

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 54048 / June 27, 2006**

**ACCOUNTING AND AUDITING ENFORCEMENT**  
**Release No. 2447 / June 27, 2006**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-12343**

**In the Matter of**

**ACCOUNTING  
CONSULTANTS, INC., and**

**CAROL L. MCATEE, CPA,**

**Respondents.**

**ORDER INSTITUTING PUBLIC  
ADMINISTRATIVE AND CEASE-  
AND-DESIST PROCEEDINGS PURSUANT  
TO SECTION 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**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate that public administrative and cease-and-desist proceedings be, and hereby are, instituted against Accounting Consultants, Inc., and Carol L. McAtee, CPA (collectively, “Respondents”), pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 102(e)(1)(ii) of the Commission’s Rules of Practice.<sup>1</sup>

**II.**

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) which the Commission has determined to accept. Solely for the

---

<sup>1</sup> 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 have engaged in unethical or improper professional conduct.

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 Respondents and the subject matter of these proceedings, Respondents consent to the entry of this Order Instituting Public Administrative and Cease-and-Desist Proceedings Pursuant to Section 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 ("Order"), as set forth below.

### III.

On the basis of this Order and Respondents' Offers, the Commission finds<sup>2</sup> that:

#### Respondents

**Carol L. McAtee ("McAtee")**, age 43, of St. Petersburg, Florida, is a certified public accountant duly licensed in Florida. She is the sole owner of Accounting Consultants, Inc., and was responsible for the year-end audits and quarterly reviews of PowerLinx, Inc.'s financial statements from June 1999 until November 2001.

**Accounting Consultants, Inc. ("Accounting Consultants")**, is a Florida corporation located in St. Petersburg, Florida. Accounting Consultants was PowerLinx's independent auditor for its fiscal years ended December 1999 and 2000.

#### Other Relevant Entity

**PowerLinx, Inc. ("PowerLinx")**, is a Nevada corporation based in St. Petersburg, Florida. The company, which was known as SeaView Video Technology, Inc. during the relevant period, manufactures security video cameras, underwater cameras, and accessories. PowerLinx is a reporting public company pursuant to Section 15(d) of the Exchange Act and is quoted on the OTC Bulletin Board under the symbol "PWNX."

#### Summary

During the first three quarters of 2000, PowerLinx improperly recognized nearly ninety percent of its reported revenues from fictitious sales. The company initiated consignment arrangements with numerous third-party dealers and recorded the consignment order amounts as revenue before any products were actually shipped to dealers or sold to consumers pursuant to the consignment terms. PowerLinx publicized its false revenues in almost-weekly press releases and in three consecutive quarterly reports on Form 10-Q filed with the Commission. In April 2001, following a management change, PowerLinx restated its second- and third-quarter revenues as part of its 2000 annual report on Form 10-K. However, PowerLinx's restatement was incomplete and

---

<sup>2</sup> The findings herein are made pursuant to Respondents' Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

misleading, and the financial statements included in its annual report contained other material instances of improper accounting.

Respondents performed quarterly reviews and a year-end audit of PowerLinx's fiscal year 2000 financial statements, but failed to conduct their review and audit procedures in accordance with Generally Accepted Auditing Standards ("GAAS"). Accordingly, Respondents were a cause of PowerLinx's violations of Section 15(d) of the Exchange Act and Rules 15d-1, 15d-13, and 12b-20 thereunder, and also engaged in improper professional conduct within the meaning of Rule 102(e) of the Commission's Rules of Practice.

### **PowerLinx's Improper Revenue Recognition**

From 1999 through 2001 (the "relevant period"), PowerLinx's business consisted of manufacturing and selling underwater video cameras and accessories, and it sold and shipped its products directly to consumers, mostly at boat shows.<sup>3</sup> During the first three quarters of fiscal year 2000, PowerLinx fraudulently recognized nearly ninety percent of its reported revenues based on fictitious sales of its cameras. Most of the cameras in question were neither manufactured nor shipped during the relevant period.

