
ORDER INSTITUTING DISCIPLINARY)	
PROCEEDINGS, MAKING FINDINGS,)	
AND IMPOSING SANCTIONS)	PCAOB Release No. 105-2017-025
)	
<i>In the Matter of Thomas W. Klash, CPA,</i>)	April 26, 2017
)	
<i>Respondent.</i>)	
)	
)	

By this Order, the Public Company Accounting Oversight Board ("Board" or "PCAOB") is censuring Thomas W. Klash, CPA ("Firm" or "Respondent"), revoking the Firm's registration, and imposing a civil money penalty in the amount of \$5,000 on the Firm.¹ The Board is imposing these sanctions on the basis of its findings that, in two audits, Respondent violated PCAOB Rule 3520, *Auditor Independence*, by failing to satisfy applicable independence criteria, including as set out in Securities and Exchange Commission ("Commission") rules and PCAOB standards, through its use of an engagement quality reviewer who was not independent of the issuer audit client.

I.

The Board deems it necessary and appropriate, for the protection of investors and to further the public interest in the preparation of informative, accurate, and independent audit reports, that disciplinary proceedings be, and hereby are, instituted pursuant to Section 105(c) of the Sarbanes-Oxley Act of 2002, as amended (the "Act"), and PCAOB Rule 5200(a)(1) against Respondent.

II.

In anticipation of institution of these proceedings, and pursuant to PCAOB Rule 5205, Respondent has submitted an Offer of Settlement ("Offer") 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 Respondent and the subject matter of these proceedings, which are admitted,

¹ The Firm may reapply for registration after one (1) year from the date of this Order.

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Respondent consents to the entry of this Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions ("Order") as set forth below.²

III.

On the basis of Respondent's Offer, the Board finds that:³

A. Respondent

1. **Thomas W. Klash, CPA** is a sole proprietorship organized under the laws of Florida, and headquartered in Hollywood, Florida. The Firm is registered with the Board pursuant to Section 102 of the Act and PCAOB rules, and licensed by the Florida Department of Business & Professional Regulation, Division of Certified Public Accounting (Lic. No. AD69047).

B. Relevant Individuals

2. **Thomas W. Klash, CPA ("Klash")**, 69, of Hollywood, Florida, is a certified public accountant licensed by the Florida Department of Business & Professional Regulation, Division of Certified Public Accounting (Lic. No. AC0003803). At all relevant times, Klash was the sole proprietor of the Firm. Klash was the engagement partner on the Firm's issuer audits discussed below. Klash is, and at all relevant times was, 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).

3. **Norman H. Becker, CPA**, is a certified public accountant licensed by the Florida Department of Business & Professional Regulation, Division of Certified Public Accounting (Lic. No. R000630). Norman Becker was the engagement quality reviewer on the issuer audits discussed below.

² The findings herein are made pursuant to Respondent's Offer and are not binding on any other person or entity in this or any other proceeding.

³ The Board finds that Respondent's 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 such sanctions may be imposed in the event of: (1) intentional or knowing conduct, including reckless conduct, that results in a violation of the applicable statutory, regulatory, or professional standard; or (2) repeated instances of negligent conduct, each resulting in a violation of the applicable statutory, regulatory, or professional standard.



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4. **David A. Becker, CPA**, is a certified public accountant licensed by the Florida Department of Business & Professional Regulation, Division of Certified Public Accounting (Lic. No. AC0030201). David Becker was in an accounting role at the issuer identified below from 2009 until March 31, 2014. In that role, he prepared the issuer's June 30, 2012 and June 30, 2013 year-end financial statements. David Becker is Norman Becker's son.

C. Summary

5. This matter concerns the Firm's violation of independence requirements. By using an engagement quality reviewer whose son was in an accounting role at the issuer audit client during the periods covered by financial statements that the Firm audited, the Firm failed to satisfy the independence criteria set out in Commission rules, 17 C.F.R. 210.2-01, and in PCAOB auditing standards, AU § 220, *Independence* ("AU § 220"), all in violation of PCAOB Rule 3520.⁴

D. Respondent Failed to Maintain the Required Independence from Its Issuer Audit Client

6. In connection with the preparation or issuance of an audit report, PCAOB rules require that a registered public accounting firm and its associated persons comply with all applicable auditing and related professional practice standards.⁵ In particular, PCAOB rules require that a registered public accounting firm and its associated persons be independent of the firm's audit client throughout the audit and professional engagement period.⁶ A registered public accounting firm or an associated person's

