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II.

In anticipation of the institution of these proceedings, and pursuant to PCAOB Rule 5205, Respondents have each submitted an Offer of Settlement (collectively, the "Offers") that the Board has determined to accept. Solely for purposes of these proceedings and any other proceedings brought by or on behalf of the Board, or to which the Board is a party, and without admitting or denying the findings herein, except as to the Board's jurisdiction over Respondents and the subject matter of these proceedings, which is admitted, Respondents consent to the entry of this Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions ("Order"), as set forth below.³

III.

On the basis of Respondents' Offers, the Board finds that:⁴

A. Respondents

1. The Hall Group, CPAs is, and at all relevant times was, a professional corporation organized under the laws of the state of Texas, and headquartered in Lewisville, Texas. The Firm is registered with the Board pursuant to Section 102 of the Act and PCAOB rules. The Firm previously was licensed to practice public accountancy by the Texas State Board of Public Accountancy ("TSBPA") (license no. C06240). The Firm's license with the TSBPA expired on May 31, 2014. At all relevant times, the Firm was the external auditor for the three issuers discussed below.

2. David S. Hall, age 58, of Lewisville, Texas, is a certified public accountant licensed by the TSBPA (license no. 037991). At all relevant times, Hall was the president and sole owner of the Firm, and he served as the engagement partner for the three audits discussed below. Hall is an associated person of a registered public

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

⁴ The Board finds that Respondents' conduct described in this Order meets the conditions set out in Section 105(c)(5) of the Act, 15 U.S.C. § 7215(c)(5), which provides that certain sanctions may be imposed in the event of: (A) intentional or knowing conduct, including reckless conduct, that results in a violation of the applicable statutory, regulatory, or professional standard; or (B) repeated instances of negligent conduct, each resulting in a violation of the applicable statutory, regulatory, or professional standard.

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accounting firm as that term is defined in Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(i).

B. Summary

3. This matter concerns Respondents' violations of PCAOB rules and auditing standards in connection with the audits of the June 30, 2012 ("FY 2012") financial statements of Seven Arts Entertainment Inc. ("Seven Arts") and Freestone Resources, Inc. ("Freestone"), and the December 31, 2012 financial statements of Medient Studios, Inc. ("Medient") (collectively, the "Audits"). Respondents repeatedly failed to obtain sufficient appropriate audit evidence and to exercise due care and professional skepticism in connection with the Audits.

4. This matter also concerns Respondents' failures to comply with Auditing Standard No. 7, *Engagement Quality Review* ("AS7"). The engagement quality reviewer ("EQR") assigned to two of the Audits did not possess the level of knowledge and competence required to perform engagement quality reviews. In addition, Hall served as the EQR for the third Audit, while simultaneously serving as the engagement partner.

5. This matter also concerns Respondents' violations of PCAOB Rule 4006, *Duty to Cooperate with Inspectors*, and Auditing Standard No. 3, *Audit Documentation* ("AS3"). In advance of the Board's 2013 inspection of the Firm, Hall, and others acting at his direction improperly altered, added to, and backdated archived work papers. Respondents made these misleading work papers available to the Board's inspectors in violation of PCAOB Rule 4006. Respondents also failed to comply with AS3 because Hall, and others acting at his direction, did not indicate the date that the work papers were modified, the names of the persons who made the modifications, and the reason for doing so.

6. This matter also concerns the Firm's failure, in 2014, to file an annual report with the Board and to pay an annual fee to the Board. See Section 102(d) of the Act, PCAOB Rule 2200, *Annual Report*; PCAOB Rule 2202, *Annual Fee*.

7. Finally, this matter concerns Hall's violation of PCAOB Rule 3502, *Responsibility Not to Knowingly or Recklessly Contribute to Violations*. At all relevant times, Hall was the sole owner of the Firm and the engagement partner for each of the Audits. Hall was in charge of the Firm's issuer audit practice, and he was the Firm's contact with the Board. Hall took or omitted to take actions knowing, or recklessly not knowing, that his acts and/or omissions would directly and substantially contribute to the Firm's violations of PCAOB rules and auditing standards.

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C. Respondents Violated PCAOB Rules and Auditing Standards in Connection with the Audits.

