

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 87053 / September 23, 2019

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 4085 / September 23, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-19491

In the Matter of

BRANDON SPRANKLE, CPA,

Respondent.

**ORDER INSTITUTING PUBLIC
ADMINISTRATIVE AND CEASE-AND-
DESIST PROCEEDINGS PURSUANT TO
SECTIONS 4C AND 21C OF THE
SECURITIES EXCHANGE ACT OF 1934
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 Brandon Sprankle, CPA (“Sprankle” or “Respondent”) pursuant to Sections 4C¹ and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 102(e)(1)(ii) of the Commission’s Rules of Practice.²

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 be lacking in character or integrity, or to have engaged in unethical or 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

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”), 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 him and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Public Administrative and Cease-and-Desist Proceedings Pursuant to Sections 4C and 21C of the Securities Exchange Act of 1934 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 Respondent’s Offer, the Commission finds³ that:

Summary

1. This matter involves improper professional conduct by Sprankle, a PricewaterhouseCoopers LLP (“PwC”) partner, in connection with PwC’s audit work for Issuer A in 2014. While Sprankle was a member of the audit engagement team and during the period that Issuer A was subject to a PCAOB audit, he was responsible for supervising the performance of prohibited non-audit services for two PwC projects for Issuer A. The first project involved the design and implementation of Governance, Risk and Compliance (“GRC”) software, which companies generally use to coordinate and to monitor controls over financial reporting, which are subject to the internal control over financial reporting audit procedures. The second project pertained to services concerning Issuer A’s upgrade of its enterprise software and related programs, including financial and accounting areas that are subject to audit. For both of these projects, Sprankle violated and was a cause of PwC’s violating independence requirements by supervising prohibited non-audit services, including exercising decision-making authority in the design and implementation of software relating to the company’s financial reporting and engaging in management functions for the company during the 2014 audit and professional engagement period.

2. Specifically, with regard to the GRC project, Sprankle engaged in a number actions that violated the independence rules, including: a) supervising the provision of non-audit services that were prohibited under the auditor independence rules; b) failing to ensure the

practicing before it . . . to any person who is found . . . to have engaged in unethical or improper professional conduct.

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

planned work—and services provided—complied with the independence rules; c) failing to adhere fully to PwC’s quality controls; and d) failing to supervise the personnel who performed the services to provide reasonable assurance that PwC maintained auditor independence. As a result, on the GRC engagement, PwC engaged in prohibited non-audit services.

3. On the enterprise software engagement, Sprankle obtained internal approval within PwC by describing the project as audit services despite numerous red flags and indications that the project included prohibited non-audit services. Sprankle thereafter supervised PwC’s providing prohibited services.

4. On both engagements, PwC personnel, under Sprankle’s supervision, also performed management functions by directing Issuer A’s employees, and by engaging in supervisory functions.

5. In addition, in connection with the GRC-related work, Sprankle provided material, non-public information concerning Issuer A to a software company without Issuer A’s consent.

6. As a result of his actions, Sprankle engaged in improper professional conduct. Sprankle also was a cause of certain reporting violations by Issuer A and was a cause of PwC’s violation of Rule 2-02(b) of Regulation S-X, which requires that an auditor state that it performed the audit in accordance with generally accepted auditing standards, including the requirement to be independent.

Respondent

7. **Brandon Sprankle (“Sprankle”)**, age 42, is a resident of San Jose, California, and has been a partner of PwC from July 1, 2014 to the present. Sprankle is a Certified Public Accountant, licensed in California, Pennsylvania, and Virginia.

Relevant Entities

8. **Issuer A** is a multi-national technology company with substantial operations in the United States, and which trades on the Nasdaq Stock Market. During the relevant period, Issuer A had a reporting obligation under Section 13(a) of the Exchange Act.

9. **PricewaterhouseCoopers LLC (“PwC”)** is an audit firm headquartered in New York, New York. Since 2004, PwC has been registered with the Public Company Accounting Oversight Board (“PCAOB”), pursuant to the Sarbanes-Oxley Act of 2002, to prepare and issue audit reports. During the relevant period, PwC was the independent accountant for Issuer A.

