

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 82103 / November 16, 2017

Admin. Proc. File No. 3-17758

In the Matter of the Application of

CYNTHIA C. REINHART, CPA

For Review of Action Taken by the

PCAOB

ORDER DIRECTING THE FILING OF BRIEFS

Cynthia C. Reinhart, CPA, appeals a disciplinary action taken by the Public Company Accounting Oversight Board finding that she violated PCAOB Rules by failing during an audit to evaluate adequately whether there was substantial doubt about Thornburg Mortgage, Inc.'s ability to continue as a going concern and whether it had the ability to hold impaired securities. The Board found that Reinhart's violations constituted repeated instances of negligent conduct and barred her from associating with a registered public accounting firm, with leave to petition to associate after two years, and limited her from serving in certain roles and exercising certain authority as to any issuer audit for an additional year.¹

In considering Reinhart's appeal, we believe the Commission would benefit from additional briefing. We therefore direct the PCAOB to file a sur-reply and grant Reinhart the right to respond to that brief. The PCAOB's sur-reply should address the issues raised in Reinhart's reply brief (filed April 11, 2017), including, but not limited to, further analysis of the following questions:

1. How did Reinhart's allegedly negligent conduct with respect to (a) her evaluation of the company's ability to continue as a going concern and (b) her evaluation of the company's ability to hold its impaired assets each constitute at least one separate instance of negligent conduct?

¹ Final Decision, *Cynthia C. Reinhart, CPA*, PCAOB No. 105-2012-003 (Nov. 18, 2016).

2. Why did the “individual audit tasks” underlying Reinhart’s alleged violations constitute “repeated instances of negligent conduct” instead of constituting a single instance of Reinhart’s being “negligent in failing to adequately consider, in light of contrary evidence, whether the company had sufficient readily available liquidity to meet its financial obligations.”²
3. What is your response to Reinhart’s claim in her reply brief that her audit was a “reasonable approach” with respect to (a) her evaluation of the company’s ability to continue as a going concern and (b) her evaluation of the company’s ability to hold its impaired assets?

Accordingly, IT IS ORDERED that the PCAOB file a sur-reply, not to exceed 7,000 words, by Friday, December 22, 2017. Respondent may file a response to the PCAOB’s sur-reply, not to exceed 7,000 words, by Friday, January 12, 2018. No further briefs may be filed without seeking leave from the Commission.

For the Commission, by the Office of the General Counsel, pursuant to delegated authority.

Brent J. Fields
Secretary

² Compare, e.g., Final Decision at 93 *with* Dissent at 1. The parties’ attention is called to Rule of Practice 450(b) with respect to citations to the relevant portions of the record, including references to the specific pages relied upon. 17 C.F.R. § 201.450(b). This order is not to be construed as a decision by the Commission on any aspect of the PCAOB’s decision or as expressing the Commission’s views as to any of the arguments, claims, or defenses raised by the parties.