8. In connection with the preparation or issuance of any audit report, PCAOB rules require that a registered public accounting firm and its associated persons comply with the Board's auditing and related professional practice standards.⁵ An auditor may express an unqualified opinion on an issuer's financial statements only when the auditor has formed such an opinion on the basis of an audit performed in accordance with PCAOB standards.⁶ Among other things, those standards require that an auditor exercise due professional care and professional skepticism in performing the audit.⁷

9. PCAOB standards require auditors to take certain steps in connection with the identification and assessment of risks of material misstatement. An auditor should evaluate whether the company's selection and application of accounting principles are appropriate for its business and consistent with the applicable financial reporting framework and accounting principles used in the relevant industry.⁸ Also, "[t]he auditor should evaluate whether the information gathered from the risk assessment procedures indicates that one or more fraud risk factors are present and should be taken into account in identifying and assessing fraud risks."⁹ The improper recognition of revenue is a presumed fraud risk.¹⁰

10. To determine whether an identified and assessed risk is a significant risk, the auditor should evaluate whether the risk requires special audit consideration because of the nature of the risk or the likelihood and potential magnitude of

⁵ See PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*; PCAOB Rule 3200T, *Interim Auditing Standards*.

⁶ See AU § 508.07, *Reports on Audited Financial Statements*.

⁷ See AU § 150.02, *Generally Accepted Auditing Standards*; AU § 230, *Due Professional Care in the Performance of Work*.

⁸ See Auditing Standard No. 12, *Identifying and Assessing Risks of Material Misstatement* ("AS12") ¶¶ 12-13.

⁹ *Id.* ¶ 65.

¹⁰ *Id.* ¶ 68.

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misstatement related to the risk.¹¹ Relevant factors in determining whether a risk is a significant risk include: (a) whether the identified risk is a fraud risk; and (b) whether the risk involves significant transactions with related parties.¹² The assessment of risk should continue throughout the audit and, when the auditor obtains audit evidence that contradicts audit evidence on which the original risk assessment was made, "the auditor should revise the risk assessment and modify planned audit procedures or perform additional procedures in response to the revised risk assessments."¹³

11. PCAOB auditing standards require auditors to design and implement appropriate audit responses to the risks of material misstatement.¹⁴ The auditor should determine whether it is necessary to make pervasive changes to the nature, timing, or extent of audit procedures to adequately address the assessed risks of material misstatement.¹⁵ "The auditor's responses to the assessed risks of material misstatement, particularly fraud risks, should involve the application of professional skepticism in gathering and evaluating audit evidence."¹⁶ Also, the auditor should gain an understanding of the business rationale for significant unusual transactions and evaluate whether that rationale (or the lack thereof) suggests that the transactions may have been entered into to engage in fraud.¹⁷

12. The auditor must plan and perform audit procedures to obtain sufficient appropriate audit evidence to provide a reasonable basis for the auditor's opinion.¹⁸ The "auditor should take into account all relevant audit evidence, regardless of whether it appears to corroborate or to contradict the assertions in the financial statements."¹⁹

¹¹ Id. ¶ 70.

¹² Id. ¶ 71.

¹³ Id. ¶ 74.

¹⁴ Auditing Standard No. 13, *The Auditor's Responses to the Risks of Material Misstatement* ("AS13") ¶ 3.

¹⁵ Id. ¶ 6.

¹⁶ Id. ¶ 7.

¹⁷ AU § 316.66, *Consideration of Fraud in a Financial Statement Audit*.

¹⁸ Auditing Standard No. 15, *Audit Evidence* ("AS15") ¶ 4.

¹⁹ Auditing Standard No. 14, *Evaluating Audit Results* ("AS14") ¶ 3.

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The auditor must evaluate the results of the audit to determine whether the audit evidence obtained is sufficient and appropriate to support the opinion to be expressed in the auditor's report.²⁰ "If the auditor has not obtained sufficient appropriate audit evidence about a relevant assertion . . . the auditor should perform procedures to obtain further audit evidence to address the matter."²¹ The auditor must evaluate whether the financial statements are presented fairly, in all material respects, in conformity with the applicable financial reporting framework.²²

13. As described below, Respondents failed to comply with the above PCAOB rules and auditing standards in connection with the Audits.

