

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Administrative Proceedings Rulings
Release No. 6529 / March 29, 2019

Administrative Proceeding
File No. 3-17950

In the Matter of

David Pruitt, CPA

**Order Correcting
Prehearing Conference
Transcript**

I held a telephonic prehearing conference in this matter on March 14, 2019. I ORDER that the following corrections be made to the transcript of the conference:

Page/Line	Original Text	Corrected Text
118:3-4	March 14th, 2019. We're holding the pre-hearing conference on video, Securities and Exchange	March 14th, 2019. We're holding a pre-hearing conference by video. This is Securities and Exchange
118:7-10	This is the matter of David Pruitt, CPA. And for the record, I'm James Grimes, Administrative Law Judge in this case. So, why don't we start the record by	This is in the matter of David Pruitt, CPA. And for the record, I'm James Grimes, the Administrative Law Judge in this case. So, why don't we start for the record with
119:23-25	governed by Rule 100(b)(3). So, let's start there and ask the parties for their position on what exactly Rule 100(b)(3)	governed by Rule 200(b)(3). So, let's start there and I'll ask the parties for their position on what exactly Rule 200(b)(3)
120:5	Do you have a position on that, why you think	Do you have a position on that? Why you think
124:8	So, given the suspension, if you look at the	So, given the distinction, if you look at the
124:14-15	requires an answer, how do you rule for an OIP that	requires an answer, how do you think an OIP that

Page/Line	Original Text	Corrected Text
	requires an answer as compared to Rule 8(a)?	requires an answer compares to Rule 8(a)?
128:2	JUDGE GRIMES: What standard do you guys use	JUDGE GRIMES: What standard do you advise
128:17	by claims, detail specific, to judge whether or not	claim by claim, detail specific, to judge whether or not
129:6	this rule compares to the Federal Rules of	this rule compares to Federal Rule of
133:11–13	of the statute that’s sufficient to put a respondent on notice in any case, in this case particular?	of the statute, that’s sufficient to put a respondent on notice in any case, and in this case in particular?
134:12	Your position is that, alleging a	Your position is that in alleging a
135:17–18	perfect, however, because the difference is in the discovery between what happens in District	perfect, however, because of the difference in discovery between what happens in district
143:17–25	It strikes me—I just observe this. I’m not sure how—the fact that there is a discovery administrative procedure is less robust and that district court might be a reason to include that these be more revealed in OIP than might otherwise be the case I don’t give consideration to. I think, based on my research, the Commission not always makes a distinction. I think a distinction arose in the early ‘60s between an	It strikes me—I’ll just observe this. I’m not sure how—the fact that discovery in administrative proceedings is less robust than in district court might be a reason to conclude that there should be more revealed in an OIP than might otherwise be the case. I’m not sure what consideration to—I think, based on my research, the Commission has not always made a distinction. I think the distinction arose in the early ‘60s between an
144:1–2	OIP that requires an answer and one that does not, whatever that’s worth.	OIP that requires an answer and one that does not—for whatever that’s worth.
144:6–7	items that might plausibly be included within the books and records accounts, and I’ve come up with a	items that might plausibly be included within the term books and records, accounts, and I’ve come up with a
144:14	So, clearly there’s a 69	So, clearly there’s 69 invoices

Page/Line	Original Text	Corrected Text
	invoices mentioned.	mentioned.
145:2	the managing folder on January 14th, 2014;	the controller on January 14th, 2014;
146:10	So, I have some clarification, then, on	So, I have some clarifications, then, on
155:25	that this is a public company's issuer and,	that this is a public company and issuer and,
156:23–24	accurately and fairly reflect the transaction assets.	accurately and fairly reflect the transaction and disposition of assets.
166:9	again, assume the allegations true for purposes of	again, assume the allegations are true for purposes of
171:8	sessions that the parties might have amongst	discussions that the parties might have amongst
171:22	You know, I really forgot	You know, I rudely forgot
172:3	advocacy of a complaint in the 13(b) context. That	adequacy of a complaint in the 13(b) context. That
173:12	So, thank you, thank you for time. And	So, thank you, thank you for your time. And

I direct the court reporter to implement the above changes and issue a complete, amended transcript for the conference held on March 14, 2019. The amended transcript should also be provided in electronic format to my office.

James E. Grimes
Administrative Law Judge