

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 73222 / September 25, 2014

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3586 / September 25, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-16170

In the Matter of

TRADEBOT SYSTEMS, INC.,

Respondent.

**ORDER INSTITUTING CEASE-
AND-DESIST PROCEEDINGS
PURSUANT TO SECTION 21C OF
THE SECURITIES EXCHANGE
ACT OF 1934, MAKING FINDINGS
AND IMPOSING A CEASE-AND-
DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Tradebot Systems, Inc. (“Respondent” or “Tradebot”).

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 it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds¹ that:

¹ 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.

A. SUMMARY

1. Tradebot is a registered broker-dealer that is required to file annual reports with the Commission containing financial statements audited by an independent public accountant (“Annual Reports”).
2. From 2004 through 2012, Mayer Hoffman McCann P.C. (“MHM”) served as Tradebot’s auditor for the financial statements included in Tradebot’s Annual Reports filed with the Commission for those years.
3. MHM is associated with CBIZ, Inc. (“CBIZ”), a publicly traded company, through a business model referred to as an alternative practice structure (“APS”). CBIZ’s APS model with MHM utilizes an administrative service agreement (“ASA”) which requires MHM to lease from CBIZ virtually all of the human capital, equipment and overhead MHM requires to perform its attest work, in exchange for a majority of MHM’s revenue.
4. CBIZ is an associated entity of MHM, and CBIZ and MHM are viewed as a single entity for Commission auditor independence purposes.
5. From 2008 to at least 2013, Tradebot has traded in CBIZ stock, thereby impairing MHM’s independence with respect to its audits of Tradebot’s financial statements for the years 2008 through 2012. As a result, Tradebot’s Annual Reports do not comply with Rule 17a-5 for those years.

Respondent

6. **Tradebot Systems, Inc.**, is a broker dealer registered with the Commission, and is located in Kansas City, Missouri.

Related Entities And Individuals

7. **Mayer Hoffman McCann P.C.**, is a Missouri professional corporation headquartered in Leawood, Kansas, with offices throughout the U.S.
8. **CBIZ, Inc.**, is a Delaware corporation headquartered in Cleveland, Ohio, that provides products and services to businesses throughout the U.S. CBIZ’s stock is traded on the New York Stock Exchange.

Commission Promulgated Revised Rule 2-01 In 2001

9. In 2000, the Commission promulgated a revision of its auditor independence requirements under Rule 2-01 of Regulation S-X. 17 C.F.R. § 210.2-01. Included in the revision was subsection 2-01(c)(1)(iv)(A) which provides:

(iv) Audit clients' financial relationships. An accountant is not independent when:

(A) Investments by the audit client in the accounting firm. An audit client has, or has agreed to acquire, any direct investment in the accounting firm, such as stocks, bonds, notes, options, or other securities, or the audit client's officers or directors are record or beneficial owners of more than 5% of the equity securities of the accounting firm.

10. Pursuant to Section 17(a) of the Exchange Act and Rule 17a-5(d) promulgated thereunder, Tradebot is required to file an Annual Report which contains its audited financial statements. Rules 17a-5(d), (e) and (f) specifically require that the Annual Report be audited by an "independent public accountant" and a "public accountant who shall be in fact independent" as defined by Rule 2-01(b) and (c) of Regulation S-X. From 2004 through 2012, Tradebot engaged MHM to audit its financial statements included in the Annual Report.

Tradebot Traded In CBIZ Stock During The Audit Periods

11. Commencing in 2008, Tradebot began to regularly trade in CBIZ stock and continued to trade in that stock through at least June 2013.

12. Prior to 2012, Tradebot was unaware of any prohibition against it acquiring any interest in the securities of CBIZ. Prior to the 2012 audit period, MHM had never inquired whether Tradebot traded in CBIZ stock.

13. In September 2012, MHM learned from Tradebot that Tradebot had traded in CBIZ stock, and discussed with Tradebot the possibility that such trades may impact MHM's independence of Tradebot.

14. Tradebot sought guidance from MHM regarding whether Tradebot's trades in CBIZ stock may impair MHM's independence but received no further guidance in that month.