Seven Arts

14. At all relevant times, Seven Arts Entertainment Inc. was a Nevada corporation headquartered in Los Angeles, California. The public filings of Seven Arts disclosed that it was a motion picture production company. At all relevant times, its common stock was registered under Section 12(g) of the Securities Exchange Act of 1934 ("Exchange Act")²³ and was quoted on the OTC Pink marketplace. At all relevant times, Seven Arts was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

15. Hall was the engagement partner for the Firm's audit of the June 30, 2012 financial statements of Seven Arts, and he supervised the work of the engagement team. On October 14, 2012, Hall authorized the Firm's issuance of an audit report expressing an unqualified opinion on Seven Arts' financial statements. The audit report was included in the Form 10-K that Seven Arts filed with the Commission on October 15, 2012.

16. At the time of the audit, Respondents understood that the majority of the revenue recognized by Seven Arts resulted from a significant unusual transaction between the company and a related party. Seven Arts disclosed in its public filings that

²⁰ Id. ¶ 4.

²¹ Id. ¶ 35.

²² Id. ¶¶ 30-31.

²³ On February 27, 2015, Seven Arts filed a Form 15, *Certification and Notice of Termination of Registration*, with the U.S. Securities and Exchange Commission ("Commission") terminating the company's registration.



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it was a motion picture production and distribution company. Ninety percent of the revenue that the company recognized in FY 2012, however, related to applications for tax credits for rehabilitating a house in New Orleans. The house was owned by a related party; namely, a company formed by the wife of the CEO of Seven Arts. Seven Arts guaranteed construction loans for the related party and, in exchange, the related party assigned to Seven Arts the proceeds of the tax credits. The company recognized revenue on this transaction in the amount of approximately \$7.5 million.

17. Respondents failed to obtain sufficient appropriate audit evidence to evaluate whether an earnings process had taken place such that revenue could be recognized on this transaction. Respondents failed to evaluate whether Seven Arts had substantially accomplished what the company must do to be entitled to the benefits represented by the proceeds of the tax credits. More specifically, Respondents failed to evaluate whether goods had been delivered, services rendered, or other activities that constituted the company's ongoing major or central operations had been performed, as required by U.S. Generally Accepted Accounting Principles ("GAAP").²⁴

18. Respondents also failed to obtain sufficient appropriate audit evidence to evaluate whether the proceeds of the tax credits were collectible.²⁵ Respondents ignored contrary audit evidence that called into question the collectability of these proceeds. Respondents were aware, at the time of the audit, of the following matters: (a) none of the proceeds had been received, either by the related party or by Seven Arts; (b) there was a lack of third-party evidence supporting that the applications for the tax credits had received final approval; (c) the FBI had subpoenaed Firm work papers in connection with an investigation involving the related party's applications for certain of the tax credits; (d) the U.S. Attorney in New Orleans was investigating a potential fraud in connection with the related party's application for certain of the tax credits; and (e) the Louisiana State Auditor was investigating the related party in connection with its application for certain of the tax credits.

19. Respondents were aware of these red flags; however, Respondents failed to perform procedures to obtain further audit evidence to address these matters.

²⁴ Financial Accounting Standards Board Accounting Standards Codification ("ASC") Topic 605-10-25-1, *Revenue Recognition*.

²⁵ Id.

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Medient

20. At all relevant times, Medient Studios, Inc.²⁶ was a Nevada corporation headquartered in Los Angeles, California. Medient's public filings disclosed that it was a film production and distribution company. At all relevant times, its common stock was registered under Section 12(g) of the Exchange Act and was quoted on the OTCQB marketplace.²⁷ At all relevant times, Medient was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

21. Hall was the engagement partner for the Firm's audit of the December 31, 2012 financial statements of Medient, and he supervised the work of the engagement team. On April 15, 2013, Hall authorized the Firm's issuance of an audit report expressing an unqualified opinion, with a going concern explanatory paragraph, on Medient's financial statements. The audit report was included in the Form 10-K that Medient filed with the Commission on April 16, 2013.

Tax Credit Proceeds

22. In 2012, Medient recognized revenue in the amount of \$1.4 million, or 43 percent of reported revenue, which consisted of Medient's right to the proceeds of certain United Kingdom film tax credits. Medient disclosed in its public filings that a United Kingdom taxing authority was expected to issue the tax credits to a related party of the company. Medient's CEO was a significant shareholder of that related party. At

²⁶ On September 9, 2014, Medient filed a Form DEF-14C, *Definitive Information Statement*, with the Commission stating that Medient had changed its name to Moon River Studios, Inc.