Facts

The Independence Violations Concerning the GRC Project

10. Under the Commission’s auditor independence rules, external accountants are required to be independent—in fact and in appearance—of their audit clients. The

Commission’s auditor independence rules set forth a general standard of independence in Rule 2-01(b) of Regulation S-X which, among other things, states that, in determining whether an accountant is independent, the Commission will consider “all relevant circumstances, including all relationships between the accountant and the audit client . . .” Rule 2-01(c) of Regulation S-X then sets forth a non-exclusive list of circumstances, including certain relationships, that are inconsistent with the general standard in Rule 2-01(b), including where the auditors provide certain specified non-audit services to their audit clients. Subject to certain enumerated exceptions, independent auditors are prohibited from engaging in the design or implementation of systems that are significant to the audit client’s financial statements or other financial information systems taken as a whole, to perform any internal audit service related to the internal controls over financial reporting, or to perform management functions for audit clients. Set forth below is a description of the non-audit services PwC performed—and Sprankle supervised—for Issuer A, which included the provision of prohibited services that violated the independence rules.

11. In 2014, PwC performed—and Sprankle supervised—non-audit services for Issuer A concerning Governance Risk and Compliance (“GRC”) software. GRC systems are used by companies to coordinate and to monitor controls over financial reporting, including employee access to critical financial functions. Issuer A intended to use the GRC software to generate information as part of the company’s control environment and to provide data to assist personnel in forming conclusions regarding the effectiveness of internal controls related to financial information systems. As such, at the time the GRC system was being implemented, it was intended to be subject to the internal control over financial reporting audit procedures.

12. The Commission’s independence rules prohibit independent auditors from designing and implementing systems such as GRC where the software aggregates source data, or generates information significant to the clients’ financial statements or other financial systems as a whole. Designing, implementing, or operating systems affecting the financial statements may also place the accountant in a management role, or result in the accountant auditing his or her own work or attesting to the effectiveness of internal control systems designed or implemented by that accountant. The independence rules also prohibit an independent auditor from performing management functions.

13. As early as April 2014, Issuer A placed PwC on notice that the company was seeking help for an implementation project. At that time, in connection with Issuer A’s pursuing proposals for implementing a module of GRC software, the company’s then-Head of Internal Audit asked Sprankle whether PwC could provide an implementation proposal and inquired about auditor independence. Sprankle responded that “we are absolutely permitted to implement so there will be no issues” Sprankle, however, was aware at the time that PwC’s independence policies did not allow the firm or him to implement a GRC system for an audit client.

14. In or around early May 2014, Sprankle forwarded a proposal to Issuer A for “assistance with implementing” the GRC module. The proposal contained numerous tasks that, taken as a whole, would not be consistent with independence rules and PwC’s policies, *e.g.*, performing integration testing and working closely with Issuer A’s personnel to resolve

integration problems, working with management to determine security configurations, and providing continuous hands-on training on how to use the software.

15. As Sprankle and his team understood, Issuer A did not have the internal capabilities or expertise to design and implement the GRC module and, thus, required an outside party to perform these functions. In late May 2014, for example, Sprankle knew that Issuer A had elicited multiple competitive bids from third parties to design and implement the GRC module.

16. In early June 2014, Issuer A selected PwC for the GRC project. Although Issuer A did not utilize GRC in connection with the preparation of its fiscal year 2014 financial statements, at this time, PwC was auditing Issuer A's financial statements and internal control over financial reporting for fiscal year 2014. Sprankle not only negotiated and oversaw the GRC project, but also participated in PwC's audit of Issuer A as an information technology specialist on the audit engagement team.

17. In seeking internal authorization to perform the non-audit GRC work, Sprankle drafted an engagement letter for approval by PwC's Risk Assurance Independence ("RAI") group, an independence-reviewer within his business unit. In the draft engagement letter, Sprankle described the proposed services as assessing multiple areas, and providing observations and recommendations, as opposed to designing and implementing the GRC project. This description was inconsistent with Issuer A's expectation that PwC would conduct a design and implementation project as previously communicated to Sprankle.

