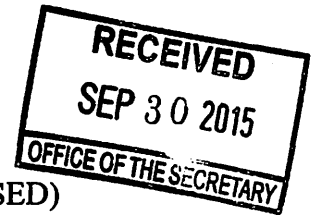


Received

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION Office of Administrative  
Law Judges

SEP 30 2015

ADMINISTRATIVE PROCEEDING  
File No. 3-16386



IN THE MATTER OF  
TRACI J ANDERSON, CPA,  
TIMOTHY W. CARNAHAN,  
AND CYIOS CORPORATION  
RESPONDENTS

OPENING POST HEARING BRIEF  
FROM TRACI J ANDERSON. (REVISED)

In accordance with the Hearing Officer's Order entered September 3, 2015, Traci J Anderson (the Respondent) submits her opening post hearing brief.

First and foremost, I, Traci Anderson, did not willfully intend to disobey or disregard the law. Based on my interpretation of my PCAOB disciplinary order, I fully understood that I could no longer work with public companies in the capacity of auditor and that I could not work for a PCAOB registered accounting firm. During my discussions in the settlement stage of my PCAOB order with legal counsel and the PCAOB, I asked what I would be permitted and not be permitted to do in the capacity of accounting work after my impending bar and revocation from the PCAOB; and, based on the responses that I received, I understood that my only restriction was that I could no longer conduct public company audits and I could not work for a PCAOB registered accounting firm. I complied with the PCAOB's order by notifying all my public company audit clients of my revocation and barring and I have not performed any audits nor have I done any work pertaining to the issuance of the audit report for issuers. I fully believed then as I do now that I am permitted to work in any capacity of the accounting functions as long as I do not perform work pertaining to the issuance of the audit report for issuers/registrants.

My PCAOB order is not a reflection of my ability to work in the capacity as an accountant and does not make me a reckless person. My PCAOB order was the result of deficiencies in my audit work and nothing to do with acts of fraud or reckless behavior. I prepared the audits to the best of my ability, but they did not meet up to the PCAOB standards. In hindsight I believe that the permanent bar against me was unfairly lengthy, in light of my conduct which was less egregious than in other published settlements; furthermore the PCAOB did not bar me from working with issuers and never suggested that was their intention, so it's unfair to hold me to an additional legal restriction of which I was not given notice.

My failure to disclose my Cease and Desist (C&D) with the North Carolina Board of Accountancy to the SEC Investigation team does not prove that I am a reckless person. My failure to include the C&D information on my SEC questionnaire was a simple oversight on my part. At the time of completing the questionnaire I did not even think about the C&D. I felt rushed and overwhelmed by the SEC investigation team during the time I was completing the

questionnaire and felt I had completed it to the best of my knowledge at the time. Furthermore, the C&D itself **does not** prove me to be a reckless person. The C&D was triggered when I went to renew my PTIN with the IRS. Upon renewing my PTIN online I failed to notice that my NC CPA license information was still appearing on the credentials screen underneath my Florida CPA license information. Since this information was still included on my renewal, it was sent to the NC CPA Board of Accountancy for verification. Since I no longer hold a NC CPA license because I forfeited it by not renewing in time, the NC Board of Accountancy sent me a letter to alert me that I was not permitted to use my forfeited license to obtain my PTIN. I am fully aware that I cannot use my forfeited license to obtain my PTIN and I did not understand why this had occurred. I accessed my online PTIN account information to review and to my surprise I noticed that my NC CPA license information was listed under credentials, so I immediately removed the information, and then I signed the C&D and sent it to the NC Board of Accountancy.

My interpretation of why I have not violated 105(c)(7)(B), is as follows:

I am not an "associated person" {PCAOB Rule 1001(p)(i)} working for a "registered public accounting firm" and I have not received **profits, compensation** in any other form from a registered public accounting firm. I can work for an issuer as long as it is **not** in connection with preparation or issuance of any audit report. I believe that I am not required to obtain permission or consent to perform accounting work for public companies in the capacity of accounting.

PCAOB Rule 1001(p)(i) defines an associated person a "person associated with a public accounting firm" (or with a "registered public accounting firm" or "applicant") and "associated person of a public accounting firm" (or of a "registered public accounting firm" or "applicant") mean any individual proprietor, partner, shareholder, principal, accountant, or professional employee of a public accounting firm, or any independent contractor or entity that, in connection with the preparation or issuance of an audit report

The words "under this subsection" are meant to say in conjunction with an audit report (see PCAOB Rule 1001(p)(i)). Further, section 105(c)(7)(B) uses words "accountancy or a financial management capacity" - my interpretation of "capacity" is in the realm of this subsection thus being in conjunction to and audit report; also, the phrase "to permit such an association" – PCAOB Rule 1001(p)(i) is defined above – in connection with the preparation or issuance of an audit report.

Consequently, in June and July of 2010 at the time of my settlement discussions with the PCAOB, SOX §105(c)(7)(B) stated that anyone who was barred from willfully being associated with an issuer could not remain so associated. Then on July 22, 2010, SOX § 105(c)(7)(B) changed to state that it shall be unlawful for any person that is suspended or barred from being associated with a registered public accounting firm under this subsection willfully to become or remain associated with any issuer, broker, or dealer in an accountancy or a financial management capacity, and for any issuer, broker, or dealer that knew, or in the exercise of reasonable. This change in the law during the time of my settlement adds confusion as to what is intended to apply to my situation, but I still interpret it to mean that since I am not an associated person I can work for an issuer.

Service List

In accordance with Rule 150 of the Commission's Rules of Practice, I hereby certify that a true and correct copy of the foregoing Opening Post Hearing Brief was served on the persons listed below via United States Postal Service or email where indicated:

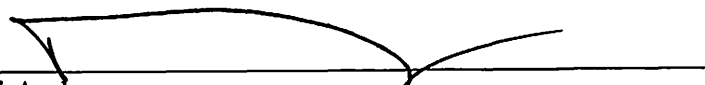
Honorable Brenda P. Murray Chief  
Administrative Law Judge  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549-2557  
via USPS

Honorable Cameron Elliot  
Administrative Law Judge  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549-2557  
via USPS

Chris Davis  
Timothy McCole  
801 Fort Worth Regional Office  
Securities and Exchange Commission  
801 Cherry Street, Suite 1900  
Fort Worth, TX 76102  
DavisCa@SEC.GOV

Timothy W. Carnahan and CYIOS  
Corporation  
President and CEO and Chairman  
CYIOS Corporation  
1300 Pennsylvania Ave., 700  
Washington DC 20004  
*carnahan@cyios.com*

Date: 9/24/2015 8:35:51 AM  
Respectfully,

  
Traci Anderson