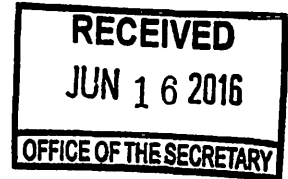


**UNITED STATES OF AMERICA**  
Before the  
**SECURITIES AND EXCHANGE COMMISSION**



**ADMINISTRATIVE PROCEEDINGS**  
**File No. 3-17228**

**In the Matter of**

**David S. Hall, P.C., d/b/a The Hall Group  
CPAs,  
David S. Hall, CPA,  
Michelle L. Helterbran Cochran, CPA,  
and  
Susan A. Cisneros**

**HALL RESPONDENTS' ANSWER  
TO THE ORDER INSTITUTING  
PUBLIC ADMINISTRATIVE AND  
CEASE AND DESIST  
PROCEEDINGS**

**Respondents.**

Respondents, David S. Hall, P.C., d/b/a The Hall Group CPAs (the "Hall Group") and David S. Hall, CPA, ("Mr. Hall") (collectively the "Hall Respondents"), by and through their undersigned attorneys, hereby submit the following answer to the April 26, 2016 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 ("OIP"). References are to the numbered paragraphs of OIP and capitalized terms herein that are defined in the OIP shall have the meaning attributed to them in the OIP:

**I.**

The Hall Respondents admit that the Commission has instituted these proceedings under the referenced provisions of the Securities Exchange Act of 1934 and the Commission's rules against the named Respondents, but deny that the institution of the proceedings is in the public interest, are necessary or otherwise appropriate.

**II.**

**A. Respondents:**

1. The Hall Respondents admit the allegations of paragraph 1, except for the Order referenced in footnote 3 with respect to Thakkar CPA. The Hall Respondents deny that the reference Order has any factual or legal effect or relevance to this proceeding.

2. The Hall Respondents admit the allegations of paragraph 2.

3. The Hall Respondents admit that Respondent Helterbran was a licensed CPA in the State of Texas during the time she was employed by or a partner of the Hall Group and that she was first employed by the Hall Group in September 2007 and became a non-equity partner in February 2012. The Hall Respondents lack sufficient information to either admit or deny her present residence and whether she remains a licensed CPA in the State of Texas. These allegations are therefore denied.

4. The Hall Respondents admit the allegations of the paragraph as to Respondent Cisneros, except that they lack sufficient information to either admit or deny her current residence and therefore deny these allegations.

#### **B. Other Relevant Entities**

5. The Hall Respondents admit only that Thakkar CPA acquired certain assets of the Hall Group and practiced accounting and auditing under the name The Hall Group CPAs after January 6, 2014, but lack sufficient information to admit or deny the remaining allegations of the paragraph and therefore deny them.

#### **C. FACTS**

##### **i. [Alleged] Failure to Conduct Audits and Reviews in Accordance with PCAOB Standards<sup>1</sup>**

6. The Hall Respondents deny that any audits or quarterly reviews failed to comply in any material respect with PCAOB standards, including without limitation the three alleged deficiencies set forth in the paragraph. Affirmatively allege that to the extent any of the alleged deficiencies occurred, they did not apply to all 16 audits and 35 reviews listed on the Appendix to the OIP. The Hall Group further denies that it falsely stated any material fact with respect to the conduct of its audits. Mr. Hall denies that he functioned as engagement partner for any public company audits from 2010 through July, 2013, although admits as to some he was listed as engagement partner (in a nominal capacity). Affirmatively allege that during the referenced time-frame, Respondent Helterbran performed all engagement partner functions related to public company audits. The Hall Respondents deny that any audits during that time-frame failed to comply in any material respect with applicable PCAOB standards, but admit that as to certain audits, the documentation for which Respondent Helterbran was responsible failed to be completed timely. Mr. Hall admits that after he became the CFO of DynaResource, Inc., Thakkar CPA provided review services to DynaResource, Inc. but denies that he had a direct financial interest in Thakkar CPA. Mr. Hall denies that Thakkar CPA provided audit services while Mr. Hall was an officer for DynaResource, Inc. Mr. Hall admits that he had a financial

---

<sup>1</sup> Headings are from the OIP and are included only for clarity of this Response. To the extent the headings are intended to constitute factual or legal allegations, the Hall Respondents deny the allegations of each heading.

relationship with Thakkar CPA by virtue of the promissory note due by Thakkar CPA to The Hall Group.

