

ADMINISTRATIVE PROCEEDING
File No. 3-17857

SEC Suspends and Fines Public Accountant and His Accounting Firm For Deficient Audits

June 14, 2017 – The Securities and Exchange Commission today suspended Edward Richardson Jr., a Michigan-based accountant, and his firm, Edward Richardson Jr., CPA, from appearing or practicing before the SEC based on their numerous violations of auditing standards and independence requirements in connection with dozens of audit engagements.

The SEC [instituted public administrative and cease-and-desist proceedings](#) against Richardson and his firm in February 2017. According to the SEC’s order issued today, Richardson and his firm failed to:

- obtain Engagement Quality Reviews for the audits of an issuer client and dozens of broker-dealer clients;
- comply with numerous additional auditing standards in connection with the financial statement audits of an issuer client and two broker-dealer clients, including standards concerning audit risk, related parties, the confirmation process, audit documentation, evaluating audit results, communication with audit committees, and due professional care in the performance of work; and
- comply with the SEC’s auditor independence requirements by preparing the financial statements and/or notes to the financial statements that were filed with the SEC for dozens of broker-dealer audit clients.

The SEC’s order finds that Richardson’s firm willfully violated, and Richardson willfully aided and abetted and caused the firm’s violations of, Rule 17a-5(i) under the Securities Exchange Act of 1934 and Rule 2-02(b)(1) of Regulation S-X; that Richardson and his firm willfully aided and abetted and caused an issuer’s violations of Exchange Act Sections 13(a) and 15(d) and Rules 13a-1 and 15d-1 thereunder, and willfully aided and abetted and caused dozens of broker-dealers’ violations of Exchange Act Section 17(a) and Rule 17a-5 thereunder; and that Richardson and his firm engaged in improper professional conduct pursuant to Exchange Act Section 4C(a)(2) and Rule 102(e)(1)(ii) of the SEC’s Rules of Practice, and willfully violated, and/or willfully aided and abetted violations of, the federal securities laws within the meaning of Exchange Act Section 4C(a)(3) and Rule 102(e)(1)(iii) of the SEC’s Rules of Practice.

Without admitting or denying the findings in the SEC’s order, Richardson and his firm agreed to be suspended from appearing and practicing before the SEC as accountants, which includes not participating in the financial reporting or audits of public companies or broker-dealers. The SEC’s order permits Richardson and his firm to apply for reinstatement after seven years. Richardson and his firm also consented to the entry of a cease-and-desist order and to pay, on a joint and several basis, a civil money penalty of \$35,000.

The SEC's investigation was conducted by Paul H. Pashkoff, Sarah L. Allgeier, and Amanda de Roo, and the case was supervised by Jennifer S. Leete. The litigation was led by Nicholas A. Pilgrim and Mr. Pashkoff.

See also: [SEC Order](#)