

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 80370/ April 4, 2017

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3864/ April 4, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-17898

In the Matter of

**William Joseph Kouser Jr.,
CPA, and Ryan James
Dougherty, CPA,**

Respondents.

**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**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate that public administrative proceedings be, and hereby are, instituted against William Joseph Kouser Jr., CPA ("Kouser") and Ryan James Dougherty, CPA ("Dougherty" and with Kouser, the "Respondents") 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

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 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 them and the subject matter of these proceedings, which are admitted, Respondents consent to the entry of this Order Instituting Public Administrative Proceedings Pursuant to Section 4C of the Exchange Act 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 Respondents’ Offers, the Commission finds³ that:

A. SUMMARY

1. During 2013-2014, the accounting firm of BBD, LLP (“BBD”) and two individuals at the firm, Respondent Kouser and Respondent Dougherty, served as the auditors for an investment company called the GL Beyond Income Fund (“The Fund”). The Fund was managed by Daniel Thibeault (“Thibeault”) and his registered investment adviser firm, GL Capital Partners LLC (“GL Capital”). From at least 2013 through late 2014, Thibeault and GL Capital committed a fraud on The Fund and its investors by, among other things, misappropriating at least \$16 million that belonged to The Fund. Kouser and Dougherty were responsible for The Fund’s fiscal year 2014 audit, and failed to comply with Public Company Accounting Oversight Board’s (“PCAOB”) auditing standards (“PCAOB Standards”) in this audit. Specifically, the Respondents’ violations of the auditing standards stemmed from their failures to: (1) act with due professional care and exercise professional skepticism; (2) obtain sufficient appropriate audit evidence; and, (3) prepare proper audit documentation during the fiscal year 2014 audit (between

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.

³ The findings herein are made pursuant to Respondents’ Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

February 1, 2013 and January 31, 2014). As a result of these audit failures, Respondents Kouser and Dougherty did not uncover Thibeault's and GL Capital's fraud.

B. RESPONDENTS

2. Respondent Kouser is an engagement partner at accounting firm BBD who was responsible for The Fund's fiscal year 2014 audit. Kouser is still employed by BBD, but he no longer serves as an engagement partner responsible for audits of registered investment companies effective January 1, 2016. Respondent Kouser, 51 years old, is licensed to practice as a certified public accountant ("CPA") in Pennsylvania.

3. Respondent Dougherty was an audit manager at accounting firm BBD who was responsible for executing the audit program, audit planning, and supervising staff as part of The Fund's fiscal year 2014 audit. He left BBD in February 2015. Respondent Dougherty, 36 years old, is licensed to practice as a CPA in Pennsylvania.

C. OTHER RELEVANT ENTITIES AND INDIVIDUAL

4. **BBD, LLP ("BBD")** is a PCAOB-registered public accounting firm with its headquarters in Philadelphia, PA. BBD was The Fund's auditor for fiscal years 2013 and 2014 and issued audit reports pursuant to PCAOB Standards. BBD currently has 62 employees and nine partners.

5. **Daniel Thibeault ("Thibeault")** was the Managing Director of GL Capital and assisted in the execution of The Fund's investment strategies and marketing between December 2011 and December 2014 when he was arrested and charged with securities fraud. In the same time period, he was also The Fund's co-portfolio manager.

6. **GL Capital Partners, LLC ("GL Capital")** was a registered investment adviser firm controlled by Thibeault. It acted as the sole investment manager of The Fund.

7. **GL Beyond Income Fund ("The Fund")** is a registered investment company created by Thibeault on or about March 23, 2012 and managed by GL Capital.

8. **TAFT Financial Services, LLC ("TAFT")** was a special purpose limited liability company formed under the laws of the state of South Dakota in December 2011 as a loan originator. Thibeault controlled TAFT, directed the origination and incorporation of this special purpose entity, and conducted its business in Massachusetts.