As part of its fraudulent scheme, PowerLinx utilized a sales program known as "dealer floor plans," which were consignment arrangements whereby dealers agreed to display PowerLinx's camera products without actually purchasing them (*i.e.*, without accepting title and the risks/rewards of ownership). PowerLinx recorded dealer floor plan order amounts as sales – specifically, as accounts receivable – before any cameras were manufactured, shipped to the dealers, or sold to customers. However, even if PowerLinx had shipped the cameras on time, the company could not have recognized revenue on those shipments in accordance with Generally Accepted Accounting Principles ("GAAP") because the cameras would have been shipped pursuant to consignment arrangements.<sup>4</sup>

PowerLinx publicly announced its fictitious "revenues" in press releases issued on an almost-weekly basis, often accompanying those figures with unsubstantiated and materially misleading revenue forecasts. PowerLinx never revealed, in its press releases or otherwise, that its

---

<sup>3</sup> In late 1999, PowerLinx began developing a video surveillance product known as "SecureView," which used a "camera in a light bulb" technology to transmit video signals through electrical wiring to a television monitor. During the relevant period, PowerLinx only produced approximately two dozen functioning SecureView cameras, primarily prototypes for testing purposes.

<sup>4</sup> Under GAAP, revenue recognition is inappropriate on products delivered pursuant to a consignment arrangement because the consignor retains the risks and rewards of ownership of the product and title has not passed to the consignee. *See* Statement of Financial Accounting Standards ("SFAS") 48, *Revenue Recognition When Right of Return Exists*; Statement of Position ("SOP") 97-2, *Software Revenue Recognition*, ¶ 25; Statement of Financial Accounting Concepts ("SFAC") 5, *Recognition and Measurement in Financial Statements of Business Enterprises*, ¶¶ 83-84; SEC Staff Accounting Bulletin ("SAB") 101, *Revenue Recognition*. Financial statements filed as part of an issuer's periodic reports under Sections 13(a) and 15(d) of the Exchange Act must be prepared in accordance with GAAP. *See* Regulation S-X §§ 210.4-01, 210.1-01(a)(2).

fast-growing “revenues” derived from dealer floor plans or consignment arrangements. In addition, PowerLinx materially overstated its year-to-date revenues for the first three quarters of fiscal year 2000 by \$232,705 (124 percent), \$1,220,972 (410 percent), and \$2,315,638 (1,546 percent), respectively. The company also reported net income ranging from \$280,000 to \$420,000 in those quarters, when it should have been reporting substantial losses.

In late February 2001, PowerLinx hired a new accounting officer who, while preparing for the fiscal year 2000 audit, determined that PowerLinx had materially overstated revenues and accounts receivable during 2000. In April 2001, in its 2000 annual report on Form 10-K, PowerLinx restated its financial results for the second and third quarters and amended its corresponding quarterly filings.

### **Respondents’ Fiscal Year 2000 Quarterly Reviews**

Respondents performed reviews of PowerLinx’s quarterly financial statements during fiscal year 2000, but their reviews failed to comply with GAAS. Pursuant to GAAS, reviewers of public company interim financial statements are required to perform inquiries and analytical procedures to obtain a basis for reporting whether material modifications are necessary for the financial information to conform with GAAP.<sup>5</sup>

As part of their first-, second-, and third-quarter 2000 reviews, Respondents failed to exercise heightened skepticism and perform sufficient inquiries and procedures to understand the basis for PowerLinx’s accounts receivable and revenue balances. Respondents should have made appropriate inquiries to obtain an understanding of how PowerLinx’s accounting practices, business activities, and internal controls may have changed since Respondents’ most recent audit in March 2000, and to understand the impact of those changes on PowerLinx’s reporting. Such inquiries were particularly necessary in light of the sudden and material increases in PowerLinx’s accounts receivable since Respondents’ most recent audit.<sup>6</sup> When Respondents had completed their audit of PowerLinx’s 1999 annual financial statements, PowerLinx had not been extending credit or financing to customers and did not report any trade-based accounts receivable. PowerLinx’s 1999 annual report explicitly stated that the company “required all sales [to] be conducted on a cash basis.”<sup>7</sup> However, PowerLinx’s balance sheet for the quarter ended March 31, 2000 showed that the company’s accounts receivable had increased from zero to approximately \$232,705, which represented fifty-five percent of PowerLinx’s total reported revenue of \$421,068. PowerLinx’s second- and third-quarter accounts receivables also showed similar dramatic increases. Despite these trends, Respondents failed to ensure that PowerLinx understood and was properly applying the accounting principles for extensions of credit. Moreover, although Respondents knew that PowerLinx was selling cameras to dealers, they did not ask PowerLinx about the terms of those dealer arrangements.

---

<sup>5</sup> See Codification of Statements on Auditing Standards (“AU”) § 722.09 (current version at AU § 722.07).

<sup>6</sup> See AU § 722.13(a), (f) (current version at AU § 722.11).

