

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 95833 / September 19, 2022

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 4335 / September 19, 2022

ADMINISTRATIVE PROCEEDING
File No. 3-21111

In the Matter of

MATTHEW W. DREYER,
CPA,

Respondent.

**ORDER INSTITUTING PUBLIC
ADMINISTRATIVE PROCEEDINGS,
PURSUANT TO SECTION 4C OF
THE SECURITIES EXCHANGE ACT
OF 1934 AND RULE 102(e) OF THE
COMMISSION’S RULES OF
PRACTICE, MAKING FINDINGS,
AND IMPOSING REMEDIAL
SANCTIONS**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that public administrative proceedings be, and hereby are, instituted against Matthew W. Dreyer (“Respondent” or “Dreyer”) pursuant to Section 4C¹ of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 102(e)(1)(ii)² of the Commission’s Rules of Practice.

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 issued thereunder.

² Rule 102(e)(1)(ii) provides, in pertinent part, that:

The Commission may . . . deny, temporarily or permanently, the privilege of appearing or practicing before it . . . to any person who is found . . . to be lacking in character or integrity or to have engaged in unethical or improper professional conduct.

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) that 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 Proceedings, Pursuant to Section 4C of the Exchange Act and Rule 102(e) of the Commission’s Rules of Practice, Making Findings, and Imposing Remedial Sanctions (“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 the lack of integrity and improper professional conduct by Respondent Dreyer, a certified public accountant, relating to an engagement to verify client funds and securities of which an SEC-registered investment adviser, Arcadia Wealth Management, Inc. (“Arcadia”), had custody pursuant to Section 206(4) of the Investment Advisers Act of 1940 (“Advisers Act”) and Rule 206(4)-2 thereunder (the “Custody Rule”).

2. For more than two years after Dreyer agreed to accept the surprise examination engagement by Arcadia in March 2018, Dreyer failed to take meaningful steps to acquire the knowledge necessary to perform and complete the engagement and did not withdraw from the engagement. After Arcadia contacted Dreyer in late March 2020 to explain that Arcadia was undergoing an SEC examination and to ask him if he had any documentation of his work, in April 2020 Dreyer issued an undated report to Arcadia which contained numerous misrepresentations regarding procedures Dreyer claimed he had performed during the examination but never actually carried out. Moreover, when told by Arcadia that SEC examination staff asked for the report’s date, Dreyer misrepresented that the report was drafted and should have been dated on July 31, 2018. Dreyer understood when he provided the report and the false date of completion to Arcadia that this information would be provided to the SEC examination staff. As a result, Respondent failed to act with integrity and engaged in unethical and improper professional conduct that provides a basis to impose remedies pursuant to Section 4C of the Exchange Act and Rule 102(e)(1)(ii) of the Commission’s Rules of Practice.

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.

RESPONDENT

3. **Matthew W. Dreyer**, age 43, resides in South Setauket, NY. Dreyer has been a certified public accountant licensed in New York since 2005 and is a sole practitioner.

OTHER RELEVANT ENTITY

4. **Arcadia** is a New York corporation with its principal office and place of business in Smithtown, New York. Arcadia has been registered with the Commission as an investment adviser since 2012.

FACTS

5. The Custody Rule is designed to protect investment advisory clients from the misuse or misappropriation of their funds and securities. The surprise examination requirement is a key means of achieving this objective. Under the Custody Rule, an investment adviser who has custody of client funds and securities must, among other things, enter into a written agreement with an independent public accountant to obtain an independent verification of those assets at least once during each calendar year at a time chosen by the accountant without prior notice to the adviser and require that the accountant file with the Commission a certificate on Form ADV-E within 120 days of the date that the accountant chose to perform the examination as of (the “surprise examination” requirement). See Rule 206(4)-2(a)(4).

6. In March 2018, Arcadia asked Dreyer to perform its annual surprise examination pursuant to the Custody Rule of the funds and securities of two client trusts over which Arcadia had custody as a result of Arcadia’s CEO and principal owner’s position as trustee of those trusts. Prior to this time, Dreyer had never performed a surprise examination engagement, was not familiar with the Custody Rule, and did not possess the knowledge and skills to complete the engagement. There was no written agreement for Dreyer’s engagement with Arcadia.