D. FACTS

Thibeault's and GL Capital's Fraud

9. Since its inception, The Fund pooled investor money to purchase consumer loans. These loans were considered assets of The Fund and the interest payments on these loans were intended to provide The Fund's return on investment. The Fund contained mostly small unsecured consumer loans each averaging approximately \$12,000 in value. By January 31, 2013 (the end of fiscal year 2013), there were more than 500 individual loans in The Fund. And by January 31, 2014 (the end of fiscal year 2014), the total number of loans in The Fund grew to more than 1,000. Starting in February 2013 (the beginning of fiscal year 2014), Thibeault misappropriated his investors' money by creating fictitious loans and diverting the disbursement of loan proceeds to his personal and business bank accounts. Thibeault used the names and personal information of friends and associates without their knowledge or permission to create these fraudulent loans. Using these identities, Thibeault prepared forged promissory notes to cover up his misappropriations.

10. In the books and records of The Fund, the fraudulent loans Thibeault had created were designated with a program code "TA," which indicated that the loans were originated through TAFT Financial Services, LLC (each a "TA Loan" or together the "TA Loans"). TAFT, a special purpose vehicle controlled by Thibeault, was used as an intermediary to issue the fraudulent loans. During the period covered by the fiscal year 2014 audit (February 1, 2013 to January 31, 2014), The Fund purportedly acquired 22 TA Loans valued at \$8,500,000, or \$387,000 on average with the largest being \$537,000. Each of the TA Loans was significantly larger than the typical loans acquired by The Fund, which rarely exceeded \$20,000. After the close of fiscal year 2014 (January 31, 2014), The Fund purportedly acquired additional TA Loans, some of which were purportedly acquired while the audit for fiscal year 2014 was ongoing. By the end of calendar year 2014, The Fund's valuation report reflected 40 TA Loans with an aggregate reported value of approximately \$16 million. All \$16 million had, in fact, been misappropriated by Thibeault and GL Capital.

11. Throughout fiscal year 2014 (February 1, 2013 to January 31, 2014), The Fund also "invested" approximately \$6 million in private placement promissory notes called LAOH Notes for factoring transactions with Philippine companies that purportedly had supplied raw materials to two major conglomerates in the Philippines. Factoring transactions involve the sale of a business's accounts receivable to a third party at a discount in order to meet the business's cash needs. The factoring transaction here involved the use of two shell companies (one domestic and one in the Philippines). Money from The Fund was purportedly used to purchase the accounts receivable of the Philippine suppliers such that, when the two conglomerates made payments, the money would be transferred back to The Fund. In reality, all of the funds related to the LAOH Notes were misappropriated.

12. On December 11, 2014, Thibeault was arrested and charged with criminal securities fraud by the United States Attorney's Office for the District of Massachusetts. On March 3, 2016, Thibeault pled guilty to one count of securities fraud and one count of obstruction of justice. On June 16, 2016, he was sentenced to nine years in prison with three years of supervised release, and was ordered to pay \$15,300,403 in restitution.

13. On January 9, 2015, the Commission filed a civil securities fraud action against Thibeault, GL Capital, and others. On September 23, 2016, a final judgment was entered against Thibeault in the Commission's civil action against him. The final judgment permanently enjoined Thibeault from violating Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, Section 17(a) of the Securities Act of 1933, and Sections 206(1) and 206(2) of the Investment Advisers Act of 1940. In addition, the final judgment ordered that Thibeault's obligation to pay disgorgement of \$15,300,403 and prejudgment interest thereon be deemed satisfied by the order of restitution entered in the parallel criminal proceeding.

Audit Work Performed by Kouser and Dougherty for The Fund

14. BBD performed the audits for The Fund for the fiscal years ended January 31, 2013 (fiscal year 2013) and January 31, 2014 (fiscal year 2014). Kouser was the engagement partner for both of these audits, and Dougherty was the audit manager for these audits. Both Kouser and Dougherty had no experience with the kind of factoring transactions in the LAOH Notes. Further, neither Kouser nor Dougherty ever audited any funds with consumer loans as assets. Numerous delays in confirming information regarding the LAOH Notes as part of valuation procedures caused BBD to delay the issuance of its audit report for fiscal year 2014. BBD's audit report for the fiscal year 2014 audit was not issued until May 29, 2014, nearly four months after The Fund's fiscal year-end.

15. Kouser only had one meeting with Thibeault over the course of the audits even though Thibeault was the principal of GL Capital and the co-portfolio manager of The Fund. During that meeting, Kouser and Thibeault focused on a PowerPoint document Thibeault had created regarding the LAOH Notes. Dougherty never met with Thibeault. The procedures performed for GL Capital and The Fund by BBD's auditing team were not sufficient, even though Kouser understood that The Fund's audit was "more involved" than a typical audit because of the type of assets held by The Fund.