<sup>7</sup> SeaView Underwater Research, Inc., 1999 Annual Report on Form 10-K, at 7 (filed March 30, 2000).

Respondents also failed to perform sufficient analytical procedures during their quarterly reviews to check PowerLinx's purported accounts receivable and revenue balances against certain other elements of PowerLinx's financial statements.<sup>8</sup> Respondents relied on information contained in PowerLinx's draft Forms 10-Q, but should have performed additional analytical procedures to determine whether PowerLinx's cash flow, inventory, and accounts payable balances correlated with the company's purported sales.

Finally, as part of their reviews, Respondents also requested that PowerLinx provide a listing of current accounts receivable balances, but PowerLinx failed to provide such information. Respondents should have questioned PowerLinx's failure to respond, particularly in light of the rapid growth of the company's accounts receivable during 2000.

### **Respondents' Fiscal Year 2000 Audit**

Respondents issued an audit report containing an unqualified opinion on PowerLinx's fiscal 2000 financial statements, which included PowerLinx's restatement of accounts receivable and revenue. As described below, Respondents' audit failed to comply with GAAS in several material respects and contributed to PowerLinx's issuance of an inaccurate annual report on Form 10-K.

#### *Accounts Receivable and Revenue*

In April 2001, PowerLinx restated its financial results for the second and third quarters as part of its Form 10-K for fiscal year 2000. However, even after the restatement, PowerLinx's year-end 2000 accounts receivable balances and revenue amounts continued to be materially overstated due to revenues that were improperly recognized from consignment transactions. In addition, as for the second- and third-quarter accounts receivable and revenues that it did restate, PowerLinx failed to disclose that these restated amounts were the result of PowerLinx's practice of improperly recording consignment orders as revenue.

Respondents' audit procedures were insufficient to ensure that PowerLinx's year-end 2000 accounts receivable and revenue balances were fairly presented in accordance with GAAP.<sup>9</sup> Respondents sent accounts receivable confirmation letters to seven of PowerLinx's purported dealers, but received no responses from those dealers and failed to perform adequate alternate procedures as required by GAAS.

---

<sup>8</sup> See AU § 722.13(b) (current version at AU § 722.16).

<sup>9</sup> See AU § 330.31-.32.

### Issuance of Convertible Debentures

During the first quarter of 2000, PowerLinx issued convertible debentures, raising cash proceeds of over \$2.5 million. The debentures entitled the holder to an eight percent return and, at the holder's option, were convertible at any time into restricted common stock at prices ranging from \$.50 to \$8.00 per share. At that time, those conversion prices represented a substantial discount (at least eighty percent, on average) to the prevailing price of PowerLinx's stock traded on the OTC Bulletin Board.

Under GAAP, when a company issues convertible debentures that can be converted to the issuer's securities at a deep discount to the current market price, the issuer must account for the discount as an expense.<sup>10</sup> PowerLinx failed to account for the discount as an expense – a material error in the company's income statement. In addition, PowerLinx failed to keep adequate records documenting the precise discount it had given to each debenture holder.

Respondents' audit of the convertible debentures departed from GAAS. Respondents did not obtain sufficient competent evidential matter concerning the terms of the debentures, and, as a consequence, they were unable to apply audit procedures to determine reasonably the amounts of the discounts provided to PowerLinx's debenture holders.<sup>11</sup> Respondents improperly relied on management's representations about the discounts as a basis for issuing an unqualified audit report.

### Recording of a Deferred Tax Asset

Under GAAP, a company may record a deferred tax asset based on its reasonable expectation that current net tax operating losses will, in future years, offset expected future profits, thereby reducing the company's future income tax liability.<sup>12</sup> GAAP requires that the deferred tax asset be reduced by a "valuation allowance" to account for any likelihood that the company will fail to be profitable as expected.

---

<sup>10</sup> See Emerging Issues Task Force Consensus ("EITF") 98-5, *Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios*.

<sup>11</sup> GAAS requires that an auditor obtain sufficient competent evidential matter through inspection, observation, inquiries, and confirmations to afford a reasonable basis for an opinion on the subject financial statements. See AU § 326.01.

<sup>12</sup> See SFAS 109, *Accounting for Income Taxes*. The specific value of a deferred tax asset is determined by multiplying a company's annual net loss by its estimated tax rate. For example, if a company has a \$1 million net loss in year one, and anticipates future net profits of \$1 million in year two, then, at a marginal tax rate of thirty-six percent, the value of its deferred tax asset would be \$360,000. Thus, the current loss would save the company from paying \$360,000 in future income taxes on the \$1 million in expected profits.