²⁷ The Commission suspended the trading of Medient stock during the period June 25, 2014 through July 9, 2014, because of questions "about the accuracy and adequacy of publicly disseminated information concerning, among other things, the company's total shares outstanding and its operations." Medient Studios, Inc., TISO, Exchange Act Rel. No. 72462, 79 Fed. Reg. 36569 (June 25, 2014). After the expiration of the trading suspension, OTC Markets Group Inc. discontinued displaying quotes for Medient, and began identifying Medient as a Grey Market security. On March 12, 2015, the company filed with the Commission a Form 25, *Notification of Removal from Listing and/or Registration*, stating that the company had complied with the rules and requirements governing the voluntary withdrawal of the company's common stock from listing and registration on the OTC Markets.

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the time of the audit, Respondents determined that there was a significant risk of material misstatement for this transaction because the proceeds of the tax credits were due from a related party.

23. Respondents failed to obtain sufficient appropriate audit evidence to evaluate whether an earnings process had taken place. More specifically, Respondents failed to evaluate whether goods had been delivered, services rendered, or other activities that constituted the company's ongoing major or central operations had been performed.²⁸

24. Respondents also failed to obtain sufficient appropriate audit evidence to evaluate whether the proceeds from the film tax credits were collectible.²⁹ Respondents ignored contrary audit evidence that called into question the collectability of these proceeds. Among other things, the Firm's work papers contained information related to the following matters: (a) the asset purchase agreement between the related party and the prior owner of the tax credits excluded "[a]ll refunds, credits, or overpayments with respect to Taxes" from the sale; (b) no tax credits had been received, either by Medient or by the related party, at the time of the audit; and (c) there was no evidence that the application for the tax credits had been filed with, or approved by, the taxing authority.

25. Respondents were aware of these red flags; however, Respondents failed to perform procedures to obtain further audit evidence to address these matters.

Advance from License Agreement

26. In 2012, Medient also recognized revenue in the amount of \$1.3 million, or 41 percent of total reported revenue, arising out of an advance purportedly due from a motion picture studio. The agreement that entitled Medient to this advance was executed on September 4, 2012. The 2012 agreement was the second amendment to an earlier agreement between the parties. The earlier agreement was dated May 20, 2011. The 2012 agreement increased the original advance amount from approximately \$1.1 million to approximately \$1.3 million.

27. Respondents failed to obtain sufficient appropriate evidence to evaluate whether it was appropriate for Medient to recognize the advance as revenue. Respondents ignored contrary audit evidence that called into question the

²⁸ ASC Topic 605-10-25-1.

²⁹ Id.

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collectability³⁰ of the purported revenue, including the following matters: (a) none of the original \$1.1 million advance from May 2011 had been paid; and (b) none of the additional advance from September 2012 had been paid. Respondents were aware of these red flags; however, Respondents failed to perform procedures to obtain further audit evidence to address these matters.

Freestone

28. At all relevant times, Freestone Resources, Inc. was a Nevada corporation headquartered in Dallas, Texas. Freestone's public filings disclosed that it was an oil and gas technology development company. At all relevant times, its common stock was registered under Section 12(g) of the Exchange Act and was quoted on the OTCQB marketplace. At all relevant times, Freestone was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

29. Hall was the engagement partner for the Firm's audit of the June 30, 2012 financial statements of Freestone, and he supervised the work of the engagement team. On September 19, 2012, Hall authorized the Firm's issuance of an audit report expressing an unqualified opinion, with a going concern explanatory paragraph, on Freestone's financial statements. The audit report was included in the Form 10-K that Freestone filed with the Commission on September 24, 2012.

Asset Retirement Obligation

30. Respondents failed to gather sufficient appropriate audit evidence to evaluate whether Freestone's accounting for an asset retirement obligation ("ARO") complied with GAAP. During FY 2012, Freestone recognized an increase in the liability for the cost to plug and abandon oil and gas properties. The ARO liability equaled 43 percent of total reported liabilities. Freestone failed to capitalize this additional cost to the related oil and gas assets. Instead, Freestone applied this cost to current expenses. Respondents failed to evaluate whether this complied with GAAP.³¹

Financial Statement Disclosures

31. Freestone failed to make the supplemental financial statement disclosures required of oil and gas producing companies. Supplemental disclosures are required when a company's revenues from oil and gas production equal or exceed 10 percent of

³⁰ Id.

³¹ See ASC Topic 410, *Asset Retirement and Environmental Obligations*.