Failure to Act with Due Professional Care and Exercise Professional Skepticism

16. Under PCAOB Standards, auditors are required to exercise due professional care in the planning and performance of the audit and the preparation of the audit report.⁴ *AU Section 230.01*. Due professional care requires the engagement partner to know, at a minimum, the

⁴ Citations to PCAOB Standards ("AU" or "AS") are citations to standards in effect at the time of the relevant conduct.

relevant professional accounting and auditing standards, as well as to be knowledgeable about the client. *AU Section 230.06*. Further, the auditors are required to exercise professional skepticism, an attitude that includes a questioning mind and a critical assessment of audit evidence. *AU Section 230.07*.

17. PCAOB Standards further require that auditors evaluate whether matters such as the subject entity's business, operating characteristics, extent of recent changes in operations and internal controls, among others, are important to the company's financial statements and if so, how they will affect the auditor's procedures. *AS No. 9.7*. Further, "they should perform risk assessment procedures that are sufficient to provide a reasonable basis for identifying and assessing the risk of material misstatement, whether due to error or fraud, and designing further audit procedures." *AS No. 12.4*.

Failure to Understand the TA Loans and Their Impact on The Fund

18. In early 2014, at the outset of the fiscal year 2014 audit, GL Capital informed Kouser and Dougherty that The Fund had acquired larger loans, which had been originated during fiscal year 2014, and that these loans were larger because they were purportedly backing businesses or professional practices.

19. In actuality, as of January 31, 2014 (the end of fiscal year 2014), The Fund's records reflected 22 TA Loans totaling \$8.5 million (or \$387,000 on average), with the largest loan valued at \$537,000. The TA Loans were significantly different in nature and size from the more than 1,000 consumer loans ordinarily held by The Fund, which averaged \$12,000 each and rarely exceeded \$20,000. The TA Loans represented over 36% of the total consumer loan amounts in The Fund as of January 31, 2014. Moreover, 18 additional TA Loans had been acquired after January 31, 2014 (fiscal year 2015), for a total of 40 TA Loans, with a combined value of approximately \$16 million. Because Thibeault was arrested in December 2014, the fiscal year 2015 audit was never conducted. The TA Loans were all serviced through a loan servicing entity affiliated with Thibeault, GL Capital, and The Fund.

20. TAFT, the entity that purportedly originated the TA Loans, was nominally run by a bartender friend of Thibeault's with no banking, lending, or investment experience. Thibeault was not listed in the company's state filings as an owner of TAFT, but he had the authority to disburse funds from TAFT bank accounts. Kouser and Dougherty were also aware that The Fund had a line-of-credit account with TAFT, which had a zero balance as of January 31, 2014. Yet, neither Kouser nor Dougherty asked about the owner of TAFT. They also did not make sufficient inquiries to determine whether TAFT was a related-party to The Fund.

21. Kouser and Dougherty did not pay proper attention to the TA Loans. In fact, they asked no questions about them even though at the start of the 2014 audit, the TA Loans were brand

new to The Fund, and represented over 36% of the value of all consumer loans in The Fund.⁵ Further, Kouser and Dougherty did not recognize the significance of the TA Loans and failed to make inquiries about them even though they were significantly different from the historically smaller unsecured consumer loans made by The Fund.

22. None of the documents prepared by or for Kouser and Dougherty as part of The Fund's fiscal 2014 audit planning even identified that the larger TA Loans were new to the portfolio and represented a significant portion of the total consumer loan value in The Fund. By not scrutinizing the TA Loans, not only did they fail to obtain an adequate understanding of The Fund and its business environment, but Kouser and Dougherty also failed to gain an understanding of the investments made by The Fund and GL Capital. As a result, Kouser and Dougherty failed to identify and assess investment risks and fraud risks related to the significantly larger loans as part of the audit planning process, and thus failed to perform appropriate audit procedures to address these risks.

23. Kouser and Dougherty signed off on BBD's audit planning memo and risk assessment, which failed to note that the significantly larger TA Loans were purportedly used to back businesses or professional practices, in contrast to the traditional smaller loans in The Fund that were unsecured consumer loans. Further, neither Kouser nor Dougherty understood or asked whether money distributed to these purported borrowers was going to any actual businesses or professional practices.