7. After Dreyer accepted the engagement, he sought and obtained certain documentation from Arcadia regarding two client trust accounts. However, over the next two years Dreyer did not complete the examination and issue a report or file a certificate with the Commission on Form ADV-E. During that time, Arcadia periodically contacted Dreyer to inquire as to the status of his examination and offered informational resources. Nevertheless, Dreyer neither completed the surprise examination nor withdrew from the engagement.

8. Following the commencement of a March 2020 examination of Arcadia by the SEC’s Division of Examinations staff, Arcadia contacted Dreyer. Specifically, on March 30, 2020, Arcadia’s Chief Compliance Officer (“CCO”) emailed Dreyer: “We are currently undergoing an SEC examination. Do you have anything to show that you reviewed the trust accounts that we are trustee for, back in 2018? I don't think you ever filed the ADV-E, but any documentation that you might have will be helpful. All documents are due back to them by Wednesday. I know you are busy, but a quick response would be great, if possible.”

9. On April 7, 2020, Arcadia’s CCO again emailed Dreyer, writing, “Just checking in-we heard back from the SEC and he just wanted to follow up on when we might have a response regarding the audit you conducted. Hopefully you'll be able to get to it this week!”

10. That same day, Dreyer replied by email attaching his accountant’s surprise examination report and a management statement regarding compliance with the Custody Rule asserting that Arcadia was in compliance with certain specified custody and books and records provisions for the period January 1, 2017 to July 24, 2018, which he indicated would need to be signed by Arcadia. Dreyer’s surprise examination report represented he had conducted the examination in accordance with the attestation standards established by the American Institute of Certified Public Accountants (“AICPA”) and had examined management’s assertions regarding its compliance with the specified provisions during that time period, and specified a number of procedures purportedly performed.

11. Dreyer’s report was undated and included numerous misrepresentations about procedures Dreyer claimed to have performed but which he did not actually do. For example, in the report, Dreyer claimed to have conducted a “[c]ount and inspection of securities located in the vault of the Company in Smithtown, NY.” Yet Dreyer did not – and could not – have performed these procedures because Arcadia did not hold physical securities in a vault in its Smithtown, NY offices (or anywhere else). As another example, the report made representations concerning confirmations made with qualified custodians and clients, which was also not a procedure performed. In fact, Dreyer did not prepare or retain any documentation of procedures performed in connection with the engagement.

12. On May 9, 2020, Arcadia’s CCO emailed Dreyer, stating: “The SEC is requesting the date of the document that you provided to us, . . . , Can you confirm when this was completed?” In a follow up email on May 12, 2020, Arcadia’s CCO wrote to Dreyer again: “I need to get back to the SEC today on when you completed the [report]. Can you confirm?” Later that day, Dreyer replied by email, stating: “My apologies for not having a date on the audit report. It was drafted and should have been dated back on 7/31/2018.” Dreyer’s representation regarding the date of the report was false, which he understood Arcadia would provide to the SEC.

Violations⁴

Respondent Failed to Act with Integrity

13. The AICPA’s Code of Professional Conduct’s⁵ (the “AICPA CPC”) “Integrity Principle” provides that “members should perform all professional responsibilities with the

⁴ References to the American Institute of Certified Public Accountants’ (“AICPA”) Clarified Statements on Standards for Attestation Engagements are to those standards that were in effect at the time of the relevant conduct.

⁵ Surprise examinations must be performed in accordance with AICPA AT-C § 315 (*Compliance Attestation*). AT-C § 315.04, in turn, requires a practitioner to apply the requirements of AT-C § 105A and § 205A. AT-C § 105A (*Concepts Common to All Attestation Engagements*) establishes the connection between the Attestation Standards and Quality Control standards of the AICPA. In particular, AT-C § 105A.06 provides for “an obligation to establish and maintain a system of quality control to provide . . . reasonable assurance that . . . the firm and its personnel comply with professional standards and applicable legal and regulatory requirements.” The AICPA’s Statements on Quality Control Standards, at QC § 10 provides that the system of quality control should provide reasonable assurance that the firm and its personnel comply with relevant ethical requirements, which include the AICPA’s Code of Professional Conduct (AICPA QC § 10.13; QC § 10.17; QC § 10.21).