PowerLinx improperly recorded on its fiscal year 2000 balance sheet a deferred tax asset of \$1,439,322 with no valuation allowance. This amount was material, representing approximately thirty-eight percent of PowerLinx's \$3,841,944 in total assets.<sup>13</sup>

PowerLinx lacked a legitimate basis for recording the deferred tax assets. The company had accumulated significant losses in 2000 and had no historical operating basis from which to conclude that it would be profitable in future years. Underwater camera sales had declined significantly, and the company had devoted most of its resources to developing its SecureView product. The sole basis for PowerLinx's "expectation" of future profitability was a purported \$9 million backlog of dealer orders for its new security video product, which the company's new management team assumed would generate taxable income. However, that purported backlog was unsupported and, as management later determined, unlikely to be realized. The purported backlog consisted primarily of orders with consignment terms, not orders to purchase cameras, and thus was not reflective of actual demand for PowerLinx's products.

Respondents approved of PowerLinx's recording of the deferred tax asset based on oral representations from management that PowerLinx expected to be profitable and would soon realize taxable income from the \$9 million backlog. However, Respondents should have reviewed supporting documentation and tested whether PowerLinx had a reasonable expectation of profitability prior to issuing their audit report. Respondents also should have verified the existence of the \$9 million backlog or the terms of the orders that purportedly comprised the backlog.

In late 2001, PowerLinx's new management determined that the orders comprising the purported \$9 million backlog were unlikely to be realized. In April 2002, after hiring a new audit firm, PowerLinx restated its 2000 financial results, reducing the value of the deferred tax asset on its balance sheet from \$1,439,322 to zero.

#### Accounting for an Investment

On July 12, 2000, PowerLinx exchanged 150,000 restricted common shares for a twenty percent voting interest in Golden Springs, LLC ("Golden Springs"), owner and operator of a spa and mineral spring located in Florida.<sup>14</sup> PowerLinx materially overstated the value of this partnership interest in its third-quarter and year-end financial statements for fiscal year 2000.

---

<sup>13</sup> PowerLinx also recorded deferred tax assets of \$180,613, \$72,907, and \$44,921, respectively, in its financial statements for the first three quarters of 2000.

<sup>14</sup> This transaction was facilitated by PowerLinx's issuance of 150,000 shares to Golden Springs with the agreement that PowerLinx's former chief executive officer and president, Richard L. McBride ("McBride"), would promptly replace the shares with his personal holdings. Upon replacement of the shares by McBride, the common shares were immediately cancelled by PowerLinx. This did not, however, affect PowerLinx's obligation to properly account for the investment on its books and records. GAAP provides that when a corporation implicitly benefits from transactions made on its behalf by a principal stockholder, the corporation should account for the transaction. See AICPA Accounting Interpretation 25, *Accounting for Stock Issued to Employees: Accounting Interpretations of APB Opinion No. 25*; SAB 79, *Accounting for Expenses or Liabilities paid by Principal Stockholder(s)*.

Under GAAP, consideration received for the issuance of equity instruments is accounted for based on the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable.<sup>15</sup> Additionally, if the fair value of restricted stock serves as the basis for measuring the consideration received, such a valuation should be determined in good faith and also reflect a discount from the market price of unrestricted securities of the same class.<sup>16</sup> GAAP also requires that the equity method of accounting be employed by an investor whose investment gives it the ability to exercise significant influence over operating and financial policies of an investee.<sup>17</sup> Pursuant to the equity method, the carrying amount of an investment is periodically adjusted to recognize the investor's share of the investee's earnings or losses. The amount of the adjustment is also recorded in the investor's income statement. Because PowerLinx held a twenty percent interest in Golden Springs's voting stock and exercised significant influence, PowerLinx was required to apply the equity method after determining the initial carrying value.

PowerLinx determined that the fair value of the restricted shares issued was the more reliable measure in establishing the initial carrying value of the investment. PowerLinx recorded the initial carrying value of the restricted shares at approximately \$1 million, which was the same amount that Golden Springs had recorded on its balance sheet for the third quarter of fiscal year 2000. While this value represented a discount of approximately forty-seven percent from PowerLinx's stock price of \$12.88 on July 12, 2000 (the closing date of the transaction), the discount departed from the higher discount rate applied to contemporaneous sales of restricted stock by PowerLinx to other third parties. In addition, the \$12.88 per share price of PowerLinx's freely-tradable stock was inherently inflated as a result of the company's contemporaneous fraudulent conduct.

