I.

The Securities and Exchange Commission ("Commission") deems it appropriate that public administrative proceedings be, and hereby are, instituted against Wilfred W. Hanson, CPA ("Respondent" or "Hanson") pursuant to Section 4C1 of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 102(e)(1)(ii) of the Commission’s Rules of Practice.2

1 Section 4C provides, in relevant part, that:

The Commission may censure any person, or deny, temporarily or permanently, to any person the privilege of appearing or practicing before the Commission in any way, if that person is found . . . (1) not to possess the requisite qualifications to represent others . . . (2) to be lacking in character or integrity, or to have engaged in unethical or improper professional conduct; or (3) to have willfully violated, or willfully aided and abetted the violation of, any provision of the securities laws or the rules and regulations thereunder.

2 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.
II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the 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 him and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Public Administrative Proceedings Pursuant to Section 4C of the Securities Exchange Act of 1934 and Rule 102(e) of the Commission’s Rules of Practice, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

A. RESPONDENT

Wilfred W. Hanson, age 69, is a California-licensed certified public accountant. From 1971 to 1976, Hanson was an auditor for Arthur Young & Co. From 1976 until he retired in 1994, Hanson held various positions at The Times Mirror Company, including, from 1987 to 1991, as the director of auditing, and, from 1992 to 1994, as the assistant controller. Between 1994 and 2009, Hanson operated a family-owned manufacturing business. Since 2009, Hanson has provided forensic accounting, litigation support, and expert witness testimony in the areas of business valuation and the loss of company or individual earnings for an Irvine, California-based forensic accounting firm (the “Forensic Firm”). The Forensic Firm does not provide audit services and is not registered with the Public Company Accounting Oversight Board (“PCAOB”).

B. OTHER RELEVANT PARTIES

1. John Kinross-Kennedy, CPA (“Kinross”) is a certified public accountant licensed in the state of California and, since 1993, has operated as a sole proprietor. Kinross is registered with the PCAOB as John Kinross-Kennedy, CPA. During the relevant period covered by this Order, Kinross served as the independent public accountant conducting each of the Issuer Audits. Kinross rents an office from the Forensic Firm, but he is not an associate of the firm nor is the firm or its staff associated with Kinross’s audit engagements.

2. At all relevant times, Issuer A’s common stock was registered with the Commission pursuant to Section 12(g) of the Exchange Act, was traded on the OTC Bulletin Board, and its fiscal year ended on the last day of March.

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3 The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.
3. At all relevant times, Issuer B filed reports with the Commission pursuant to Section 15(d) of the Exchange Act, its common stock was traded on the OTC Market, and its fiscal year ended on the last day of August.

4. At all relevant times, Issuer C’s common stock was registered with the Commission pursuant to Section 12(g) of the Exchange Act, was traded on the OTC Market, and its fiscal year ended on the last day of September.

5. At all relevant times, Issuer D’s common stock was registered with the Commission pursuant to Section 12(g) of the Exchange Act, was traded on the OTC Bulletin Board, and its fiscal year ended on the last day of December.

6. At all relevant times, Issuer E filed reports with the Commission pursuant to Section 15(d) of the Exchange Act, its common stock was traded on the OTC Bulletin Board, and its fiscal year ended on the last day of December.

C. RESPONDENT’S IMPROPER PROFESSIONAL CONDUCT

Background

1. Hanson initially obtained a license as a CPA in the state of California in 1973, but allowed it to be cancelled in 1996 following his retirement in 1994. In 2009, he applied to the California Board of Accountancy and obtained a new license as a CPA. Since obtaining his new CPA license, Hanson has twice failed to obtain and report required continuing professional education timely, causing his CPA license to expire – from May to August 2010 and from May to August 2012.

2. Hanson obtained and reported a total of 13 hours of continuing professional education hours specifically related to PCAOB Standards in connection with his application for the issuance of a new CPA license and his subsequent annual renewals. In 2009, Hanson reported 13 hours of continuing professional education relating to PCAOB Auditing Standards Numbers 8 through 15. In 2010, 2011, and 2012, Hanson reported a total of 75 hours of continuing professional education, none of which relate to PCAOB standards. The majority of Hanson’s continuing professional education relates to business valuation, bankruptcy, and litigation support services.