highest sense of integrity.” (AICPA CPC § 0.300.040.01). “Integrity requires a member to be, among other things, honest and candid within the constraints of client confidentiality,” and while “[i]ntegrity can accommodate the inadvertent error and honest difference of opinion; it cannot accommodate deceit or subordination of principle.” (AICPA CPC § 0.300.040.03). Specifically, the “Integrity and Objectivity Rule” 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.”⁶ (AICPA CPC § 1.100.001.01). Further, a practitioner performing an engagement “would be considered to have knowingly misrepresented facts in violation of the ‘Integrity and Objectivity Rule,’ if the member . . . signs, or permits or directs another to sign, a document containing materially false and misleading information.” (AICPA CPC § 1.130.010.01).

14. Respondent failed to perform the surprise examination with honesty and integrity. Respondent’s report of the surprise examination misrepresented that Respondent performed procedures that he never actually did and he misrepresented the date of his report. Finally, Respondent made these misrepresentations knowing that Arcadia would provide his documents and responses to the SEC staff.

Respondent Failed to Exercise Due Care

15. The AICPA CPC principle of “due care” requires that “[a] member should observe the profession’s technical and ethical standards, strive continually to improve competence and the quality of services, and discharge professional responsibility to the best of the member’s ability.” (AICPA CPC § 0.300.060.01). Further, “[d]ue care requires a member to discharge professional responsibilities with competence and diligence.” (AICPA CPC § 0.300.060.02). In the performance of an engagement, “each member should undertake to achieve a level of competence that will assure that the quality of the member’s services meets the high level of professionalism. . . .” (AICPA CPC § 0.300.060.03). The principle provides further that “competence” represents not only “the attainment and maintenance of a level of understanding and knowledge that enables a member to render services with facility and acumen” but “[i]t also establishes the limitations of a member’s capabilities by dictating that consultation or referral may be required when a professional engagement exceeds the personal competence of a member or a member’s firm. Each member is responsible for assessing his or her own competence of evaluating whether education, experience, and judgment are adequate for the responsibility to be assumed.” (AICPA CPC § 0.300.060.04). Finally, “[m]embers should be diligent in discharging responsibilities to clients, employers, and the public. Diligence imposes the responsibility to render services promptly and carefully, to be thorough, and to observe applicable technical and ethical standards.” (AICPA CPC § 0.300.060.05).

16. In addition to the Code of Professional Conduct, AICPA’s *Concepts Common to All Attestation Engagements* (AT-C § 105A) provides that a “practitioner should accept an attestation engagement only when the practitioner . . . (b) is satisfied that those persons who are

⁶ “Professional services” includes “all services requiring accountancy or related skills performed by a member for a client, an employer, or on a volunteer basis. These services include, but are not limited to accounting, audit and other attest services, . . .” AICPA CPC § 0.400.40.

to perform the engagement collectively have the appropriate competence and capabilities.” and “(d) has reached a common understanding with the engaging party of the terms of the engagement, including the practitioner’s reporting responsibilities.” (AT-C § 105A.27). Further, “[i]f it is discovered after the engagement has been accepted that one or more of the preconditions for an attestation engagement is not present, the practitioner should discuss the matter with the appropriate party and should determine, (a) whether the matter can be resolved; (b) whether it is appropriate to continue with the engagement; and (c) if the matter cannot be resolved but it is still appropriate to continue with the engagement, whether, and if so how, to communicate the matter in the practitioner's report, and if the matter is to be communicated in the practitioner's report, how to do so.” (AT-C § 105A.28). The practitioner should be satisfied that he or she has “the appropriate competence, including knowledge of the subject matter, and capabilities to . . . (i) perform the engagement in accordance with the professional standards and applicable legal and regulatory requirements and (ii) enable the issuance of the practitioner’s report that is appropriate in the circumstances.” (AT-C § 105A.32).

17. Respondent failed to exercise due care in performing the surprise examination. Respondent agreed to the engagement despite having no experience or training in surprise examinations, and Respondent took no meaningful steps to acquire the training, knowledge or skill necessary to perform the engagement in a manner consistent with his professional obligations after accepting the engagement. Respondent also never withdrew from the engagement or referred the examination to another practitioner. As a result, Respondent failed to act in accordance with these standards in accepting and performing the surprise examination.

