assertion as part of engagement performance. Respondents, however, did not obtain a management assertion upon which their opinion is purportedly based. Wilson knew that AT Section 101 requires a conclusion that a scope limitation exists if the accountant fails to obtain a written assertion,⁷ and necessitates a decision to provide a qualified opinion, to disclaim an opinion, or to withdraw.⁸
 - b. Second, Respondents identified material variances, as of April 30, 2009, in the records of certain of PIM's client securities-holding accounts. Wilson sent a fax to Cowgill on May 12, 2010 that identified these variances and directed Cowgill to call Wilson to discuss, but Respondents' workpapers do not show that Respondents obtained evidence to explain these variances or otherwise reconcile these variances. Respondents thus lacked sufficient evidence to provide a reasonable basis for issuing a report containing an opinion that

⁷ See AT Section 101.58 ("When the practitioner's client is the responsible party, a failure to obtain a written assertion should result in the practitioner concluding that a scope limitation exists.").

⁸ See AT Section 101.73-74.

management's assertion that PIM complied with the Prior Custody Rule was fairly stated, in all material respects. *See* AT Section 101.51.

**Respondents Failed To File Form ADV-E With The Commission
In Connection With The 2009 Exam**

20. Respondents failed to file Form ADV-E with the Commission in connection with the 2009 Exam. The Prior Custody Rule obligated the adviser to require the accountant to file with the Commission Form ADV-E within 30 days of completing the surprise examination in order for the adviser to comply with the Prior Custody Rule. Respondents never filed Form ADV-E in connection with the 2009 Exam.

**Respondents Failed To Complete The 2010 and 2011 Exams,
Did Not Timely Withdraw From These Engagements, and
Never Filed Form ADV-E With The Commission In Connection With These Exams**

21. Respondents were aware at the time that PIM engaged them to perform the 2010 Exam that the Prior Custody Rule had been amended by the Custody Rule, and understood that the Custody Rule obligated the adviser to require the accountant to file Form ADV-E with the Commission within 120 days from the date that the accountant had begun the surprise examination in order for the adviser to comply with the Custody Rule.

22. Respondents had never completed a surprise examination for PIM in less than 120 days. For instance, the surprise examination reports prepared in 2005, 2006, 2007, 2008, and 2009 were prepared 391, 414, 213, 247, and 453 days after the commencement of each respective surprise examination.

23. Nevertheless, Respondents accepted the engagement for the 2010 Exam.

24. By all accounts, Respondents performed field work in connection with the 2010 Exam. PIM did not cooperate with Respondents' requests for information in connection with the 2010 Exam, but Respondents did not terminate the engagement. Instead, Respondents sent periodic invoices to PIM reflecting the work they had performed. PIM paid each of these invoices in full.

25. Sometime in 2011 Wilson informed at least one PIM owner that Respondents would be unable to complete the 2010 Exam within 120 days from the date that they had begun the 2010 Exam. In response, a PIM owner proposed that Respondents begin the 2011 Exam, complete the fieldwork that was necessary to complete both the 2010 and 2011 Exams, and then simultaneously file Form ADV-E with the Commission for the 2010 and 2011 Exams.

26. Respondents agreed to this proposal, accepted the engagement for the 2011 Exam, and began simultaneously performing field work in connection with both the 2010 and 2011 Exams.

27. PIM did not cooperate with Respondents' requests for information in connection with the 2010 and 2011 Exams, but Respondents did not terminate the engagement for either of these examinations. Instead, the Firm sent invoices to PIM reflecting the work it had performed in connection with these examinations, sending the last of such invoices to PIM on or about October 30, 2011. PIM paid each of these invoices in full.

28. Respondents never issued a report for either the 2010 or 2011 Exam, did not timely withdraw from the engagements to conduct these examinations and notify PIM of their decision to withdraw, and never filed Form ADV-E with the Commission in connection with either of these examinations. *See* AT Section 101.64 ("The practitioner who accepts an attest engagement should issue a report on the subject matter or the assertion or withdraw from the attest engagement."); AT Section 101.39 (requiring accountant to exercise "due professional care" in the planning and performance of the engagement and the preparation of the report); AT Section 601.38 (requiring accountant to exercise "due care" in planning and performing an examination engagement).

29. It was not until January 11, 2013, more than 15 months after submitting their last invoice to PIM in connection with the 2010 and 2011 Exams, that Respondents notified PIM that they did not intend to perform any additional services for PIM.