18. In early June 2014, Issuer A again put Sprankle on notice that it expected PwC to design and implement a GRC solution for Issuer A and to manage the project. After Sprankle sent the draft engagement letter, Issuer A's then-Head of Internal Audit objected to the description of the services contained in the draft engagement letter. In the email, he informed Sprankle that the proposed work was an "implementation project that's been outsourced" to PwC.

19. Sprankle thereafter met with the then-Head of Internal Audit, who understood from speaking with Sprankle that PwC would substantially design and implement the GRC module, and would perform project management functions. At the time, PwC was continuing its audit of Issuer A for fiscal year 2014 and, due to Issuer A's prior accounting errors, performing additional audit work for fiscal years 2011 and 2012.

20. The final engagement letter for the GRC project described the work as performing assessments and high-level recommendations. However, as internal PwC communications reflect, certain PwC employees characterized the engagement as a design and implementation project. For example, in a July 2014 email, a PwC manager communicated his view to Sprankle that the project involved the implementation of a financial-related information system. The email stated: "We will now implement GRC on 11i to support the production year end and audit." Another PwC manager responded, in part: "We'll need to get . . . scripts for the client to run on 11i so we can grab the data and then can leverage that for implementing GRC." In response, the first manager suggested additional items, including a "straw-man of a PwC 11i GRC implementation plan or task list."

21. In August 2014, PwC began the GRC work with a kick-off presentation that was explicit about the goal to “Implement an Oracle Advanced Controls solution for [Issuer A].” Sprankle received a copy of the presentation. Thereafter, under Sprankle’s supervision, PwC employees prepared a project plan and milestones, and provided regular status reports.

22. To start the work, another PwC manager, who Sprankle supervised, instructed a PwC associate to prepare a design document: “I need you to immediately begin working on creating a design document for how [the GRC module] will be built for the [GRC] rules we already know about. Below are the SOD [Segregation of Duties, an internal control concept allocating duties amongst employees] rules we know we need to build”

23. From August through mid-October 2014, PwC employees under Sprankle’s supervision managed the project, performed substantial design work, configured the design on a non-production server, and provided oversight and direction for the implementation to a live environment. According to its senior manager for IT Internal Audit: Issuer A had little involvement in the assessment and design phase of the project; further, Issuer A lacked the technical expertise to configure the system; and, although Issuer A ultimately had to approve the work, Sprankle and PwC employees under his supervision exercised decision-making authority in designing and configuring the GRC module.

24. As the project progressed in September 2014, the PwC manager emailed the senior manager for IT Internal Audit at Issuer A, who had oversight of the project, and copied Sprankle, about problems with the GRC server and application that needed to be addressed before PwC could perform development work: “We identified some critical issues that need to be resolved before we can get in there and do the development.”

25. Throughout the course of the GRC engagement, Issuer A considered PwC to be the system implementer and deferred to PwC on best practices for settings that needed to be included in the system. Further, according to the senior manager for IT Internal Audit, Issuer A allowed PwC “to make those decisions for us” and, although an Issuer A employee would technically have his hands on the keyboard, a PwC employee, under Sprankle’s supervision, managed the process and directed the Issuer A employee on what actions to take.

The Independence Violations on the R12 Project

26. On another project for Issuer A, occurring around the same time in 2014 as the GRC project, PwC employees, under Sprankle’s supervision, provided services related to Issuer A’s upgrade of its enterprise software and related programs (“the R12 project”).

27. Companies use enterprise software to manage their overall businesses, including a wide array of day-to-day activities such as accounting, procurement, and manufacturing. PwC employees, under Sprankle’s supervision, performed services on the R12 project with Issuer A’s Internal Audit group.

28. In early 2014, Sprankle was involved in marketing pre- and post-implementation assessment services to Issuer A, which ultimately became the R12 project. Pre-implementation

services are performed prior to a system going “live,” or actually being used by the company in its business or financial operations. By contrast, post-implementation work is performed after a system is in use. In the documents PwC used to market the work, many of the proposed services were non-audit work to be performed pre-implementation, *i.e.*, assessments and reviews before the system was in use, with PwC making recommendations and providing reports to Issuer A.