Respondent Failed to Obtain, Prepare and Maintain Appropriate Engagement Documentation

18. AT-C Section 205A (*Examination Engagements*) requires that “[t]he practitioner should agree upon the terms of the engagement with the engaging party. The agreed-upon terms of the engagement should be specified in sufficient detail in an engagement letter or other suitable form of written agreement.” AT-C § 205A.07. See also Rule 206(4)-2(a)(4). In addition, AT-C Section 105A requires the practitioner to maintain “[a]ppropriate engagement documentation . . . to provide evidence of achievement of the practitioner’s objectives and that the engagement was performed in accordance with the attestation standards and relevant legal and regulatory requirements.” AT-C § 105A.33. Further, “[t]he practitioner should prepare engagement documentation that is sufficient to determine . . . [t]he nature, timing, and extent of the procedures performed to comply with relevant AT-C sections and applicable legal and regulatory requirements. . .” and “[t]he results of the procedures performed and the evidence obtained.” AT-C § 205A.87. Finally, “[t]he practitioner's report should include the following, . . . , (d) An identification of the criteria against which the subject matter was measured or evaluated., . . . , (l) The date of the report.” AT-C § 205A.63.

19. Respondent failed to obtain, prepare and maintain appropriate engagement documentation as required by AT-C Sections 105A and 205A which was also inconsistent with the requirements of the Custody Rule that the accountant perform the examination pursuant to a written agreement and file a certificate on form ADV-E within 120 days of the date of the examination describing the nature and extent of the examination. Respondent accepted the engagement without a written agreement or engagement letter. Respondent also failed to prepare

or maintain work papers evidencing procedures he performed for the surprise examination. Finally, Respondent also falsified the date of his report.

FINDINGS

20. Based on the foregoing, the Commission finds that Dreyer lacked integrity and engaged in improper professional conduct that provides a basis to impose remedies pursuant to Section 4C of the Exchange Act and Rule 102(e)(1)(ii) of the Commission's Rules of Practice.

IV.

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

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

A. Dreyer is denied the privilege of appearing or practicing before the Commission as an accountant.

B. After five years from the date of the Order, Respondent may request that the Commission consider Respondent's reinstatement by submitting an application to the attention of the Office of the Chief Accountant.

C. In support of any application for reinstatement to appear and practice before the Commission as a preparer or reviewer, or a person responsible for the preparation or review, of financial statements of a public company to be 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 Exchange Act, Respondent shall submit a written statement attesting to an undertaking to have Respondent's work reviewed by the independent audit committee of any public company for which Respondent works or in some other manner acceptable to the Commission, as long as Respondent practices before the Commission in this capacity and will comply with any Commission or other requirements related to the appearance and practice before the Commission as an accountant.

D. In support of any application for reinstatement to appear and practice before 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 ("Exchange Act"), as a preparer or reviewer, or as a person responsible for the preparation or review, of any public company's financial statements that are filed with the Commission, Respondent shall submit a statement prepared by the audit committee(s) with which Respondent will be associated, including the following information:

1. A summary of the responsibilities and duties of the specific audit committee(s) with which Respondent will be associated;
2. A description of Respondent's role on the specific audit committee(s) with which Respondent will be associated;

3. A description of any policies, procedures, or controls designed to mitigate any potential risk to the Commission by such service;
4. A description relating to the necessity of Respondent's service on the specific audit committee; and
5. A statement noting whether Respondent will be able to act unilaterally on behalf of the Audit Committee as a whole.

E. In support of any application for reinstatement to appear and practice before the Commission as an independent accountant (auditor) before the Commission, Respondent must be associated with a public accounting firm registered with the Public Company Accounting Oversight Board (the "PCAOB") and Respondent shall submit the following additional information:

1. A statement from the public accounting firm (the "Firm") with which Respondent is associated, stating that the firm is registered with the PCAOB in accordance with the Sarbanes-Oxley Act of 2002;
2. A statement from the Firm with which the Respondent is associated that the Firm has been inspected by the PCAOB and that the PCAOB did not identify any criticisms of or potential defects in the Firm's quality control system that would indicate that Respondent will not receive appropriate supervision; and
3. A statement from Respondent indicating that the PCAOB has taken no disciplinary actions against Respondent since seven (7) years prior to the date of the Order other than for the conduct that was the basis for the Order.

