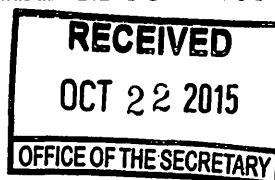


UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

Received

OCT 22 2015

ADMINISTRATIVE PROCEEDING  
File No. 3-16386



Office of Administrative  
Law Judges

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

POST HEARING REPLY  
FROM TRACI J ANDERSON


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

Again I must respond by saying that I did not willfully intend to disobey or disregard the law. As I have stated, I interpreted my PCAOB disciplinary order to mean 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. Had I known that my interpretation was in dispute and that I should have sought consent by the PCAOB and SEC before continuing to work with a public company then I would have done so. I sincerely believed I was permitted to work in any capacity of the accounting functions as long as I was not performing work pertaining to the issuance of the audit report for issuers/registrants.

I take ownership of my deficiencies in my audit work and I do agree that the PCAOB should have disciplined me for those deficiencies—although 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 that have occurred after mine. But I do take issue with how the SEC enforcement has made the assumption from one PCAOB disciplinary order that I must be reckless and I show a pattern of recklessness. Other than my PCAOB order, I have not had any other negative marks against my career. Yes, I know that the State of North Carolina brought a disciplinary order against me, but that stemmed from the PCAOB order and in fact the State of North Carolina showed leniency and permitted me to keep my CPA license. And I would still have the license if it had not been for the fact that I missed the renewal deadline.

As further insult to injury, the SEC enforcement is now accusing me of using my PTIN to illegally provide tax services. This accusation is completely inaccurate, malicious and out of line. The SEC has continued with their attempt to slander me by accusing me of performing an illegal act! I did not intend to use my forfeited NC CPA license to obtain my PTIN. And, I am permitted to prepare tax returns in the State of NC as I now hold myself out as an Accountant as opposed to a CPA. I pay annual licensing fee to have this Accountant license. I find it completely ludicrous for the SEC enforcement to attempt to accuse me of holding myself out as a NC CPA to the IRS in order to obtain a PTIN. I had no need or reason to use my NC CPA to obtain the PTIN because I am permitted to renew my PTIN legally using my Florida CPA license. I have had a PTIN since 2010 or 2011. I am required to renew my PTIN on a yearly basis. Upon renewing my PTIN license I did not notice in the prepopulated credentials page that my NC CPA license information was still on the form.

As you can see from the screen shot below all my information is pre-populated on the screen:


SR00 navigation

PTIN #P00264865 Logged in as Anderson, Traci  
Main Menu | Help | Contact Us | Log Out

**Gather Your Information**

Contact Information

Business Information

Professional Credentials  
1040 filer

**Review Your Information**

### Update My PTIN Account Information - Review Your Information

You are almost finished. Carefully review your information below. If it is correct, select "Next".

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<b>Application</b>	Application Type:	Application Date:	10/15/2015
<b>Address</b>	Personal Mailing Address (We will send mail to this address) <span style="float: right;"><a href="#">Edit</a></span>	Charlotte CHARLOTTE, NC [REDACTED]	
	Phone Number:	[REDACTED] 0062	
	Business Address	[REDACTED]	
	Phone Number:	CHARLOTTE, NC [REDACTED] [REDACTED] 0062	
<b>Update Your Business Information</b>	Business Name:	<span style="float: right;"><a href="#">Edit</a></span>	
	Business Web Site:		
	Are you self-employed or an owner or partner or officer of a tax preparation business? If yes, provide the numbers below as applicable.	Yes	
	Employer Identification Number (EIN):		
	Centralized Authorization File (CAF) Number:		
<b>Add Your Professional Credentials, IF ANY</b>	Credential:	Certified Public Accountant <span style="float: right;"><a href="#">Edit</a></span>	
	Jurisdiction:	Florida	
	Number:	AC0029543	
	Expiration Date: (mm/dd/yyyy)	12/31/2015	

[Previous](#) [Next](#) [Cancel](#)

[IRS Privacy Policy](#) | [IRS Tax Professional PTIN Link](#) | [Frequently Asked Questions](#)

At the time I renewed my PTIN after I forfeited my NC CPA license my NC CPA credentials were still showing on the screen at the bottom and I did not realize it. I know now that I should have been more vigilant when reviewing the form before I hit the renewal button. It was not necessary for it to still be on the form and as soon as the NC State Board of Accountancy made me aware of this by issuing the Cease and Desist I promptly removed the information from my credentials. Furthermore, when I renewed my PTIN last December 2014, I double checked to make sure that the only Professional Credential information on the form was my Florida CPA license data.

The SEC continues to accuse me of being reckless behavior because of my failure to include the Cease and Desist (C&D) from the State of North Carolina on my SEC questionnaire. As I have stated this 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 and again at the time when I was questioned about it in person. I truly wish I had remembered to include this information on my questionnaire because I had no reason to hide this information. I made a mistake by not removing my

NC CPA information from the PTIN website and as soon as I was made aware that this information was still on the form, I removed it. I take ownership of the fact that I did not take a better inventory of information that I was to provide to the SEC, but the fact is I had not even given the C&D consideration—I truly had just forgotten about it.

Again, I reiterate that my interpretation of my PCAOB order differs from the SEC's interpretation. I believed I was doing what I need to do to stay in compliance with the regulations by not preparing public company audits and not working for a PCAOB registered firm.


I have learned from this whole experience that I need to take extra steps to make sure that I have an accurate understanding of the laws and regulations so that I am certain I am correctly abiding by them. I am not a reckless person and I always look at what I can learn from the mistakes I have made so that I can improve myself personally and in this case professionally so I do not repeat those mistakes. After the PCAOB order I learned that I was better suited to use my accounting skills in the areas of financial reporting, bookkeeping and tax preparation. Unfortunately, I used those accounting skills to work for a company for which I am being told I am not permitted to work. I do not know how my interpretation of my order varies so differently from the SEC's interpretation, but my understanding of the order was that working for a public company in the capacity of accounting was permissible. What have I learned from this case and this experience? I have learned that if I were to be offered an accounting position at a public company I would first confer with the PCAOB and the SEC to make sure that accepting this position would be permissible. If I had known back in 2010 what I know now I would have definitely done more due diligence before continuing to work with CYIOS to insure I was not violating in rules or regulations. Given the opportunity to work for CYIOS again if they were still a public company—I would want assurance from the PCAOB and SEC that working for CYIOS would be acceptable.

I feel that it would have been more equitable and economical of the SEC to make me aware that based on the SEC's interpretation of the law that I may be in violation of §105(c)(7)(B) and in order to comply with said violation I needed consent. Had the SEC given me a warning that I need to rectify this violation by obtaining consent or finding work elsewhere if consent was not obtained then I would have conformed.

I respectfully motion for the judge to dismiss this case. I do not agree that I willfully violated the rules and regulations and I am not a reckless person. I further dispute that I should disgorge my earned wages because the SEC has deemed them to be "ill-gotten" gains. I earned those wages doing work that I believed I was legally entitled to do. Furthermore, in the future I will not work for a public company in the capacity of accounting unless I have the express consent of the PCAOB and/or SEC.

Date: 10/17/2015 10:05:14 AM

Respectfully,

  
\_\_\_\_\_  
Traci Anderson

## 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 October 15, 2015 to 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  
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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: 10/17/2015 10:05:14 AM  
Respectfully,



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Traci Anderson