

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 60329 / July 17, 2009

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3013 / July 17, 2009

ADMINISTRATIVE PROCEEDING
File No. 3-12227

In the Matter of	:	ORDER GRANTING APPLICATION FOR
	:	REINSTATEMENT TO APPEAR AND PRACTICE
	:	BEFORE THE COMMISSION AS AN ACCOUNTANT
Andrew J. McAdams,	:	RESPONSIBLE FOR THE PREPARATION OR
CPA	:	REVIEW OF FINANCIAL STATEMENTS REQUIRED
	:	TO BE FILED WITH THE COMMISSION

On March 3, 2006, Andrew J. McAdams, CPA (“McAdams”) was denied the privilege of appearing or practicing as an accountant before the Commission as a result of settled public administrative proceedings instituted by the Commission against McAdams pursuant to Rule 102(e)(1)(ii) of the Commission’s Rules of Practice.¹ This order is issued in response to McAdams’ 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.

As the engagement partner for PricewaterhouseCoopers LLP’s (“PwC”) audits of Aerosonic Corporation’s (“Aerosonic”) financial statements for fiscal years 1999 through 2002, McAdams supervised the audit services performed by PwC. During this time, Aerosonic recorded fictitious revenue through a number of accounting schemes in violation of Generally Accepted Accounting Principles while McAdams failed to perform his work in accordance with Generally Accepted Auditing Standards. With regard to some significant audit items in those years, McAdams did not adequately plan and supervise the audits, did not obtain sufficient competent evidential matter, did not maintain an attitude of professional skepticism, and placed undue reliance upon former senior management’s representations. McAdams thereby engaged in improper professional conduct.

¹ See Accounting and Auditing Enforcement Release No. 2392 dated March 3, 2006. McAdams was permitted, pursuant to the order, to apply for reinstatement after two years upon making certain showings.

In his capacity as a preparer or reviewer, or as a person responsible for the preparation or review, of financial statements of a public company to be filed with the Commission, McAdams attests that he will undertake to 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. McAdams is not, at this time, seeking to appear or practice before the Commission as an independent accountant. If he should wish to resume appearing and practicing before the Commission as an independent accountant, he will be required to submit an application to the Commission showing that he has complied and will comply with the terms of the original suspension order in this regard. Therefore, McAdams' suspension from practice before the Commission as an independent accountant continues in effect until the Commission determines that a sufficient showing has been made in this regard in accordance with the terms of the original suspension order.

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 This "good cause" determination is necessarily highly fact specific.

On the basis of information supplied, representations made, and undertakings agreed to by McAdams, it appears that he has complied with the terms of the March 3, 2006 order denying him the privilege of appearing or practicing before the Commission as an accountant, that 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, and that McAdams, by undertaking to 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, in his practice before the Commission as a preparer or reviewer of financial statements required to be filed with the Commission, 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 Andrew J. McAdams, 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.

By the Commission.

Elizabeth M. Murphy
Secretary

² Rule 102(e)(5)(i) provides:

"An application for reinstatement of a person permanently suspended or disqualified under paragraph (e)(1) or (e)(3) of this section 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).