

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 86123 / June 17, 2019

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 4052 / June 17, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-15645

In the Matter of :
Stephen D. Cheaney, CPA : ORDER GRANTING APPLICATION FOR
: REINSTATEMENT TO APPEAR AND PRACTICE
: BEFORE THE COMMISSION AS AN ACCOUNTANT

On December 12, 2013, Stephen D. Cheaney, CPA (“Cheaney”) was denied the privilege of appearing or practicing as an accountant before the Commission as a result of settled public administrative proceedings instituted by the Commission against Cheaney pursuant to Rule 102(e)(1) of the Commission’s Rules of Practice.¹ This order is issued in response to Cheaney’s application for reinstatement to appear and practice before the Commission as an accountant.

The Commission’s order involved misconduct by Cheaney in completing a surprise exam pursuant to Section 206(4) of the Advisers Act of 1940 and Rule 206(4)-2 thereunder (the “Custody Rule”). Freedom One Investment Advisors, Inc. (“Freedom One”), a formerly registered investment adviser, had custody of client assets and was required by the Custody Rule to have an independent public accountant conduct annual surprise exams to verify those assets. For 2006 and 2008, Freedom One engaged UHY LLP to perform the surprise exams. Cheaney was a member of the engagement team for the 2008 surprise exam. For his role in the failure to complete the surprise exam (i.e. conduct fieldwork, prepare and issue a surprise exam report, and file Forms ADV-E), Cheaney engaged in improper professional conduct and caused Freedom One to violate the Custody Rule.

Cheaney has met all of the conditions set forth in the original order and, in his capacity as an independent accountant, has stated that he will comply with all requirements of the Commission and the Public Company Accounting Oversight Board, including, but not limited to

¹ See Accounting and Auditing Enforcement Release No. 3518 dated December 12, 2013. Cheaney was permitted, pursuant to the order, to apply for reinstatement after two years upon making certain showings.

all requirements relating to registration, inspections, concurring partner reviews and quality control standards. 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, Cheaney 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.

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 the information supplied, representations made, and undertakings agreed to by Cheaney, it appears that he has complied with the terms of the December 12, 2013 order denying him the privilege of 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 Cheaney, 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, and that Cheaney, by undertaking to comply with all requirements of the Commission and the Public Company Accounting Oversight Board, including, but not limited to, all requirements relating to registration, inspections, concurring partner reviews and quality control standards, in his practice before the Commission as an independent accountant has shown good cause for reinstatement. Therefore, it is accordingly,

ORDERED pursuant to Rule 102(e)(5)(i) of the Commission's Rules of Practice that Stephen D. Cheaney, CPA is hereby reinstated to appear and practice before the Commission as an accountant.

By the Commission.

Vanessa A. Countryman
Acting Secretary

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).