**a. [Alleged] Failure to Adequately Prepare Required Audit Documentation (See footnote 1)**

7. The Hall Respondents admit that the referenced PCAOB standards contain certain of the language quoted, but deny that the quotations are complete or that they fairly or accurately reflect the provisions of the PCAOB standards and state that the standards are subject to professional interpretation and application by experienced auditors who have a reasonable understanding of the audit activities and the company's industry and auditing issues relevant to the industry. See Note to PCAOB Standard 3, ¶ 6(b). Further state that a trivial, inadvertent or immaterial failure to comply with any PCAOB standard may not form the basis for the relief sought in this proceeding. The nature and extent of the required documentation required by the application of any standard is subject to a number of factors as to which the auditor must exercise professional judgment. See PCAOB Standard 3, ¶ 7.

8. The Hall Respondents deny that the referenced audit standard is fairly or accurately quoted and affirmatively state that the standard has permissible standards of what the "completion document" may contain, not as the allegations of the paragraph imply that which it must contain.

9. The Hall Respondents admit that they, as do many reputable auditing firms, used standardized forms and checklists in documenting their audit work including the standardized forms referenced the allegations of the paragraph.

10. The Hall Respondents deny the allegations of the paragraph as to them and as to Mr. Hall, individually. Affirmatively allege that Respondent Helterbran was primarily responsible for preparation of audit work papers on public company audits performed by the Hall Group while she was employed by the firm or was the non-equity partner. Further deny that inadvertent failure to complete all portions of The Hall Group's standardized forms constitutes a violation of PCAOB auditing standard 3. Further allege that the lack of specificity of the allegations as to the five allegedly deficient audits or 20 review engagements causes the Hall Respondents to have insufficient information to either admit or deny the allegations and therefore they deny them.

11. The Hall Respondents deny the allegations of paragraph 11.

**b. [Alleged] Failure to Obtain Required Engagement Quality Reviews (See footnote 1)**

12. The Hall Respondents admit that AS 7 contains certain of the provisions quoted in the paragraph, but deny that the quotations are complete, fair or accurate representations of the provisions of AS 7.

13. The Hall Respondents admit the allegations of the paragraph in so far as AS 10, Appendix A2 defines the engagement partner and AS 7, ¶7 provides that the engagement partner remains responsible for the engagement and its performance. Further admit that AS 10, ¶3 provides in part that the engagement partner is responsible for compliance with PCAOB auditing standards.

14. The Hall Respondents admit that a note to AS 7, ¶4 provides in part as referenced in the allegations of the paragraph. Further admit that interim quality control standards (QC § 40, ¶ 02) provides in part as alleged in the paragraph.

15. The Hall Respondents deny the allegations of the paragraph or that the referenced policies are “required” as alleged in the paragraph. Further deny that Respondent Cisneros was not a competent or qualified EQR reviewer in accordance with AS 7 or that on unspecified audits and review engagements there was no EQR reviewer. Admit that on two engagements referenced in the Appendix to the OIP, Mr. Hall was inadvertently designated as both engagement partner and EQR reviewer, but allege that on those engagements Respondent Helterbran performed the duties of engagement partner, although not designated as such. Affirmatively allege that Mr. Hall therefore did not improperly act in both the role of engagement partner and EQR reviewer.

16. The Hall Respondents deny that Respondent Cisneros was not by training, education and experience the equivalent of a partner of the firm with sufficient expertise and competency to perform EQRs for the firm. The Hall Respondents lack sufficient information to either admit or deny what Respondent Cisneros allegedly told the Commission staff as to her competence to perform EQRs.

17. The Hall Respondents admit that Respondent Cisneros was the EQR designee for certain audit engagements and signed documents in that capacity. The lack of specificity of the allegations causes the Hall Respondents to lack sufficient information to admit or deny the remaining allegations of the paragraph and they are therefore denied. Mr. Hall denies that he was responsible for determining whether Respondent Cisneros completed the documentation in connection with the audits on which she performed the EQRs.

18. The Hall Respondents admit that the PCAOB inspection team (for the 2013 inspection) took the position that Respondent Cisneros did not meet The Hall Group’s requirements to be the equivalent of a Principal/Partner and therefore was not qualified to perform EQRs for the firm. Further admit that Mr. Hall advised the PCAOB that the firm was attempting to obtain an outside firm to perform EQRs but was unable to do so. Affirmatively allege that the PCAOB took action on this matter and which has been settled without objection

by the Commission and may not form the basis of further action against Mr. Hall for the same alleged misconduct.

19. The Hall Respondents admit that as to the one audit conducted at June 30, 2013 year end, that The Hall Group did not have the staffing to perform EQRs but affirmatively allege that the firm attempted to engage an outside firm do to so. Further admit that from August 2013 to December 2013 when the firm was sold, the Hall Group did not have the staffing to perform EQRs on approximately 10 review engagements performed during that time frame. The Hall Respondents lack sufficient information to admit or deny the remaining allegations because of the lack of specificity thereof and therefore deny them.