3. Between October 2011 and June 2012, Kinross retained Hanson to conduct engagement quality reviews of certain of Kinross’s public company issuer audits. Hanson acted as the engagement quality reviewer on the audits of Issuer A’s March 31, 2012 financial statements, Issuer B’s August 31, 2011 financial statements, Issuer C’s September 30, 2011 financial statements, Issuer D’s December 30, 2011 financial statements, and Issuer E’s December 31, 2011 financial statements, (the “Issuer Audits”). Hanson did not act as the engagement quality reviewer for any reviews of interim financial information. Previously, Hanson had no involvement with Kinross’s audit engagements.
Applicable Professional Standards

4. PCAOB Standard No. 7, Engagement Quality Review ("AS 7"), which is effective for engagement quality reviews of audits and interim reviews for fiscal years beginning on or after December 15, 2009, defines the required qualifications of an engagement quality reviewer, what should be done when conducting an engagement quality review, and what information should be documented.

5. The engagement quality reviewer must possess the level of knowledge and competence related to accounting, auditing, and financial reporting required to serve as the engagement partner on the engagement under review.\(^4\) See AS 7, ¶5. On an audit of the financial statements of a public company, the engagement partner should be technically proficient, which includes having an understanding of applicable auditing standards and SEC reporting requirements. The necessary competence can ordinarily be gained through recent accounting, auditing, or industry experience and supplemented by continuing professional education and consultation (emphasis added). See PCAOB standard QC §40, ¶¶.05-.08.

6. In conducting an engagement quality review of an audit engagement, the engagement quality reviewer should, among other things, evaluate the significant judgments related to engagement planning and assessments and audit response to significant risks identified by the engagement team; review the engagement completion document; read other information in documents containing the financial statements to be filed with the Commission; and evaluate whether appropriate matters have been communicated, or identified for communication, to the audit committee, management, and other parties, such as regulatory bodies. See AS 7, ¶¶9-11. Additionally, the documentation of an engagement quality review should contain sufficient information that identifies: a) the engagement quality reviewer; b) the documents reviewed by the engagement quality reviewer, and c) the date the engagement quality reviewer provided concurring approval of issuance or, if no concurring approval of issuance was provided, the reasons for not providing the approval. See AS 7, ¶19.

7. In connection with an audit, the engagement quality reviewer may provide concurring approval of issuance only if, after performing with due professional care the review required by AS 7, he or she is not aware of a significant engagement deficiency (See AS 7, ¶12). Due professional care entails possessing the degree of skill commonly possessed by other auditors and exercising it with reasonable care and diligence. See AU §230.03-.05, Due Professional Care in the Performance of Work.

Hanson Failed to Comply with Applicable Professional Standards

8. Hanson is not competent to serve as the engagement partner on an audit of the financial statements of a public company. He does not have any recent accounting, auditing, or financial reporting experience. He has not participated in an audit of the financial statements of a public company in over 35 years, has never before participated in an audit conducted in accordance

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\(^4\) The term "engagement partner" has the same meaning as the "practitioner-in-charge of an engagement" in PCAOB interim quality control standard QC §40, The Personnel Management Element of a Firm's System of Quality Control-Competencies Required by a Practitioner-in-Charge of an Attest Engagement.
with PCAOB standards, and has never served as the engagement partner for any audit of the financial statements of any company. He has had neither relevant accounting nor financial reporting industry experience in the last 19 years. Additionally, he has not otherwise gained the necessary competence through continuing professional education. Of the 206 hours of continuing professional education Hanson obtained and reported in connection with the issuance of his CPA license in 2009 and subsequent renewals through 2012, only 13 hours relate to PCAOB standards and none specifically relate to AS 7.

9. Hanson was also not competent to serve as the engagement quality review partner for Issuer A’s audit because, at the time he conducted his review, he did not possess the requisite qualifications as his CPA license had expired. Rule 2-01(a) of Regulation S-X provides that the Commission will not recognize any person as either a public accountant or certified public accountant who is not in good standing as such under the laws of the place of his residence or principal office. Between May and August 2012, Hanson was not duly registered and in good standing under the laws of the state of California, where he resided and maintained his principal office. Accordingly, Hanson was not recognized as an accountant by the Commission in June 2012 when he acted as the engagement quality reviewer for the fiscal year 2012 audit of Issuer A.

