

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 81619 / September 14, 2017**

**ACCOUNTING AND AUDITING ENFORCEMENT**  
**Release No. 3896 / September 14, 2017**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-18181**

**In the Matter of**

**THOMAS C. TEKULVE, JR.,**  
**CPA**

**Respondent.**

**ORDER INSTITUTING PUBLIC**  
**ADMINISTRATIVE PROCEEDINGS**  
**PURSUANT TO 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 and in the public interest that public administrative proceedings be, and hereby are, instituted against Thomas C. Tekulve, Jr., CPA (“Respondent” or “Tekulve”) pursuant to Rule 102(e)(3)(i) of the Commission’s Rules of Practice.<sup>1</sup>

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<sup>1</sup> Rule 102(e)(3)(i) provides, in relevant part, that:

The Commission, with due regard to the public interest and without preliminary hearing, may, by order, . . . suspend from appearing or practicing before it any . . . accountant . . . who has been by name . . . permanently enjoined by any court of competent jurisdiction, by reason of his or her misconduct in an action brought by the Commission, from violating or aiding and abetting the violation of any provision of the Federal securities laws or of the rules and regulations thereunder.

## 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, and the findings contained in Section III.3 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to 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:

1. Tekulve, age 65, is and has been a certified public accountant licensed to practice in the State of Oregon. He served as Chief Financial Officer of Basin Water, Inc., from September 2004 to May 2008, and Vice President of Business Development from June 2008, until he resigned effective October 8, 2008.

2. Basin Water, Inc. was a Delaware corporation with its principal place of business in Rancho Cucamonga, California. Basin was engaged in the business of designing, manufacturing and servicing ground water treatment systems. Basin became a reporting company on May 11, 2006. During the relevant time period, its stock was registered with the Commission pursuant to Section 12 of the Exchange Act, and its stock traded on the Nasdaq National Market until July 31, 2006, and thereafter on the Nasdaq Global Market. On February 10, 2009, Basin filed a restatement with the Commission on Form 10-K/A, concluding that it had improperly recognized revenue on the six transactions at issue in the Commission’s civil action described below, as well as on several other transactions. On July 16, 2009, Basin filed a bankruptcy petition under Chapter 11 of the Bankruptcy Code. On August 5, 2009, the Nasdaq delisted Basin’s stock effective August 17, 2009. On August 29, 2009, it sold substantially all of its assets to a subsidiary of London-based Amplio Group. On September 21, 2011 the Commission revoked Basin’s registration under Section 12(g).

3. On June 24, 2011, the Commission filed a complaint in the Central District of California against Tekulve in *SEC v. Peter L. Jensen and Thomas C. Tekulve* (Civil Action No. 11-05316 R). On September 13, 2017, the court entered an order permanently enjoining Tekulve, by consent, from future violations of Section 17(a) of the Securities Act of 1933 [15 U.S.C. § 77q(a)]; Section 10(b) of the Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]; Section 13(a) of the Exchange Act [15 U.S.C. § 78t(a)], and Rules 12b-20, 13a-1 and 13a-13 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1 and 240.13a-13]; Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)] and Rule 13b2-1 thereunder [17 C.F.R. § 240.13b2-1]; Rule 13b2-2 [17 C.F.R. § 240.13b-2]; Rule 13a-14 [17 C.F.R. § 240.13a-14]; and Section 304(a) of the Sarbanes-Oxley Act of 2002 (“SOX”) [15 U.S.C. §

7243(a)]. The court also imposed a one (1) year officer and director bar on Tekulve, pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. 78h(d)(2)], ordered him to pay a \$130,000 civil money penalty, and ordered him to reimburse BWI Liquidating Trust \$1,200.00 under Section 304(a) of SOX.

4. The Commission's complaint alleged, among other things, that Tekulve, together with Peter L. Jensen, Basin Water's Chairman of the Board and Chief Executive Officer, overstated Basin Water's financial results for each of its quarters beginning with its initial quarter as a public company (the first quarter of fiscal year 2006 ended March 31, 2006) through its fiscal year ended December 31, 2007. The complaint alleges that Jensen and Tekulve materially overstated and caused Basin Water to materially overstate its revenues, gross profits, and system sales by improperly recognizing and reporting revenue from the company's purported sales of water treatment systems in six discrete transactions. The purported revenue failed to meet Generally Accepted Accounting Principles ("GAAP") for recognizing revenue. In particular, the complaint alleged that certain sales did not occur in the quarter for which revenue was recognized; other sales were contingent on the customer's acceptance of the treatment system or the resale of the system to an ultimate end-user; several sales were recorded even though the company never delivered the treatment system; and on all the sales collectability was not reasonably assured. As a result, Jensen and Tekulve caused Basin Water to overstate its annual revenues in 2006 by 13% and its revenues in 2007 by 74%, as well as caused Basin Water to overstate revenues for multiple quarterly periods from 10% to 68%, and from 56% to 161% for 2006 and 2007 interim periods respectively. On August 11, 2008, the company announced it was restating its financial results for these periods, including the six transactions alleged in the complaint, which restatement was issued on February 10, 2009.

#### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanction agreed to in Respondent Tekulve's Offer.

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

A. Respondent is suspended from appearing or practicing before the Commission as an accountant.

B. After one year 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 (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 Respondent'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

2. 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 Securities Act of 1934. 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

3. 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 Public Company Accounting Oversight Board ("Board") 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 Board 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 Board, and has complied with all terms and conditions of any sanctions imposed by the Board (other than reinstatement by the Commission); and

(d) Respondent 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 Board, 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 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