**c. The Hall Group's Independence was [Allegedly] Impaired (see footnote 1)**

20. The Hall Respondents admit the allegations of the paragraph.

21. The Hall Respondents admit that until February 2012, Mr. Hall was the sole partner of the firm, but affirmatively allege that from at least 2009, Respondent Helterbran was the functional equivalent of a partner of the firm, until February 2012 she became a non-equity partner. Further admit that as to one review engagement in 2009, Mr. Hall served as an engagement partner for one client as to which he had been engagement partner for the preceding five years. Affirmatively allege that this was dealt with at the time with the PCAOB and may not now form the basis of any alleged deficiencies in this proceeding. Further admit that in addressing this one deficiency the firm established a log to insure partner rotation and formally named Ms. Helterbran a non-equity partner in February 2012.

22. The Hall Respondents admit that Respondent Helterbran resigned from the firm in July 2013. Further admit that upon Respondent Helterbran's resignation, Mr. Hall was the firm's only partner. Deny the remaining allegations of the paragraph and affirmatively allege that as to all audits conducted during the preceding 5 years, Ms. Helterbran functionally served as engagement partner, although Mr. Hall may have nominally been designated on some as engagement partner.

**d. Reports on Audited Financial Statements**

23. The Hall Respondents admit that AU 508.07 states in part that an auditor may issue a standard report only when the auditor has "formed such an opinion on the basis of an audit performed in accordance with generally accepted auditing standards." To the extent the allegations of the paragraph imply a different standard, the allegations are denied.

24. The Hall Respondents deny the allegations of paragraph 24.

25. The Hall Respondents admit that the Hall Group issued the 16 audit reports listed in the Appendix to the OIP and as to certain audits Respondent Cisneros performed the EQRs. Mr. Hall denies that he personally approved the issuance of all 16 audit reports listed and affirmatively alleges that Respondent Helterbran was the responsible person for issuing the audits in accordance with PCAOB standards until her departure in July 2013. The Hall Respondents deny the remaining allegations of the paragraph and affirmatively allege that they relied on Respondent Helterbran's belief that Respondent Cisneros was qualified by education, training and experience to perform the EQRs.

**ii. Hall, as CFO, [Allegedly] Allowed DynaResource to File its 2014 Forms 10-Q Without Reviews by an Independent Public Accountant (See Footnote 1)**

26. The Hall Respondents admit that Rule 2-01(c)(1)(ii)(A) of Regulation S-X provides in part that an accounting firm will not be independent of an audit client when the accounting firm or any covered person in the accounting firm has a loan to or from the audit client or the audit client's officers, directors or beneficial or record holders of more than 10 percent of the audit client's equity securities. Further admit that Regulation S-X requires financial statements included within quarterly reports on Form 10-Q to be reviewed by an independent public accountant. Otherwise deny the remaining allegations of the paragraph.

27. The Hall Respondents admit that The Hall Group sold its assets to Thakker CPA and that Mr. Hall assisted Thakker CPAs in retaining The Hall Group's audit clients, including DynaResource. Deny that at the time of the issuance of the April 15, 2014 audit report on DynaResource, that Mr. Hall was an officer or director of DynaResource, although admit he became an officer on that day (after the filing of the audit). Admit that thereafter, Mr. Hall was a contact for Thakker CPA on review issues and that Thakker CPA provided DynaResource with review services until March 5, 2015. Affirmatively allege that Thakker CPA did not conduct any audits of DynaResource after April 15, 2014. Deny the remaining allegations of the paragraph.

28. Mr. Hall admits the allegations of the paragraph. A response from The Hall Group does not appear to be required as the allegations of the paragraph do not relate to The Hall Group.

29. Mr. Hall denies the allegations of the paragraph as to Thakkar's audit services to DynaResource's 2013 audited financial statements. Mr. Hall admits he knew he was an officer of DynaResource, but denies he knew of Thakkar CPAs lack of independence because of the promissory note due The Hall Group by Thakkar CPA. Mr. Hall further alleges that only review services (not audit services) were performed by Thakkar CPA while Mr. Hall was an officer of DynaResource, Inc.

30. Mr. Hall further denies that he, personally, had any direct financial or direct business relationship with Thakkar CPA and affirmatively alleges that his only relationship was

by virtue of a promissory note from Thakkar CPA to The Hall Group, of which he was the sole owner. Mr. Hall admits that Thakkar CPA lacked independence based upon the events alleged in the unnumbered bulleted sub-paragraphs of paragraph 29. Mr. Hall admits that he knew only that The Hall Group had a promissory note from Thakkar CPA, but denies that he knew the note rendered Thakkar CPA not independent under Rule 2-01(c)(1)(ii)(A) of Regulation S-X and affirmatively alleges that Thakkar CPA was required to insure their own independence in performing auditing and review services for DynaResource. Mr. Hall further alleges that only review services (not audits) were performed by Thakkar CPA while Mr. Hall was an officer of DynaResource, Inc.