Failure to Understand and Properly Confirm Information Related to the LAOH Notes

24. Facts about the LAOH Notes, as they were known to Kouser and Dougherty, required heightened scrutiny. First, the LAOH Notes were substantially different from the investments The Fund had traditionally made—the LAOH Notes were private placement promissory notes and not small unsecured consumer loans. Second, the structure of the LAOH Notes was very different from the direct lending investments that The Fund had historically made and included the creation of two shell companies to facilitate these transactions. Third, one of the shell companies that facilitated the LAOH Notes was owned by someone who also had owned more than 5% of the shares of The Fund in 2012 (in fact, that person owned more than 20%). Fourth, before investing in the LAOH Notes, the Fund had never entered into either a factoring transaction or an international investment.

25. During The Fund's fiscal year 2014 audit, Kouser and Dougherty should have also learned additional facts concerning the LAOH Notes. For instance, Thibeault solicited one of his college friends to create one of the shell companies that facilitated the LAOH Notes.

⁵ After January 31, 2014 (close of fiscal year 2014) and while the 2014 audit was being performed, The Fund continued to acquire TA Loans which grew to be an even larger percentage of the Fund's assets.

26. Kouser and Dougherty did not ask why either of the shell companies created to facilitate the LAOH Notes transactions was necessary to the transactions. Further, they failed to identify and assess the fraud risks of these transactions in the Philippines in the audit work papers.

27. Auditors “should place emphasis on testing material transactions with parties he knows are related to the reporting entity.” *AU Section 334.07*. To determine the existence of related party transactions, auditors may review material investment transactions to “determine whether the nature and extent of investments during the period create related parties.” *AU Section 334.07*. Despite knowing that one individual currently owned one of the shell companies that facilitated the LAOH Notes and had owned more than 5% (and in fact owned 20%) of the shares of The Fund in 2012, Kouser and Dougherty failed to ask anyone at GL Capital or the shell company about the relationship between the entities. Had Kouser and Dougherty appropriately inquired about the nature of these transactions, it would have revealed that, in addition to owning a significant portion of The Fund, the individual who owned that shell company (i) had created the shell company solely at the direction of Thibeault, and (ii) was listed as a borrower in The Fund who held a note of approximately \$418,000 with an interest rate over 15%. Had the auditors known this information, they would have been required to perform additional auditing procedures to determine the legitimacy and valuation of the LAOH Notes.

28. During the process of confirming information related to the LAOH Notes as part of valuation procedures, Kouser and Dougherty failed to seek confirmation from the two major conglomerates in the Philippines that were purportedly the entities ultimately responsible for payment on the LAOH Notes. Had confirmations been obtained from these two companies, it would have likely revealed that the factoring transactions did not exist and the funds had been misappropriated.

29. PCAOB Standards require auditors to consider the competency and sufficiency of evidence gathered during the audit, assess the fraud risk throughout the audit, and maintain professional skepticism throughout the confirmation process. *AU Section 230.08, AS No. 14.28, and AU Section 330.15*. Further, in evaluating the assessed fraud risks, auditors should take into account matters like “documents that appear to have been altered,” “unusual discrepancies between the company’s records and confirmation responses,” and “unusual delays by management in providing requested information” such as during the confirmation process, among others. *AS No. 14 (Appendix C)*.

30. Kouser and Dougherty failed to exercise heightened scrutiny when several circumstances surrounding the process of confirming information related to the valuation of the LAOH Notes called into question the reliability of the purported confirmations. First, as Kouser and Dougherty were aware, there were significant delays in getting responses from the suppliers in the Philippines as to the amounts they purportedly received from one of the shell companies. Indeed, these delays were so significant that they held up the issuance of BBD’s audit report. Second, when the confirmations were finally sent to BBD, the documents had identical type-face and dates, even though they purported to come from different businesses in the Philippines.