⁴ All references to PCAOB standards are to the versions of the standards in effect at the time of the relevant audits. As of December 31, 2016, the PCAOB reorganized its standards using a topical structure and a single, integrated numbering system. See *Reorganization of PCAOB Auditing Standards and Related Amendments to PCAOB Standards and Rules*, PCAOB Release No. 2015-002 (Mar. 31, 2015); see also *PCAOB Auditing Standards Reorganized and Pre-Reorganized Numbering* (January 2016), <https://pcaobus.org/Standards/Auditing/Documents/PrintableReferenceTable.pdf>.

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

⁶ See PCAOB Rule 3520; see also AU §§ 220.01-.02.

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independence obligation with respect to an audit client that is an issuer encompasses not only an obligation to satisfy the independence criteria set out in the rules and standards of the PCAOB, but also an obligation to satisfy all other independence criteria applicable to the engagement, including the independence criteria set out in the rules and regulations of the Commission under the federal securities laws.⁷

7. Rule 2-01 of Commission Regulation S-X⁸ ("Rule 2-01") provides that an accountant is not independent in the event of, among other things, certain employment relationships between an audit client and certain relatives of the accountant.⁹ As pertinent here, Rule 2-01 provides that independence is impaired if a close family member of an accountant was in an "accounting role" at the audit client "during any period covered by" the audit.¹⁰ Rule 2-01(f)(9) defines "close family members" to include, among others, a nondependent child. Rule 2-01(f)(3)(i) defines "accounting role" as a role in which a person is in a position to or does exercise more than minimal influence over the contents of the accounting records or anyone who prepares them.

8. Norman Becker ("Becker") served as the Firm's engagement quality reviewer on two audits that the Firm conducted for Osler, Inc. ("Osler"), relating to audit reports that the Firm issued on August 27, 2012 and September 10, 2013, and that were included in Osler's annual reports on Form 10-K filed with the Commission on, respectively, September 11, 2012 and September 23, 2013.

9. In the August 27, 2012 audit report, the Firm opined on Osler's balance sheets as of June 30, 2012 and 2011, and the related statements of operations, shareholders' equity (deficit), and cash flows for the years then ended and for the period from July 30, 2004 through June 30, 2012. In the September 10, 2013 audit report, the Firm opined on Osler's balance sheets as of June 30, 2013 and 2012, and the related statements of operations, shareholders' equity (deficit), and cash flows for the years then ended and for the period from July 30, 2004 through June 30, 2013.

10. From 2009 through March 31, 2014, Becker's son was employed by Osler in an accounting role, as defined in Rule 2-01(f)(3)(i).

⁷ See PCAOB Rule 3520, Note 1.

⁸ 17 C.F.R. § 210.2-01.

⁹ Rule 2-01(c)(2)(ii).

¹⁰ Id.

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11. Because a close family member of Becker was in an accounting role at Osler during the periods covered by the audits on which Becker performed the services of engagement quality reviewer for the Firm, the Firm failed, with respect to those audits, to satisfy applicable independence criteria, including the criteria described above in the Commission's rules and the criteria in AU § 220. By failing to satisfy all applicable independence criteria with respect to the audits of Osler described above, the Firm violated PCAOB Rule 3520.

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 Respondent's Offer. Accordingly, it is hereby ORDERED that:

- A. Pursuant to Section 105(c)(4)(E) of the Act and PCAOB Rule 5300(a)(5), Respondent is hereby censured;
- B. Pursuant to Section 105(c)(4)(A) of the Act and PCAOB Rule 5300(a)(1) the registration of Respondent is revoked;
- C. After one (1) year from the date of this Order, Respondent may reapply for registration by filing an application pursuant to PCAOB Rule 2101;
- D. Pursuant to Section 105(c)(4)(D) of the Act and PCAOB Rule 5300(a)(4), a civil money penalty in the amount of \$5,000 payable by Respondent is imposed. All funds collected by the Board as a result of the assessment of these civil money penalties will be used in accordance with Section 109(c)(2) of the Act. Respondent shall pay this civil money penalty within 30 days of the issuance of this Order by (1) wire transfer in accordance with instructions furnished 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 Respondent 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 Office of the Secretary, Attention: Phoebe W. Brown, Secretary,

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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, 2017