**D. [Alleged] VIOLATIONS (See footnote 1):**

31.—38. The Hall Respondents deny each and every one of the allegations that they, Mr. Hall or The Hall Group, whether together or separately willfully violated the referenced provisions of the Securities Exchange Act, the regulations and rules thereunder and the Commission's rules of practice contained in paragraphs 31 through 38 of the OIP. The Hall Respondents further deny each and every one of the allegations that they, Mr. Hall or The Hall Group aided and abetted any other person or entity in violating the referenced provisions of the securities laws, regulations and rules contained in paragraphs 31 through 38 of the OIP.

**III.**

As to the paragraphs letter A through E, no response appears to be required as they appear to be conclusions of the Commission to institute this proceeding. To the extent a response may be deemed necessary, the Hall Respondents deny that these proceedings are in the public interest, deny that public administrative and cease and desist proceedings should have been instituted and deny that the Commission is entitled to any of the relief sought, including a cease and desist order, censure, bar from appearing or practicing before the Commission, civil penalties or disgorgement with prejudice interest.

**AFFIRMATIVE DEFENSES**

1. The Commission appoints and removes the PCAOB's directors, has oversight and enforcement authority over the PCAOB, approves funding and budgets of the PCAOB, reviews and approves all rules promulgated by the PCAOB, and has *de novo* authority to review all PCAOB disciplinary actions, including the power to enhance, modify, cancel, reduce or require remission of sanctions imposed by the Board. Further, the Board has to notify the Commission of all investigations and may refer its investigations to the Commission. The Board must coordinate its investigations with the Commission and may share with the Commission confidential information obtained in the course of an investigation and the Board must submit an annual report and audited financial statements to the Commission. As a result of these powers and obligations, the PCAOB and the Commission are the same governmental agency or at least are in

privity with each other so the acts, enforcement actions and decisions of the PCAOB constitute the acts of the Commission. The claims asserted in the OIP relating to violations of the standards of the PCAOB were the subject of a PCAOB investigation and enforcement action that was settled. Consequently the assertion in the OIP of the same claims that were or could have been asserted by the PCAOB are barred in whole or in part by the doctrines of judicial estoppel, *res judicata*, claim or issue preclusion, equitable estoppel, collateral estoppel, and accord and satisfaction and settlement.

2. To the extent claims are asserted in the OIP relating to events that occurred more than five years prior to the institution of these proceedings, they are barred by the statute of limitations.

3. To the extent the remedies sought are available under statutes, rules or regulations that were enacted, adopted or became effective after the date of the alleged misconduct, the remedies are unavailable and cannot be applied retroactively.

4. The Hall Respondents have been denied due process and equal protection of the laws guaranteed by the United States Constitution because this matter has been brought as an administrative proceeding before judges who have not been properly appointed instead of before a Federal District Court with constitutionally appointed Article III judges.

WHEREFORE, the Hall Respondents respectfully request that the violations asserted in the OIP be denied in their entirety, that the proceeding be dismissed with prejudice and that all relief and remedies sought by the Commission be denied.

Dated: June 10, 2016

Respectfully Submitted,

JONES & KELLER, P.C.

By:

  
Stuart N. Bennett, #5682

JONES & KELLER, P.C.

1999 Broadway, Suite 3150

Denver, CO 80202

Telephone: 303-573-1600

E-mail: [sbennett@joneskeller.com](mailto:sbennett@joneskeller.com)

*Attorney for the Hall Respondents  
David S. Hall, P.C., d/b/a The Hall  
Group CPAs, and David S. Hall,  
CPA*



**CERTIFICATE OF SERVICE**

I hereby certify that on this 10<sup>th</sup> day of June, 2016, a true and correct copy of the foregoing **HALL RESPONDENTS' ANSWER TO THE ORDER INSTITUTING PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS** was served on the following as indicated:

Via Regular U.S. Mail (Original & 3 copies) to:

US Securities & Exchange Commission  
Attn: Brent J. Fields, Secretary  
Office of the Secretary  
100 F. Street NE, Mail Stop 1090  
Washington, DC 20549

Ms. Susan A. Cisneros

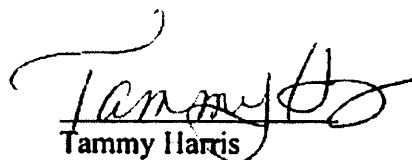
[REDACTED]  
Lewisville, TX  
[REDACTED]

Via Email to:

The Honorable Cameron Elliot  
Administrative Law Judge  
Securities & Exchange Commission  
[alj@sec.gov](mailto:alj@sec.gov)

Michele L. Helterbran Cochran. CPA

[REDACTED]  
Coppell, TX  
[REDACTED]

  
Tammy Harris