Respondents' audit of the Golden Springs investment was deficient for several reasons. First, in valuing the 150,000 restricted shares that Golden Springs received in this transaction, PowerLinx was required under GAAP to apply a good faith discount to the reported price of its stock on the OTC Bulletin Board. In determining the appropriate discount to apply to the 150,000 restricted shares, PowerLinx should have looked to contemporaneous sales of restricted stock by the company to third parties. There were many such sales of restricted stock during the first and second quarters of fiscal year 2000. As Respondents were aware, during these periods PowerLinx had sold debentures that were convertible to restricted shares, and had valued the underlying restricted shares at an eighty percent discount, on average, to the prevailing market price. However, despite the availability of such contemporaneous valuations of restricted stock, Respondents failed to require that PowerLinx apply a similar eighty percent discount as a benchmark for assessing PowerLinx's valuation of the restricted stock.

---

<sup>15</sup> See SFAS 123, *Accounting for Stock-Based Compensation*, ¶ 8.

<sup>16</sup> See SEC Codification of Financial Reporting Policies 404.04, "*Restricted*" Securities.

<sup>17</sup> See Accounting Principles Board Opinion 18, *The Equity Method of Accounting for Investments in Common Stock*.

Second, in corroborating PowerLinx's valuation of its interest in Golden Springs, Respondents relied on an oral representation from PowerLinx's management that Golden Springs's real estate, based on a purported appraisal, was worth approximately \$6.5 million and that, as a result, PowerLinx's twenty percent interest was worth \$1.3 million. After comparing the purported \$1.3 million "appraised" amount with the carrying amount reflected in PowerLinx's third-quarter financial statements (approximately \$1 million), Respondents concluded that the carrying amount was appropriate, if not conservative. Respondents' reliance on management's oral representation, without reviewing the appraisal or ascertaining its basis, was a departure from GAAS.<sup>18</sup>

Finally, Respondents failed to consider that PowerLinx's valuation of Golden Springs was based on an inflated stock price (\$12.88 per share at the closing date of the transaction) as a result of the company's materially overstated revenue and receivables. By the time of Respondents' 2000 year-end audit, PowerLinx's stock price had declined to less than \$2 per share on public reports suggesting that PowerLinx had engaged in improper revenue recognition.

In its 2001 Form 10-K, PowerLinx disclosed that the initial carrying value of its interest in Golden Springs had been reduced from approximately \$1 million to \$146,000. After adjusting this revised carrying value for PowerLinx's share of Golden Springs's losses in fiscal year 2000 under the equity method of accounting, the carrying amount of the investment was restated to \$8,618 as of December 31, 2000.

### **Departures from Generally Accepted Auditing Standards**

Commission regulations require that audits of public company financial statements be conducted in accordance with GAAS. *See* Regulation S-X § 210.2-02(b). Under GAAS, an auditor must be proficient in accounting (AU § 210) and exercise due professional care while conducting an audit and in preparing the audit report. (AU § 230.01). Under AU § 230.04, "due professional care concerns what the independent auditor does and how well he does it." AU § 326.01 requires an auditor to obtain sufficient competent evidential matter through inspection, observation, inquiries and confirmations to afford a reasonable basis for an opinion on the subject financial statements. Similarly, an auditor is required to maintain an attitude of professional skepticism (AU § 230.07) and cannot simply rely on management representations (AU § 333.02). When an auditor relies on the work of a specialist, GAAS requires that the auditor evaluate the qualifications, independence, work, and findings of the specialist. (AU § 336.08-.09.) As set forth above, Respondents' audit of PowerLinx's financial statements for the fiscal year ended December 31, 2000 failed to comply with GAAS. Respondents also issued an audit report containing an unqualified opinion and a representation that the audit was conducted in accordance with GAAS, when such was not the case, in departure from AU § 508.07.

In addition, Respondents' quarterly reviews of PowerLinx's financial statements for fiscal year 2000 failed to comply with AU § 722.09, which requires the reviewer of public company interim financial statements to perform inquiries and analytical procedures (AU §§ 722.13-.19) to

---

<sup>18</sup> AU § 336 requires an auditor relying on a specialist to confirm that the specialist is competent and objective, and to gain an understanding of the basis of the appraisal.

obtain a basis for reporting whether material modifications are necessary for the financial information to conform with GAAP.