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total revenues.³² In FY 2012, 100 percent of Freestone's revenues resulted from oil or gas production. Respondents failed to gather sufficient appropriate audit evidence to evaluate whether Freestone's omission of supplemental disclosures complied with GAAP.

D. Respondents Failed to Comply with PCAOB Auditing Standards in Connection with the Engagement Quality Reviews for the Audits.

32. AS7 requires that an engagement quality review be performed on audits and interim reviews conducted pursuant to PCAOB standards.³³ The EQR 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.³⁴ An EQR of a firm must be a partner or another individual in an equivalent position.³⁵ An EQR should not make decisions on behalf of the engagement team, or assume any of the responsibilities of the engagement team.³⁶

33. In connection with the FY 2012 audits of the financial statements of Seven Arts and Freestone, the Firm failed to comply with AS7. Hall assigned an auditor of the Firm to serve as the EQR for both audits. The auditor was not a partner or another individual in an equivalent position at the Firm. The highest level that the auditor had held on an engagement team was to serve as an audit senior. The auditor, as well, was not a licensed certified public accountant. This auditor did not possess the level of knowledge and competence required to serve as the engagement partner on the engagements under review.

34. In connection with the Firm's audit of the 2012 financial statements of Medient, Hall served as the EQR. At the same time that Hall served as the EQR, he also served as the engagement partner for this audit. Hall, therefore, made decisions and assumed responsibilities on behalf of the audit engagement team at the same time that he was serving as the EQR, in violation of AS7.

³² See ASC Topic 932-235-50-2, *Extractive Activities – Oil and Gas*.

³³ AS7 ¶ 1.

³⁴ Id. ¶ 5.

³⁵ Id. ¶ 3.

³⁶ Id. ¶ 7.

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E. Respondents Violated PCAOB Rule 4006 and AS3.

35. PCAOB rules require that registered public accounting firms and their associated persons "shall cooperate with the Board in the performance of any Board inspection."³⁷ This cooperation obligation "includes an obligation not to provide misleading documents or information in connection with the Board's inspection processes."³⁸ PCAOB auditing standards require auditors to make certain written disclosures when they add information to work papers after the documentation completion date for an audit.³⁹ As described below, Respondents violated PCAOB Rule 4006 and AS3.

36. October 14, 2012 was the report release date for the audit of the FY 2012 financial statements of Seven Arts.⁴⁰ The documentation completion date for the audit was November 28, 2012.⁴¹

37. On or before June 17, 2013, Respondents learned that the Board would inspect the Firm's audit of the FY 2012 financial statements of Seven Arts. After learning that this audit would be inspected, Hall, and others acting at his direction, improperly altered, added to, and backdated archived work papers without making the disclosures required by AS3. The altered work papers were made available to the Board's inspectors in connection with the inspection. At no time did Respondents advise the inspectors that these work papers were altered shortly before the inspection.

³⁷ PCAOB Rule 4006.

³⁸ See *Henry Mendoza, CPA*, PCAOB Rel. No. 105-2014-004, ¶ 6 (May 6, 2014).

³⁹ AS3 ¶ 16 (requiring auditor to disclose the date that information was added to the work papers, the name of the person who prepared the additional documentation, and the reason for adding the information to the work papers after the documentation completion date).

⁴⁰ See id. ¶ 14 (defining report release date as the "date the auditor grants permission to use the auditor's report in connection with the issuance of the company's financial statements").

⁴¹ See id. ¶ 15 (defining documentation completion date as "a date not more than 45 days after the report release date").

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38. Hall, and others acting at his direction, added sign-offs to critical work papers that lacked such sign-offs at the time of the audit. The sign-offs were backdated to the time of the audit. Also, Hall added audit conclusions to existing work papers without indicating that the conclusions were added shortly before the Board's inspection. And an engagement team member, acting at Hall's direction, drafted and backdated certain work papers shortly before the inspection. These work papers did not exist, in any form, at the time of the audit. This conduct violated PCAOB Rule 4006.

39. Hall, and others acting at his direction, failed to indicate the dates that the alterations were made to the work papers, the names of the persons making the alterations, and the reason for making the alterations after the documentation completion date. This conduct failed to comply with AS3.

