

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 102849 / April 11, 2025

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 4565 / April 11, 2025

ADMINISTRATIVE PROCEEDING
File No. 3-20447

	ORDER GRANTING APPLICATION FOR
In the Matter of	: REINSTATEMENT TO APPEAR AND PRACTICE
	: BEFORE THE COMMISSION AS AN
	: ACCOUNTANT RESPONSIBLE FOR THE
JAMES G. HERRING,	: PREPARATION OR REVIEW OF FINANCIAL
JR., CPA	: STATEMENTS REQUIRED TO BE FILED WITH
	: THE COMMISSION OTHER THAN AS A MEMBER
	OF AN AUDIT COMMITTEE

On August 2, 2021, the Commission issued a consented 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 (the “Suspension Order”) against Respondent James G. Herring, Jr., CPA.¹ The Suspension Order denied Herring the privilege of appearing or practicing before the Commission as an accountant but permitted him, after three (3) years from the date of the Suspension Order and if certain conditions were met, to request that the Commission consider his reinstatement to resume appearing or practicing before the Commission as (1) a preparer or reviewer, or a person responsible for the preparation or review, of financial statements that are required 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 Securities Exchange Act of 1934 (“Exchange Act”); (2) a preparer or reviewer, or a person responsible for the preparation or review, of financial statements that are required to be filed with the Commission as a member of an audit committee, as that term is defined in Section 3(a)(58) of the Exchange Act; or (3) an independent accountant.

This order is issued in response to Herring’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, other than as a member of an audit committee.

¹ See Accounting and Auditing Enforcement Release No. 4239, dated August 2, 2021.

In the Suspension Order, the Commission found that Herring, then a partner at Ernst & Young, LLP (“EY”), and others interfered with the Request for Proposal (“RFP”) process initiated and overseen by a United States publicly-traded company’s (“Issuer”) Audit Committee to select an independent auditor for 2015. Herring and others improperly obtained competitive bid and other confidential documents and information throughout the RFP process, which ultimately resulted in EY’s selection to be the Issuer’s independent auditor, with Herring serving as the engagement partner from 2015 through March 2018. Thus, representations in audit reports included in certain of the Issuer’s public filings that EY was independent from the issuer were false. Herring should have known that the conduct whereby EY obtained the engagement would cause a reasonable investor to conclude that EY was not capable of exercising objectivity and impartiality upon becoming the Issuer’s independent auditor. As a result of this conduct, the Commission found that Herring caused violations of Rule 2-02(b)(1) of Regulation S-X, Sections 13(a) and 14(a) of the Exchange Act, and Rules 12b-20, 13a-1, 13a-11, 13a-13, and 14a-9 thereunder. The Commission also found that Herring had engaged in improper professional conduct.

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 which determination is necessarily highly fact specific.

Herring has shown good cause for reinstatement and has met the conditions set forth in the Suspension Order to be reinstated to appear and practice before the Commission as a person responsible for the preparation or review of financial statements required to be filed with the Commission, other than as a member of an audit committee. In his capacity as a person responsible for the preparation or review of financial statements required to be filed with the Commission, other than as a member of an audit committee, Herring attests that he will 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.

Herring is not, at this time, seeking to appear or practice before the Commission as a person responsible for the preparation or review of financial statements required to be filed with the Commission *as a member of an audit committee* or as an independent accountant. If, in the future, Herring should wish to resume appearing and practicing before the Commission in such a capacity, he will be required to submit an application to the Commission demonstrating, among other things, that he has complied and will comply with the terms of the Suspension Order.

² Rule 102(e)(5)(i) provides:

“[a]n 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).

Herring is currently subject to a consent order entered into with the North Carolina State Board of Certified Public Accountant Examiners. Herring has attested that he will notify the Commission if he is found to have violated certain North Carolina regulations and the stay of revocation of his license set forth in the consent order is lifted. He has also attested that he understands that the revocation of his CPA license could result in the revocation of the reinstatement of his privilege to appear and practice before the Commission as an accountant.

On the basis of information supplied, representations made, and undertakings agreed to by Herring, and for the reasons stated immediately above, it appears that he has complied with the terms of the Suspension Order denying him the privilege of appearing or practicing before the Commission as an accountant. 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. As a result, Herring 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 James G. Herring, Jr., 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, other than as a member of an audit committee.

By the Commission.

Vanessa A. Countryman
Secretary