F. In support of any application for reinstatement, Respondent shall provide documentation showing that Respondent is currently licensed as a certified public accountant ("CPA") and that Respondent has resolved all other disciplinary issues with any applicable state boards of accountancy. If Respondent is not currently licensed as a CPA, Respondent shall provide documentation showing that Respondent's licensure is dependent upon reinstatement by the Commission.

G. In support of any application for reinstatement, Respondent shall also submit a signed affidavit truthfully stating, under penalty of perjury:

1. That Respondent has complied with the Commission suspension Order, and with any related orders and undertakings, or any related Commission proceedings, including any orders requiring payment of disgorgement or penalties;
2. That Respondent undertakes to notify the Commission immediately in writing if any information submitted in support of the application for reinstatement

becomes materially false or misleading or otherwise changes in any material way while the application is pending;

3. That Respondent, since the entry of the Order, has not been convicted of a felony or a misdemeanor involving moral turpitude that would constitute a basis for a forthwith suspension from appearing or practicing before the Commission pursuant to Rule 102(e)(2);
4. That Respondent, since the entry of the Order:
 - (a) has not been charged with a felony or a misdemeanor involving moral turpitude as set forth in Rule 102(e)(2) of the Commission's Rules of Practice, except for any charge concerning the conduct that was the basis for the Order;
 - (b) has not been found by the Commission or a court of the United States to have committed a violation of the federal securities laws, and has not been enjoined from violating the federal securities laws, except for any finding or injunction concerning the conduct that was the basis for the Order;
 - (c) has not been charged by the Commission or the United States with a violation of the federal securities laws, except for any charge concerning the conduct that was the basis for the Order;
 - (d) has not been found by a court of the United States (or any agency of the United States) or any state, territory, district, commonwealth, or possession, or any bar thereof to have committed an offense (civil or criminal) involving moral turpitude, except for any finding concerning the conduct that was the basis for the Order; and
 - (e) has not been charged by the United States (or any agency of the United States) or any state, territory, district, commonwealth, or possession, civilly or criminally, with having committed an act of moral turpitude, except for any charge concerning the conduct that was the basis for the Order.
5. That Respondent's conduct is not at issue in any pending investigation of the Commission's Division of Enforcement, the PCAOB's Division of Enforcement and Investigations, any criminal law enforcement investigation, or any pending proceeding of a State Board of Accountancy, except to the extent that such conduct concerns that which was the basis for the Order.

6. That Respondent has complied with any and all orders, undertakings, or other remedial, disciplinary, or punitive sanctions resulting from any action taken by any State Board of Accountancy, or other regulatory body.

H. Respondent shall also provide a detailed description of:

1. Respondent's professional history since the imposition of the Order, including

(a) all job titles, responsibilities and role at any employer;

(b) the identification and description of any work performed for entities regulated by the Commission, and the persons to whom Respondent reported for such work; and

2. Respondent's plans for any future appearance or practice before the Commission.

I. The Commission may conduct its own investigation to determine if the foregoing attestations are accurate.

J. If Respondent provides the documentation and attestations required in this Order and the Commission (1) discovers no contrary information therein, and (2) determines that Respondent truthfully and accurately attested to each of the items required in Respondent's affidavit, and the Commission discovers no information, including under Paragraph I, indicating that Respondent has violated a federal securities law, rule or regulation or rule of professional conduct applicable to Respondent since entry of the Order (other than by conduct underlying Respondent's original Rule 102(e) suspension), then, unless the Commission determines that reinstatement would not be in the public interest, the Commission shall reinstate the respondent for cause shown.

K. If Respondent is not able to provide the documentation and truthful and accurate attestations required in this Order or if the Commission has discovered contrary information, including under Paragraph I, the burden shall be on the Respondent to provide an explanation as to the facts and circumstances pertaining to the matter setting forth why Respondent believes cause for reinstatement nonetheless exists and reinstatement would not be contrary to the public interest. The Commission may then, in its discretion, reinstate the Respondent for cause shown.

L. If the Commission declines to reinstate Respondent pursuant to Paragraphs J and K, it may, at Respondent's request, hold a hearing to determine whether cause has been shown to permit Respondent to resume appearing and practicing before the Commission as an accountant.

By the Commission.

Vanessa A. Countryman
Secretary