Dougherty and Kouser were aware of this anomaly; indeed, Dougherty remarked to Kouser that everyone in the Philippines “must use the same type-writer.” Third, the purported confirmations were all sent to BBD within 30 minutes of each other. Lastly, the confirmations contained multiple errors. With all these unusual circumstances and discrepancies surrounding the confirmation process, which would have led a reasonably skeptical auditor to question the reliability of those confirmations, Kouser and Dougherty should have taken additional steps to verify the LAOH Notes as assets of The Funds. For instance, an internet search would have revealed that the purported email addresses for these Philippine suppliers provided to Kouser and Dougherty by GL Capital did not match the public website domain addresses for the actual Philippine companies with those business names and were thus likely fictitious. Further, Kouser and Dougherty could have attempted to verify the source of the email responses with a telephone call to the purported sender. But even these steps were not taken.

Failure to Understand The Fund’s Internal Controls

31. As the engagement partner who is ultimately responsible for the audit, Kouser failed to obtain an appropriate understanding of the internal controls for The Fund, as required by AS No. 12.18. In its planning work papers, BBD determined The Fund’s control environment to be low risk due to The Fund’s use of third-party service providers, including The Fund’s custodian (the “custody bank”). As a result, Kouser relied solely on the custody bank to confirm the existence of The Fund’s assets. But Kouser did not understand, and did not inquire of anyone at the custody bank or The Fund, what steps, if any, the custody bank undertook to substantiate ownership of the loans. Kouser also never asked about and thus never understood what loan documents were verified or maintained by the custody bank, nor did he ask who was providing the underlying loan documents to the custody bank. Further, Kouser failed to inquire whether the custody bank actually verified anything with the underlying borrowers of the consumer loans. Kouser obtained and reviewed a service report from the custody bank for the period covering the audit; however, the report did not specifically address procedures covering the alternative assets present in The Fund.

Failure to Select Representative Sample of The Fund’s Assets

32. PCAOB Standards require that samples used in an audit be “selected in such a way that the sample can be expected to be representative of the population.” *AU Section 350.24*. Though Kouser and Dougherty signed work papers confirming that they tested a representative sample of loans in The Fund’s portfolio, their method involved a haphazard selection of 40 loans in The Fund’s portfolio, and did not include any of the (fraudulent) TA Loans. The TA Loans were more than a third of the portfolio, and were significantly larger in value and made on different terms than the other loans. These loans purportedly backed businesses or professional practices and had different interest rate structures and collateral arrangements from the traditional loans in the portfolio. For instance, collateral arrangements did not exist for the traditional unsecured consumer loans. Kouser and Dougherty failed to recognize that there were different types of loans in The Fund’s portfolio and that different samples should have been created for each type of loan

for testing. As a result, the sample tested was not representative of The Fund's portfolio of investments and Kouser and Dougherty did not obtain the loan origination documents for the TA Loans that were fabricated, with fictitious borrower information and forged signatures.

Failure to Obtain Sufficient Appropriate Audit Evidence

33. PCAOB Standards require that auditors “plan and perform audit procedures to obtain sufficient appropriate audit evidence to provide a reasonable basis for his or her opinion.” *AS No. 15.4.*

34. Kouser and Dougherty failed to obtain sufficient evidence as to the valuation of the TA Loans. The Fund's annual report stated that securities it held would be measured at “fair value.” PCAOB Standards require that auditors obtain sufficient appropriate audit evidence that provides “reasonable assurance that fair value measurements and disclosures are in conformity with GAAP.” *AU Section 328.03.* To do so, auditors should gain an understanding of the entity's process for determining fair value measurement and disclosures in order to plan the nature, timing, and extent of the audit procedures. *AU Sections 328.11 and 328.12.* The unsecured consumer loan investments historically made by The Fund were \$12,000 on average and were valued using GL Capital's proprietary valuation model. The model, designed for loans up to \$35,000, primarily used borrower's credit scores and payment history to value the consumer loans. The TA Loans, however, were much larger and had an average value of \$387,000 as of the end of fiscal year 2014 (January 31, 2014). Kouser and Dougherty failed to ask about or understand the propriety of using a valuation model designed for loans up to \$35,000 for the much larger TA Loans. The TA Loans also had different valuation factors from the smaller traditional consumer loans, and Kouser and Dougherty did not understand or make any inquiries into these valuation factors, which included the collateral that purportedly secured the TA Loans and the one-year interest deferral on the TA Loans. Because they had no understanding and made no inquiries into these valuation factors, Kouser and Dougherty failed to properly assess the TA Loans' value.