10. Hanson failed to exercise due professional care in conducting engagement quality reviews of the Issuer Audits. Hanson provided concurring approval of issuance without performing, with due professional care, the engagement quality reviews of the Issuer Audits. First, he did not possess the degree of skill commonly possessed by other auditors and was not qualified to serve as the engagement partner. Second, he did not exercise reasonable care and diligence.

11. Hanson did not read AS 7 in preparation for his engagement to conduct engagement quality reviews of the Issuer Audits. Hanson also did not inquire about or otherwise investigate the requirements for conducting an engagement quality review or the qualifications or responsibilities of a person serving as an engagement quality reviewer. As such, he was unfamiliar with the level of knowledge and competence that a person serving as the engagement quality reviewer of an audit must have and unfamiliar with PCAOB standards for conducting an engagement quality review of an audit. Furthermore, Hanson did not conduct the engagement quality review pursuant to the procedures in AS 7. Accordingly, Hanson failed to exercise due professional care.

12. In connection with his engagement quality reviews of the Issuer Audits, Hanson merely reviewed the financial statements and Kinross’s checklist to make sure all procedures were initialed and dated. Hanson documented his review by signing a 1993-vintage checklist, affirming only that he was satisfied that the detail review and partner review sections of the checklist were completed, that he had reviewed a draft of the financial statements and the auditor’s report, and that he approved the issuance of the audit report. Among other things, Hanson did not review critical documents, such as the engagement completion document, which did not exist, nor did he evaluate whether matters had been communicated to the audit committee. Furthermore, Hanson did not properly reflect the date of his EQR and his concurring partner approval of issuance—at times, at Kinross’s request, he dated his signature prior to the date he conducted his review.

13. By performing the above procedures, Hanson did not perform the procedures that AS 7 states should be performed in conducting an engagement quality review. Specifically, he did
not: a) evaluate the significant judgments related to engagement planning and assessments and audit response to significant risks identified by the engagement team; b) review the engagement completion document, or recognize that the audit work papers did not comply with the PCAOB Auditing Standard No. 3, *Audit Documentation*, requirement that an engagement completion document be prepared; c) read the Forms 10-K containing the financial statements to be filed with the Commission; and d) evaluate whether appropriate matters have been communicated, or identified for communication, to the audit committee, management, and other parties, such as regulatory bodies. Additionally, his documentation is deficient in two respects. First, it does not contain sufficient information to identify the documents he reviewed. Second, the documentation does not always reflect the date Hanson provided concurring approval of issuance, because he, at times, dated his signature prior to the date he conducted his review.

**D. VIOLATIONS**

As a result of the conduct described above, Hanson engaged in improper professional conduct as defined in Rule 102(e)(1)(ii) and 102(e)(1)(iv)(B)(2) in that his conduct constituted negligent conduct, consisting of repeated instances of unreasonable conduct by Hanson, each resulting in a violation of applicable professional standards, that indicate a lack of competence to practice before the Commission.

**E. FINDINGS**

Based on the foregoing, the Commission finds that Hanson engaged in improper professional conduct pursuant to Section 4C(a)(2) of the Exchange Act and Rule 102(e)(1)(ii) and 102(e)(1)(iv)(B)(2) of the Commission’s Rules of Practice.

**IV.**

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent’s Offer.

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

A. Hanson is denied the privilege of appearing or practicing before the Commission as an accountant.

B. After five years from the date of this order, Respondent may request that the Commission consider his 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 Respondent’s work in his practice before the Commission will be reviewed either by the independent audit committee of the public company for which he works or in some other acceptable manner, as long as he practices before the Commission in this capacity; and/or
2. an independent accountant. Such an application must satisfy the Commission that:

(a) Respondent, or the public accounting firm with which he is associated, is registered with the PCAOB in accordance with the Sarbanes-Oxley Act of 2002, and such registration continues to be effective;

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

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

(d) Respondent acknowledges his responsibility, as long as Respondent appears or practices before the Commission as an independent accountant, to comply with all requirements of the Commission and the PCAOB, including, but not limited to, all requirements relating to registration, inspections, concurring partner reviews and quality control standards.

C. The Commission will consider an application by Respondent to resume appearing or practicing before the Commission provided that his state CPA license is current and he has 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 Respondent’s character, integrity, professional conduct, or qualifications to appear or practice before the Commission.

By the Commission.

Elizabeth M. Murphy
Secretary