### **Reporting Violations**

Section 15(d) of the Exchange Act and Rules 15d-1, 15d-13, and 12b-20 thereunder require issuers reporting pursuant to Section 15(d) of the Exchange Act to file accurate periodic reports on Forms 10-K and 10-Q. Such reports must be accurate and not misleading.

PowerLinx violated Section 15(d) of the Exchange Act and Rules 15d-1, 15d-13, and 12b-20 thereunder by filing false and misleading annual and quarterly reports with the Commission for fiscal year 2000.

As a result of the conduct described above, Respondents were a cause of PowerLinx's violations of Section 15(d) of the Exchange Act and Rules 15d-1, 15d-13, and 12b-20 thereunder by failing to conduct their quarterly reviews and year-end audit for fiscal year 2000 in accordance with GAAS.

### **Improper Professional Conduct**

Rule 102(e) of the Commission's Rules of Practice allows the Commission to censure a person, or deny such person, temporarily or permanently, the privilege of appearing or practicing before the Commission, if it finds that such person has engaged in improper professional conduct. *See* Rule 102(e)(1)(ii) (now codified in 15 U.S.C. § 78d-3(a)(2)).<sup>19</sup>

As described above, Respondents engaged in improper professional conduct within the meaning of Rule 102(e)(1) by failing, in repeated instances, to comply with GAAS in performing their quarterly reviews and fiscal year 2000 audit of PowerLinx's financial statements.

## **IV.**

Based on the foregoing, the Commission finds that Respondents were a cause of PowerLinx's violations of Section 15(d) of the Exchange Act and Rules 15d-1, 15d-13, and 12b-20 promulgated thereunder.

Based on the foregoing, the Commission finds that Respondents engaged in improper professional conduct within the meaning of Rule 102(e)(1) of the Commission's Rules of Practice.

---

<sup>19</sup> For accountants, the rule defines improper professional conduct to mean either: "[i]ntentional or knowing conduct, including reckless conduct, that results in a violation of applicable professional standards," a "single instance of highly unreasonable conduct that results in a violation of applicable professional standards," or "[r]epeated instances of unreasonable conduct, each resulting in a violation of applicable professional standards, that indicate a lack of competence to practice before the Commission." *See* Rule 102(e)(1)(iv).

## V.

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

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

A. Accounting Consultants and McAtee shall cease and desist from causing any violations and any future violations of Section 15(d) of the Exchange Act and Rules 15d-1, 15d-13, and 12b-20 promulgated thereunder;

B. Accounting Consultants and McAtee are denied the privilege of appearing or practicing before the Commission as accountants.

C. After two (2) years from the date of this order, Accounting Consultants and McAtee may request that the Commission consider their reinstatement by submitting an application (attention: Office of the Chief Accountant) to resume appearing or practicing before the Commission as:

1. a preparer or reviewer, or a person responsible for the preparation or review, of any public company's financial statements that are filed with the Commission. Such an application must satisfy the Commission that Respondents' work in their practice before the Commission will be reviewed either by the independent audit committee of the public company for which they work or in some other acceptable manner, as long as they practice before the Commission in this capacity; and/or

2. an independent accountant. Such an application must satisfy the Commission that:

(a) Accounting Consultants, or the public accounting firm with which McAtee is associated, is registered with the Public Company Accounting Oversight Board ("Board") in accordance with the Sarbanes-Oxley Act of 2002, and such registration continues to be effective;

(b) McAtee, or the public accounting firm with which she is associated, has been inspected by the Board and that inspection did not identify any criticisms of or potential defects in McAtee's or the firm's quality control system that would indicate that McAtee will not receive appropriate supervision;

(c) Respondents have resolved all disciplinary issues with the Board, and have complied with all terms and conditions of any sanctions imposed by the Board (other than reinstatement by the Commission); and

(d) Respondents acknowledge their responsibility, as long as Respondents appear or practice before the Commission as independent accountants, to

comply with all requirements of the Commission and the Board, including, but not limited to, all requirements relating to registration, inspections, concurring partner reviews and quality control standards.

D. The Commission will consider an application by Respondents to resume appearing or practicing before the Commission provided that Respondents' state CPA licenses are current and they have resolved all other disciplinary issues with the applicable state boards of accountancy. However, if state licensure is dependent on reinstatement by the Commission, the Commission will consider an application on its other merits. The Commission's review may include consideration of, in addition to the matters referenced above, any other matters relating to Respondents' character, integrity, professional conduct, or qualifications to appear or practice before the Commission.

By the Commission.

Nancy M. Morris  
Secretary