F. The Firm Violated PCAOB Rules 2200 and 2202.

40. Pursuant to Section 102(d) of the Act, PCAOB Rule 2200 provides that "[e]ach registered public accounting firm must file with the Board an annual report[.]" PCAOB Rule 2201, *Time for Filing of Annual Report*, states that the deadline for filing the annual report is June 30 of each year. In violation of Section 102(d) of the Act and PCAOB Rule 2200, the Firm failed to file an annual report for 2014.

41. Pursuant to Section 102(f) of the Act, PCAOB Rule 2202 provides that "[e]ach registered public accounting firm must pay an annual fee to the Board on or before July 31" of any year that the firm is required to file an annual report. In violation of PCAOB Rule 2202, the Firm failed to pay its annual fee for 2014.

G. Hall Substantially Contributed to the Firm's Violations of Relevant Laws, Rules, and Professional Standards.

42. PCAOB rules prohibit an associated person of a registered public accounting firm from taking or omitting to take an action knowing, or recklessly not knowing, that the act or omission would directly and substantially contribute to a violation by that firm of the Act, the rules of the Board, the provisions of the securities laws relating to the preparation and issuance of audit reports and the obligations and liabilities of accountants with respect thereto, including the rules of the Commission issued under the Act, or professional standards.⁴²

⁴²

PCAOB Rule 3502.

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43. At all relevant times, Hall was the: (a) sole owner of the Firm; (b) partner in charge of the Firm's issuer audit practice; (c) engagement partner for each of the Audits; and (d) contact person with the Board. Hall had overall responsibility for assuring that the Firm complied with relevant laws, rules, and professional standards. Hall knew, or was reckless in not knowing, that his acts and omissions directly and substantially contributed to the Firm's violations of relevant laws, rules, and professional standards in connection with the Firm's performance of engagement quality reviews, and the Firm's failure to file an annual report with the Board and to pay an annual fee to the Board, as described above. As a result, Hall violated PCAOB Rule 3502.

IV.

In view of the foregoing, and to protect the interests of investors and further the public interest in the preparation of informative, accurate, and independent audit reports, the Board determines it appropriate to impose the sanctions agreed to in Respondents' Offers. Accordingly, it is hereby ORDERED that:

- A. Pursuant to Section 105(c)(4)(E) of the Act and PCAOB Rule 5300(a)(5), The Hall Group, CPAs and David S. Hall are hereby censured;
- B. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), David S. Hall is barred from being an associated person of a registered public accounting firm, as that term is defined in Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(i);⁴³
- C. After three (3) years from the date of this Order, David S. Hall may file a petition, pursuant to PCAOB Rule 5302(b), for Board consent to associate with a registered public accounting firm;
- D. Pursuant to Section 105(c)(4)(A) of the Act and PCAOB Rule 5300(a)(1), the registration of The Hall Group, CPAs is revoked;

⁴³ As a consequence of the bar, the provisions of Section 105(c)(7)(B) of the Act will apply with respect to Hall. Section 105(c)(7)(B) of the Act provides: "It shall be unlawful for any person that is suspended or barred from being associated with a registered public accounting firm under this subsection willfully to become or remain associated with any issuer, broker, or dealer in an accountancy or a financial management capacity, and for any issuer, broker, or dealer that knew, or in the exercise of reasonable care should have known, of such suspension or bar, to permit such an association, without the consent of the Board or the Commission."

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- E. After three (3) years from the date of the Order, The Hall Group, CPAs may reapply for registration by filing an application pursuant to PCAOB Rule 2101; and
- F. Pursuant to Section 105(c)(4)(D) of the Act and PCAOB Rule 5300(a)(4), a civil money penalty in the amount of \$10,000 is imposed upon The Hall Group, CPAs. All funds collected by the Board as a result of the assessment of this civil money penalty will be used in accordance with Section 109(c)(2) of the Act. The Hall Group, CPAs shall pay this civil money penalty within ten (10) days of the issuance of this Order by (1) wire transfer pursuant to instructions provided by Board staff; or (2) United States Postal Service money order, bank money order, certified check, or bank cashier's check (a) made payable to the Public Company Accounting Oversight Board, (b) delivered to the Controller, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington, D.C. 20006, and (c) submitted under a cover letter which identifies The Hall Group, CPAs as a Respondent in these proceedings, sets forth the title and PCAOB release number of these proceedings, and states that payment is made pursuant to this Order, a copy of which cover letter and money order or check shall be sent to the Office of the Secretary, Attention: Phoebe W. Brown, Secretary, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington, D.C. 20006.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

April 26, 2016