29. In late March 2014, the Audit Committee of the Board of Directors of Issuer A approved an Internal Audit Plan, which included a “Pre Implementation Review” of R12, and of financial and human resources software. This meant that Issuer A’s internal auditors were going to perform a pre-implementation review of R12 and the other software programs.

30. In early May 2014, Sprankle sought internal approval from PwC’s RAI group for the R12 project as a non-audit consulting engagement. He asked that a draft engagement letter be prepared. The draft engagement letter (and two subsequent drafts) described services for which Issuer A personnel would contribute 1000 hours of work, and specifically stated that the work would be performed in accordance with the Standards for Consulting Services established by the American Institute of Certified Public Accountants (“AICPA”).

31. On June 5, 2014, Issuer A’s Audit Committee approved the R12 project as “non-audit consulting” services. Specifically, the Audit Committee approved up to \$290,000 for services with respect to the pre-implementation of the enterprise software upgrade. On the same day, after Audit Committee approval of the non-audit consulting project, Sprankle sent an updated statement of work to RAI, in which the project was again described as non-audit assessments to be performed under AICPA consulting standards.

32. By mid-June, RAI had not approved the project. Sprankle delegated an IT manager from PwC’s audit team to speak with RAI. On June 16, 2014, the IT manager informed Sprankle that RAI “was asking: Why did we delegate 1000 hours to [Internal Audit]. It seemed a lot of hours. It could [be] considered/viewed as an [internal audit] co-sourcing engagement, which is not allowed for [an audit client].” Later that day, Sprankle forwarded another revised engagement letter, which continued to describe the proposed work as a consulting engagement with the client providing over 1000 hours of assistance.

33. On June 19, 2014, RAI responded in writing to the IT manager, who forwarded the email to Sprankle. RAI raised concerns that the proposed consulting services violated independence requirements because the services constituted a prohibited arrangement with Issuer A’s internal audit department. RAI wrote:

The enlisting of the client’s internal audit department in assistance of our assessment makes this engagement appear to be a prohibited internal audit co-sourcing arrangement. The draft engagement letter states that the client’s internal audit department will dedicate 1000 hours to assist in our assessment/engagement. I believe we are at an impasse and believe you should either cease the involvement of the client’s internal audit department in our assessment or if you do not agree than [sic] you should submit a formal independence consultation with the US Independence Office to obtain clearance that we can use the client’s internal audit department in our assessment.

34. After discussing the matter with RAI, Sprankle did not follow the instructions to either remove Issuer A's Internal Audit or seek a formal independence consultation. Instead, Sprankle changed the description of the services from a consulting project to audit procedures. Sprankle then notified the IT manager that "if we switch the current [engagement letter] format from a consultancy to an addendum to the audit engagement letter we will be fine." On that basis, RAI approved the R12 project without further questions, concerns or review despite knowing that the description of the engagement had suddenly changed, without explanation, from non-audit to audit services.

35. Because the R12 project was re-characterized as audit services, the work was not subject to proper internal review to assess auditor independence prohibitions, including a review to determine whether the R12 project constituted prohibited non-audit services or outsourced internal audit work to be performed during an audit engagement for Issuer A.

36. On July 1, 2014, Sprankle forwarded the draft addendum to the audit engagement letter to Issuer A's then-Head of Internal Audit, indicating that PwC's "risk management office has asked that we have this engagement letter as an extension of the audit engagement letter because of the assistance we are receiving from internal audit."

37. Before beginning the R12 work, Sprankle, however, did not provide the draft addendum to Issuer A's Audit Committee, which had to approve an audit engagement, or otherwise inform the Audit Committee that the R12 work was now being characterized as audit work. On July 9, 2014, Issuer A's then-Head of Internal Audit signed the amendment to the audit engagement letter.

38. Issuer A's Audit Committee did not authorize the R12 project as part of any audit. As a result of Sprankle's mischaracterizing the project as audit services and not informing the Audit Committee of this change, the Audit Committee was deprived of the opportunity to perform its responsibilities, including having an understanding of the services that were proposed and the purpose of that work, approving audit engagement fees and terms, reviewing the auditor's approach to and the scope of the audit, and overseeing the company's compliance with SEC requirements related to disclosure of the auditor's services and fees.