35. Had Kouser and Dougherty made the necessary inquiries, they would have recognized that the TA Loans were different in several ways from The Fund's traditional unsecured consumer loan investments and these differences made additional audit procedures necessary. Kouser and Dougherty should have evaluated the value of the collateral by obtaining evidence of the underlying promissory notes, collateral arrangements, and lending documents. Instead, Kouser and Dougherty considered only the historical payments on the TA Loans and performed no analysis or inquiry into the promissory notes or collateral underlying the TA Loans.

36. Kouser and Dougherty failed to obtain sufficient evidence to confirm information concerning the valuation of the LAOH Notes with the two Philippine conglomerates that were purportedly responsible for the payment on the LAOH Notes. Had confirmations been sent to these entities, it would have likely revealed that the factoring transactions did not exist and that investor funds had been misappropriated. By failing to assess payment terms with the entities

holding the “credit risk” to the transactions, Kouser and Dougherty did not properly audit the valuation of the LAOH Notes. *AU Section 328.03*.

Failure to Properly Prepare Audit Documentation

37. Under PCAOB Standards, auditors should prepare audit documentation in sufficient detail to provide a clear understanding of its purpose, source, and the conclusions reached. *AS No. 3.4*. Also, the documentation should be appropriately organized to provide a clear link to the significant findings or issues. *AS No. 3.4*.

38. Kouser repeatedly failed to prepare adequate documentation for numerous aspects of the audit of The Fund. For instance, he failed to document information concerning the custody bank’s procedures on the custody and verification of consumer loans in The Fund’s portfolio and information concerning the two fraud risk discussions he claims he had with The Fund’s co-portfolio manager and an associate general counsel at GL Capital.

E. Findings

39. Based on the foregoing, the Commission finds that the Respondents engaged in improper professional conduct under Section 4C(a)(2) of the Exchange Act and Rule 102(e)(1)(ii) 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 Respondents’ Offers.

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

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

1. After three years from the date of this order, Kouser 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:

- a. 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 (other than as a member of an audit committee, as that term is defined in Section 3(a)(58) of the Exchange Act). Such an application must satisfy the Commission that Kouser’s work in his practice before the Commission as an accountant 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

- b. 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 as a member of an audit committee, as that term is defined in Section 3(a)(58) of the Exchange Act. Such an application will be considered on a facts and circumstances basis with respect to such membership, and the applicant's burden of demonstrating good cause for reinstatement will be particularly high given the role of the audit committee in financial and accounting matters; and/or
- c. an independent accountant.

Such an application must satisfy the Commission that:

- (1) Kouser, 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;
- (2) Kouser, 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 Kouser's or the firm's quality control system that would indicate that Kouser will not receive appropriate supervision;
- (3) Kouser 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
- (4) Kouser acknowledges his responsibility, as long as he 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.

2. The Commission will consider an application by Kouser 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 Kouser's character, integrity professional conduct, or qualifications to appear or practice before the Commission as an accountant. Whether an application demonstrates good cause will be considered on a facts and circumstances basis with due regard for protecting the integrity of the Commission's processes.

B. Dougherty is denied the privilege of appearing or practicing before the Commission as an accountant.

1. After two years from the date of this order, Dougherty 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:

- a. 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 (other than as a member of an audit committee, as that term is defined in Section 3(a)(58) of the Exchange Act). Such an application must satisfy the Commission that Dougherty's work in his practice before the Commission as an accountant 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
- b. 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 as a member of an audit committee, as that term is defined in Section 3(a)(58) of the Exchange Act. Such an application will be considered on a facts and circumstances basis with respect to such membership, and the applicant's burden of demonstrating good cause for reinstatement will be particularly high given the role of the audit committee in financial and accounting matters; and/or
- c. an independent accountant.

Such an application must satisfy the Commission that:

- (1) Dougherty, 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;

- (2) Dougherty, 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 Dougherty's or the firm's quality control system that would indicate that Dougherty will not receive appropriate supervision;
- (3) Dougherty 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
- (4) Dougherty acknowledges his responsibility, as long as he 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.

2. The Commission will consider an application by Dougherty 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 Dougherty's character, integrity professional conduct, or qualifications to appear or practice before the Commission as an accountant. Whether an application demonstrates good cause will be considered on a facts and circumstances basis with due regard for protecting the integrity of the Commission's processes.

By the Commission.

Brent J. Fields
Secretary