30. Months later, Owner A and Owner B asked Respondents to resume performing surprise examinations for PIM. Respondents declined this request.

Respondents Caused PIM's Violations of the Custody Rule and the Prior Custody Rule

31. Respondents caused PIM's violation of Section 206(4) of the Advisers Act and Rule 206(4)-2 thereunder.

32. Wilson was the engagement partner for the 2009, 2010, and 2011 Exams, and was the only CPA to perform work in connection with these exams. Respondents agreed to perform the 2009, 2010, and 2011 Exams, and understood that PIM had engaged them to: (i) conduct the 2009, 2010, and 2011 Exams; (ii) verify funds and securities through actual examination; and (iii) file with the Commission Form ADV-E within the time periods required by the Prior Custody Rule and the Custody Rule.

33. With respect to the 2009 Exam, Respondents failed to:
- a. obtain a reasonable basis for issuing a report containing an opinion that management’s assertion that PIM complied with the Prior Custody Rule was fairly stated, in all material respects, because they failed to obtain:
 - i. a management assertion; and
 - ii. sufficient evidence to support such an opinion; and
 - b. file Form ADV-E with the Commission.
34. With respect to the 2010 Exam, Respondents failed to:
- a. complete the examination or withdraw from the engagement and notify PIM of such withdrawal on a timely basis; and
 - b. file Form ADV-E with the Commission.
35. With respect to the 2011 Exam, Respondents failed to:
- a. complete the examination or withdraw from the engagement and notify PIM of such withdrawal on a timely basis; and
 - b. file Form ADV-E with the Commission.

Respondents Engaged in Improper Professional Conduct

36. Section 4C of the Exchange Act and Rule 102(e)(1)(ii) provide that the Commission may censure or temporarily or permanently deny an accountant the privilege of appearing or practicing before it if it finds, after notice and opportunity for hearing, that the accountant engaged in “improper professional conduct.” Rule 102(e)(1)(iv) and Section 4C(b) define “improper professional conduct” to include: (1) “intentional or knowing conduct, including reckless conduct, that results in a violation of applicable professional standards”⁹; or (2) negligent conduct in the form of: (i) “a single instance of highly unreasonable conduct that results in a violation of applicable professional standards in circumstances in which [an accountant] knows, or should know, that heightened scrutiny is warranted”; or (ii) “repeated

⁹ The Commission defines recklessness under Rule 102(e) to be the same as recklessness under the antifraud provisions of the federal securities laws: conduct which is an extreme departure from the standards of ordinary care. *See Amendment to Rule 102(e) of the Commission’s Rules of Practice*, 63 Fed. Reg. 57164, 57167 (Oct. 26, 1998).

instances of unreasonable conduct, each resulting in a violation of applicable professional standards, that indicate a lack of competence to practice before the Commission.”¹⁰

37. During the 2009, 2010, and 2011 Exams, Respondents engaged in the following improper professional conduct:

- a. Respondents failed to file Form ADV-E with the Commission in connection with the 2009, 2010, and 2011 Exams. *See* AT Section 101.39 (requiring accountant to exercise “due professional care” in performing engagement); AT Section 601.38 (requiring accountant to exercise “due care” in performing engagement).
- b. Respondents failed to complete the 2010 and 2011 Exams or withdraw from these engagements and notify PIM of such withdrawals on a timely basis. *See* AT Section 101.64 (“The practitioner who accepts an attest engagement should issue a report . . . or withdraw from the attest engagement.”).
- c. Respondents issued a report containing an unqualified opinion in connection with the 2009 Exam in contravention of AT Section 101’s and AT Section 601’s requirements that they obtain a management assertion from PIM in order to do so. *See* AT Section 101.58 (“When the practitioner’s client is the responsible party, a failure to obtain a written assertion should result in the practitioner concluding that a scope limitation exists.”); AT Section 601.11 (“[T]he practitioner should obtain from the responsible party a written assertion . . .”).
- d. Respondents lacked a reasonable basis to conclude in their 2009 Exam report that management’s assertion that PIM complied with the Prior Custody Rule was fairly stated, in all material respects, because they identified material variances in the records of certain of PIM’s client securities-holding accounts, but did not obtain evidence to explain these variances or otherwise reconcile these variances. *See* AT Section 101.51.

38. Findings

- a. Based on the foregoing, the Commission finds that Respondents caused violations of Section 206(4) of the Advisers Act and Rule 206(4)-2 thereunder by Professional Investment Management, Inc.