39. In reality, the R12 project remained a non-audit services project related to financial information systems design and implementation upon which PwC needed to directly rely on Issuer A's Internal Audit group. The engagement letter for the R12 project, for example, demonstrates that the project was not intended as audit procedures. It did not describe how the R12 project involved procedures required to audit Issuer A's financial statements or internal control over financial reporting. In fact, as set forth in the letter, Issuer A sought an "independent reviewer" to "help management to understand the potential risks and quality of the [R12] project" and to make assessments and provide recommendations. Based on the letter, Issuer A would control "the scope of [PwC's] assessment and designate each of the processes, etc. that will be the subject of [PwC's] assessment." By contrast, in an audit, the independent auditor determines the scope of the audit and the procedures to be performed.

40. On July 16, 2014, Issuer A informed Sprankle that the company would not go live

with R12 until fiscal year 2016—two years later from the 2014 audit that PwC was performing at the time. As a result, R12 was not Issuer A’s system of record for fiscal year 2014, making it impossible for the R12 project to be a part of any audit for 2014 or even fiscal year 2015, for which the Audit Committee had not executed an engagement letter retaining PwC. Accordingly, there was no basis for PwC to perform any audit procedures concerning R12.

41. In mid-July 2014, PwC employees under Sprankle’s supervision started working on the R12 project, billing Issuer A over \$70,000 for work performed through September 2014. In late October 2014, PwC halted work on the R12 project because of independence concerns raised by the PCAOB concerning the GRC project.

42. Although PwC did not complete the full R12 project, PwC employees under Sprankle’s supervision developed audit work programs, which were not needed for any PwC audit work, but which were used by Issuer A’s internal auditors for their fiscal year 2015 internal audit of R12 and the other software programs (per the Internal Audit Plan approved in March 2014).

43. During the R12 project, PwC employees under Sprankle’s supervision also provided PwC’s proprietary frameworks on settings and configurations to Issuer A so that the company could incorporate the configurations and controls into its design.

Sprankle Also Engaged in Improper Professional Conduct by Disclosing Client Confidential Information

44. Sprankle was required by PCAOB rules to act with objectivity and integrity in connection with the professional services he provided to clients.⁴

45. When pursuing the GRC work with Issuer A, Sprankle regularly communicated, and shared strategies and information, with a third-party GRC sales representative. In the course of those communications, Sprankle provided material, non-public information concerning Issuer A’s financial progress. By doing so, Sprankle failed to comply with PCAOB Rule 3500T.

VIOLATIONS

46. Rule 2-02(b)(1) of Regulation S-X requires an accountant’s report to state “whether the audit was made in accordance with generally accepted auditing standards” (“GAAS”). “[R]eferences in Commission rules and staff guidance and in the federal securities laws to GAAS or to specific standards under GAAS, as they relate to issuers, should be understood to mean the standards of the PCAOB plus any applicable rules of the Commission.” See SEC Release No. 34-49708 (May 14, 2004). Thus, and through the conduct described above, Sprankle was a cause of PwC’s violating Rule 2-02(b)(1) of Regulation S-X when PwC

⁴ PCAOB Rule 3500T requires auditors to comply with the AICPA’s Code of Professional Conduct Rule 102, and interpretations and rulings thereunder, as in existence on April 16, 2003. Rule 102, in turn, requires that, “[i]n the performance of any professional service, a member shall maintain objectivity and integrity, shall be free of conflicts of interest, and shall not knowingly misrepresent facts or subordinate his or her judgment to others.”

issued its audit report dated November 13, 2014, stating that PwC had conducted its audit in accordance with PCAOB standards when it had not.

47. An issuer violates Section 13(a) of the Exchange Act and Rule 13a-1 thereunder when such issuer files with the Commission annual reports that contain materially false or misleading information or if they file annual reports that fail to include independently audited financials. Scienter is not required for a violation of Section 13(a). Similarly, an issuer violates Section 13(a) of the Exchange Act and Rule 13a-13 thereunder when such issuer files with the Commission quarterly reports that fail to include independently reviewed interim financials. Scienter is not required for a violation of Section 13(a). In administrative proceedings, the Commission may impose sanctions upon any person that is, was, or would be a cause of a violation, due to an act or omission the person knew or should have known would contribute to such violation. In order to establish that a person was a cause of a non-scienter based violation, the Commission has specifically ruled that a showing of negligence will suffice. PwC did not conduct the audit of Issuer A's financial statements in accordance with PCAOB standards, and then issued an audit report stating that PwC was independent when it was not. PwC also was not independent when it reviewed Issuer A's interim financial statements for the first quarter of Issuer A's fiscal year 2015. Sprankle was a cause of Issuer A's violations of Section 13(a) and Rules 13a-1 and 13a-13 thereunder.