15. On October 3, 2012, before resolving whether MHM was independent, Tradebot engaged MHM for the 2012 audit.

MHM Provided Erroneous Instruction To Tradebot

16. On December 5, 2012, MHM advised Tradebot that if it had not become the beneficial owner of more than 5% of the CBIZ stock at one time, MHM's independence was not impaired in its audits of Tradebot's financial statements. As support for its advice to Tradebot, MHM quoted Rule 2-01(c)(1)(iv)(A).

17. MHM's instruction to Tradebot concerning the application of Rule 2-01(c)(1)(iv)(A) was erroneous because the 5% threshold referenced in the rule does not apply to Tradebot; rather, it applies to Tradebot's officers and directors.

18. In January and February 2013, MHM had communications with Commission Staff (“Staff”) regarding Tradebot’s trading in CBIZ securities and the potential impact such trading had on MHM’s independence for the 2008 through 2012 Tradebot audits.

19. On February 15, 2013, as part of its discussions with Staff regarding whether Tradebot would be required to refile its Annual Reports, Tradebot represented to the Staff, through MHM, that it had ceased trading in CBIZ stock.

20. According to Tradebot, in an effort to cause Tradebot to cease trading in CBIZ stock, Tradebot’s president erroneously disabled trading for the ticker symbol “CBIZ” instead of “CBZ” in Tradebot’s trading system and, as a result, Tradebot never ceased trading in CBIZ stock. According to Tradebot, the symbols “CBIZ” and “CBZ” were both listed as stocks in Tradebot’s trading system because, in the past, CBIZ stock had traded under the symbol “CBIZ.”

21. Tradebot never checked its trading system to ensure it had ceased trading in CBIZ stock.

22. On February 28, 2013, MHM issued a Report of Independent Registered Public Accounting Firm for Tradebot’s 2012 financial statements (“MHM’s Report”). Tradebot included MHM’s Report in its Annual Report which it filed with the Commission on March 1, 2013.

23. Shortly thereafter, Tradebot determined that it would not retain MHM for the 2013 audit because of the restriction on Tradebot trading in CBIZ stock.

MHM Provided Audit Opinions For 2008 Through 2012 That Represented It Was Independent Of Tradebot When It Was Not

24. MHM performed audits of Tradebot’s financial statements for the periods 2008 through 2012 in connection with Tradebot’s Annual Reports filed with the Commission. MHM provided audit opinions for those audits which indicated, among other things, that MHM was independent of Tradebot for those audits.

25. In fact, due to Tradebot’s trading of CBIZ stock, MHM was not independent of Tradebot for the 2008 through 2012 audits included in the Annual Reports filed with the Commission for those years.

Tradebot’s Violations

26. As a result of the conduct described above, Tradebot violated Section 17(a) of the Exchange Act and Rule 17a-5 thereunder, which require Tradebot to file Annual Reports with the Commission that contain financial statements audited by an independent public accountant.

IV.

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

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondent Tradebot cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Exchange Act and Rule 17a-5 thereunder.

B. Respondent shall, within 14 days of the entry of this Order, pay a civil money penalty in the amount of \$50,000 to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717. Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or

(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Tradebot Systems, Inc., as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Karen L. Martinez, Regional Director, Salt Lake Regional Office, 351 South West Temple, Suite 6.100, Salt Lake City, UT 84101.

C. The Division of Enforcement ("Division") may, at any time following the entry of this Order, petition the Commission to: (1) reopen this matter to consider whether Respondent provided accurate and complete financial information at the time such representations were made; and (2) seek an order directing payment of disgorgement and pre-judgment interest. No other issue shall be considered in connection with this petition other than whether the financial information provided by Respondent was fraudulent, misleading, inaccurate, or incomplete in any material respect. Respondent may not, by way of defense to any such petition: (1) contest the findings in this Order; (2)

assert that payment of disgorgement and interest should not be ordered; (3) contest the amount of disgorgement and interest to be ordered; or (4) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

By the Commission.

Brent J. Fields
Secretary