

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 79394 / November 23, 2016

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3829 / November 23, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-15033

	:	ORDER GRANTING APPLICATION FOR
In the Matter of	:	REINSTATEMENT TO APPEAR AND PRACTICE
	:	BEFORE THE COMMISSION AS AN ACCOUNTANT
Michael K. Krohn, CPA	:	RESPONSIBLE FOR THE PREPARATION OR
	:	REVIEW OF FINANCIAL STATEMENTS REQUIRED
	:	TO BE FILED WITH THE COMMISSION

On September 18, 2012, Michael K. Krohn, CPA (“Krohn”) was suspended from appearing or practicing before the Commission as an accountant as a result of settled public administrative proceedings instituted by the Commission against Krohn pursuant to Rule 102(e)(3)(i) of the Commission's Rules of Practice.¹ This order is issued in response to Krohn’s application for reinstatement to appear and practice before the Commission as an accountant responsible for the preparation or review of financial statements required to be filed with the Commission.

In a civil action entitled Securities Exchange Commission v. The Companies (TC), LLC, et al., the court entered an order permanently enjoining Krohn from future violations of Sections 5(a), 5(c), 17(a)(2), and 17(a)(3) of the Securities Act of 1933 (“Securities Act”). In a complaint filed on August 6, 2012, the Commission alleged, among other things, that from January 2009 through June 2011, The Companies (TC), LLC (“the Companies”), initiated four unregistered offerings of securities

The complaint alleged that Krohn, in violation of the federal securities laws and in connection with the sale of approximately \$11.9 million of securities to approximately 169 investors, made material misrepresentations and omissions regarding, among other things, the value of company assets. The alleged misrepresentations and omissions were contained in private placement memoranda (“PPMs”) used in unregistered offerings. The complaint alleged that Krohn participated

¹ See Accounting and Auditing Enforcement Release No. 3408 dated September 18, 2012. Krohn was permitted, pursuant to the order, to apply for reinstatement after two years upon making certain showings.

in drafting and providing content for the PPMs and solicited investors. The complaint further alleged that the securities were not registered, in violation of the federal securities laws, because the PPMs wrongfully relied on Regulation D, Rule 506. The complaint alleged that the offerings did not meet the Regulation D, Rule 506 requirements because the securities were offered through general solicitation.

In his capacity as a preparer or reviewer, or as a person responsible for the preparation or review, of financial statements of a public company to be filed with the Commission, Krohn attests that he will undertake to have his work reviewed by the independent audit committee of any company for which he works, or in some other manner acceptable to the Commission, while practicing before the Commission in this capacity. Krohn is not, at this time, seeking to appear or practice before the Commission as an independent accountant. If he should wish to resume appearing and practicing before the Commission as an independent accountant, he will be required to submit an application to the Commission showing that he has complied and will comply with the terms of the original suspension order in this regard. Therefore, Krohn's suspension from practice before the Commission as an independent accountant continues in effect until the Commission determines that a sufficient showing has been made in this regard in accordance with the terms of the original suspension order.

Rule 102(e)(5) of the Commission's Rules of Practice governs applications for reinstatement, and provides that the Commission may reinstate the privilege to appear and practice before the Commission "for good cause shown."² This "good cause" determination is necessarily highly fact specific.

On the basis of information supplied, representations made, and undertakings agreed to by Krohn, it appears that he has complied with the terms of the September 18, 2012 order suspending him from appearing or practicing before the Commission as an accountant, that no information has come to the attention of the Commission relating to his character, integrity, professional conduct or qualifications to practice before the Commission that would be a basis for adverse action against him pursuant to Rule 102(e) of the Commission's Rules of Practice, and that Krohn, by undertaking to have his work reviewed by the independent audit committee of any company for which he works, or in some other manner acceptable to the Commission, in his practice before the Commission as a preparer or reviewer of financial statements required to be filed with the Commission, has shown good cause for reinstatement. Therefore, it is accordingly,

² Rule 102(e)(5)(i) provides:

"An application for reinstatement of a person permanently suspended or disqualified under paragraph (e)(1) or (e)(3) of this rule may be made at any time, and the applicant may, in the Commission's discretion, be afforded a hearing; however, the suspension or disqualification shall continue unless and until the applicant has been reinstated by the Commission for good cause shown." 17 C.F.R. § 201.102(e)(5)(i).

ORDERED pursuant to Rule 102(e)(5)(i) of the Commission's Rules of Practice that Michael K. Krohn, CPA is hereby reinstated to appear and practice before the Commission as an accountant responsible for the preparation or review of financial statements required to be filed with the Commission.

By the Commission.

Brent J. Fields
Secretary