48. Section 4C of the Exchange Act and Commission Rule of Practice 102(e)(1)(ii) provide, in part, that the Commission may censure or deny, temporarily or permanently, the privilege of appearing or practicing before the Commission to any person who is found by the Commission to have engaged in improper professional conduct. With respect to persons licensed to practice as accountants, "improper professional conduct" includes either of the following two types of negligent conduct: (1) 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 (2) repeated instances of unreasonable conduct, each resulting in a violation of applicable professional standards, that indicate a lack of competence to practice before the Commission. CRP Rule 102(e)(1)(iv)(B). As a result of the conduct described above, Sprankle engaged in "improper professional conduct" within the meaning of Exchange Act Section 4C(a)(2) and CRP Rule 102(e)(1)(ii).

Findings

49. Based on the foregoing, the Commission finds that Respondent Sprankle (a) 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; (b) was a cause of PwC's violating Rule 2-02(b) of Regulation S-X; and (c) was a cause of Issuer A's violating Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-13 thereunder.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent's Offer.

Accordingly, it is hereby ORDERED, effective immediately, that:

A. Respondent Sprankle shall cease and desist from committing or causing any violations and any future violations of Rule 2-02 of Regulation S-X.

B. Respondent Sprankle shall cease and desist from committing or causing any violations and any future violations of Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-13 thereunder.

C. Pursuant to Section 4C of the Exchange Act and Rule 102(e)(1)(ii) of the Commission's Rules of Practice, Respondent Sprankle is denied the privilege of appearing or practicing before the Commission as an accountant.

D. After four years from the date of this order, Sprankle may request that the Commission consider his 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 (other than as a member of an audit committee, as that term is defined in Section 3(a)(58) of the Securities Exchange Act of 1934). Such an application must satisfy the Commission that Sprankle's work in his practice before the Commission as an accountant will be reviewed either by the independent audit committee of the public company for which he works or in some other acceptable manner, as long as he practices before the Commission in this capacity; and/or
2. 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 as a member of an audit committee, as that term is defined in Section 3(a)(58) of the Securities Exchange Act of 1934. Such an application will be considered on a facts and circumstances basis with respect to such membership, and the applicant's burden of demonstrating good cause for reinstatement will be particularly high given the role of the audit committee in financial and accounting matters; and/or
3. an independent accountant.

Such an application must satisfy the Commission that:

- (a) Sprankle, or the public accounting firm with which he 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) Sprankle, or the registered public accounting firm with which he 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 Sprankle will not receive appropriate supervision;

- (c) Sprankle 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) Sprankle acknowledges his responsibility, as long as he 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.

E. The Commission will consider an application by Sprankle to resume appearing or practicing before the Commission provided that his state CPA license is current and he 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 Sprankle's character, integrity, professional conduct, or qualifications to appear or practice before the Commission as an accountant. Whether an application demonstrates good cause will be considered on a facts and circumstances basis with due regard for protecting the integrity of the Commission's processes.

F. Respondent Sprankle shall, within ten (10) days of the entry of this Order, pay a civil money penalty in the amount of \$25,000, to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment of a civil penalty is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

G. All payments required by this Order 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 Brandon Sprankle as the Respondent in these proceedings, and the file number of these proceedings. A copy of the cover letter and check or money order, or documentation of whatever other form of payment is used, must be simultaneously sent to Anita Bandy, Associate Director, Division of Enforcement, Securities and Exchange Commission, 100 F St., N.E., Washington, DC 20549.

H. 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, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he 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 Respondent 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 Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent 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 Respondent 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.

Vanessa A. Countryman
Secretary