¹⁰ Rule 102(e)(1)(iv) describes improper professional conduct with respect to persons licensed as accountants; Section 4C(b) describes improper professional conduct with respect to any registered public accounting firm or associated person.

- b. Based on the foregoing, the Commission finds that Respondents engaged in improper professional conduct pursuant to Section 4C(a)(2) of the Exchange Act and Rule 102(e)(1)(ii) of the Commission's Rules of Practice.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondents' Offers.

Accordingly, it is hereby ORDERED pursuant to Section 4C of the Exchange Act, Section 203(k) of the Advisers Act, and Rule 102(e)(1)(ii) of the Commission's Rules of Practice effective immediately, that:

A. Respondents shall cease and desist from committing or causing any violations and any future violations of Section 206(4) of the Advisers Act and Rule 206(4)-2 promulgated thereunder.

Wilson

B. Respondent Wilson is denied the privilege of appearing or practicing before the Commission as an accountant.

C. Respondent Wilson shall, within ten (10) days of the entry of this Order, pay a civil money penalty in the amount of \$50,000 to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717. Payment must be made in one of the following ways:

- (1) Respondent Wilson may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent Wilson may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent Wilson may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341

6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Respondent Wilson as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Paul Montoya, Associate Director, Division of Enforcement, Securities and Exchange Commission, Chicago Regional Office, 175 West Jackson Boulevard, Suite 900, Chicago, IL 60604-2908.

The Firm

D. Respondent Firm is denied the privilege of appearing or practicing before the Commission as an accountant.

E. After three years from the date of this order, Respondent Firm may request that the Commission consider its reinstatement by submitting an application (attention: Office of the Chief Accountant) to resume appearing or practicing before the Commission as:

1. a preparer or reviewer, or a person responsible for the preparation or review, of any public company's financial statements that are filed with the Commission. Such an application must satisfy the Commission that Respondent Firm's work in its practice before the Commission will be reviewed either by the independent audit committee of the public company for which it works or in some other acceptable manner, as long as it practices before the Commission in this capacity; and/or
2. an independent accountant. Such an application must satisfy the Commission that:
 - (a) Respondent Firm, or the public accounting firm with which it is associated, is registered with the Public Company Accounting Oversight Board ("Board") in accordance with the Sarbanes-Oxley Act of 2002, and such registration continues to be effective;
 - (b) Respondent Firm, or the registered public accounting firm with which it is associated, has been inspected by the Board and that inspection did not identify any criticisms of or potential defects in the respondent's or the firm's quality control system that would indicate that the respondent will not receive appropriate supervision;
 - (c) Respondent has resolved all disciplinary issues with the Board, and has complied with all terms and conditions of any sanctions

imposed by the Board (other than reinstatement by the Commission); and

- (d) Respondent acknowledges his/her responsibility, as long as Respondent appears or practices before the Commission as an independent accountant, to comply with all requirements of the Commission and the Board, including, but not limited to, all requirements relating to registration, inspections, concurring partner reviews and quality control standards.

F. The Commission will consider an application by Respondent Firm to resume appearing or practicing before the Commission provided that its state CPA license is current and it has resolved all other disciplinary issues with the applicable state boards of accountancy. However, if state licensure is dependent on reinstatement by the Commission, the Commission will consider an application on its other merits. The Commission's review may include consideration of, in addition to the matters referenced above, any other matters relating to Respondent Firm's character, integrity, professional conduct, or qualifications to appear or practice before the Commission.

G. Respondent Firm shall, within ten (10) days of the entry of this Order, pay to the Securities and Exchange Commission: (i) a civil money penalty in the amount of \$25,000; (ii) disgorgement in the amount of \$10,868, which represents profits gained as a result of the conduct described herein; and (iii) prejudgment interest of \$1,029. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717 and SEC Rule of Practice 600. Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Respondent Firm as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Paul Montoya, Associate Director, Division of Enforcement, Securities and Exchange Commission, Chicago Regional Office, 175 West Jackson Boulevard, Suite 900, Chicago, IL 60604-2908.

I. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, a Fair Fund is created for the disgorgement, interest and penalties referenced in paragraphs IV.C and IV.G, above. Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondents' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents agree that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against any or both of the Respondents by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the findings in this Order are true and admitted by Respondents, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondents under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondents of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

By the Commission.

Brent J. Fields
Secretary