

---

ORDER INSTITUTING DISCIPLINARY )  
 PROCEEDINGS, MAKING FINDINGS, )  
 AND IMPOSING SANCTIONS ) PCAOB Release No. 105-2017-053  
 )  
*In the Matter of Edward Richardson Jr.,* ) December 19, 2017  
*CPA, and Edward Richardson Jr., CPA,* )  
 )  
*Respondents.* )  
 )  
 )

---

By this Order, the Public Company Accounting Oversight Board (the "Board" or "PCAOB") is censuring registered public accounting firm Edward Richardson Jr., CPA (the "Firm") and permanently revoking the Firm's registration; and censuring Edward Richardson Jr., CPA ("Richardson") and permanently barring him from being an associated person of a registered public accounting firm. The Board is imposing these sanctions on the basis of its findings that the Firm and Richardson (collectively, "Respondents") violated PCAOB rules and standards in connection with the Firm's audits of seven broker-dealer clients during a period in which the United States Securities and Exchange Commission (the "Commission") had initiated proceedings against Respondents for similar violations.

**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 Respondents.

**II.**

In anticipation of the institution of these proceedings, and pursuant to PCAOB Rule 5205, Respondents have each submitted an Offer of Settlement ("Offers") that the Board has determined to accept. Respondents admit the facts, findings, and violations

## ORDER

set forth below, and consent to entry of this Order Making Findings, and Imposing Sanctions ("Order").<sup>1</sup>

### III.

On the basis of Respondents' Offers, the Board finds that:<sup>2</sup>

#### A. Respondents

1. **Edward Richardson Jr., CPA** is a sole proprietorship organized under the laws of the state of Michigan, and headquartered in Southfield, Michigan. The Firm registered with the Board on June 2, 2009, pursuant to Section 102 of the Act and PCAOB rules. The Firm is licensed to practice public accountancy with the state of North Carolina (License No. 32591). At all relevant times, the Firm was the external auditor for the broker-dealers identified herein.

2. **Edward Richardson Jr., CPA**, age 69, is a certified public accountant licensed by the states of Michigan (License No. 1101013032), Illinois (License No. 065041283), Florida (License No. AC45098), New Jersey (License No. 20CC03751000), New York (License No. 111609), Ohio (License No. CPA.49693), and Washington (License No. 33689). Mr. Richardson is the owner of Edward Richardson Jr., CPA 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).

#### B. Summary

3. This matter concerns the Firm's repeated failure to comply with Auditing Standard No. 1220, *Engagement Quality Review* ("AS 1220"), with respect to seven broker-dealer audit clients.<sup>3</sup> In the case of each client's audit, the Firm failed to obtain

---

<sup>1</sup> The findings herein are made pursuant to the Respondents' Offers and are not binding on any other person or entity in this or any other proceeding.

<sup>2</sup> The Board finds that each 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 certain sanctions may be imposed in the event of intentional or knowing conduct, including reckless conduct, that results in a violation of the applicable statutory, regulatory, or professional standard.

<sup>3</sup> All references to PCAOB rules and standards are to the versions of those rules and standards in effect at the time of the relevant audits. As of December 31,

## ORDER

an engagement quality review ("EQR") of each audit and attestation engagement even though it was required to be performed and despite a pending Commission litigation against Respondents for failures to obtain EQRs for other broker-dealer audit clients.

4. This matter also concerns Richardson's direct and substantial contribution to the Firm's violations of PCAOB rules and standards concerning the requirement for EQRs. With respect to each of the seven audit engagements in which the Firm failed to have an EQR during the Commission litigation, Richardson took or omitted to take actions knowing, or recklessly not knowing, that his acts and omissions would directly and substantially contribute to the Firm's violations of PCAOB rules and standards.<sup>4</sup>

5. Finally, the Firm failed to disclose certain reportable events to the Board on Form 3, as required by PCAOB rules.<sup>5</sup>

### **C. The Firm Violated PCAOB Rules and Standards Relating to Engagement Quality Reviews**

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 the Board's auditing and related professional practice standards.<sup>6</sup>

7. For audit engagements, reviews of interim financial information, and attestation engagements of broker-dealers for fiscal years ending on or after June 1, 2014, AS 1220 requires that an EQR be performed pursuant to PCAOB standards.<sup>7</sup> AS 1220 also provides that a firm may grant permission to a client to use the engagement

---

2016, the PCAOB reorganized its auditing 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* (Jan. 2017).

<sup>4</sup> See PCAOB Rule 3502, *Responsibility Not to Knowingly or Recklessly Contribute to Violations*.

<sup>5</sup> See PCAOB Rule 2203, *Special Reports*.

<sup>6</sup> PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*.

<sup>7</sup> See AS 1220.01.

**ORDER**

report only after an engagement quality reviewer provides concurring approval of issuance.<sup>8</sup>

8. As described below, Respondents failed to comply with PCAOB rules and standards.

Commission Instituted Proceedings Against Respondents  
For Failures to Obtain Engagement Quality Reviews

9. On February 24, 2017, the Commission instituted proceedings against Respondents, alleging, among other things, that the firm failed to obtain EQRs and concurring approvals of issuance, as required by PCAOB auditing standards, for the audits of one issuer client for fiscal years ended 2012 and 2013, and for dozens of broker-dealer clients for fiscal years ending after June 1, 2014 through December 31, 2015, in violation of federal securities laws.<sup>9</sup>

10. On June 14, 2017, based on the allegations set forth in February 2017, the Commission issued an Order against Respondents Making Findings and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Sections 4C and 21C of the Securities Exchange Act of 1934 and Rule 102(e) of the Commission's Rules of Practice.<sup>10</sup> The Commission found that Respondents failed to obtain engagement quality reviews and concurring approvals of issuance for an issuer client and dozens of broker-dealer clients. The Commission denied Respondents the privilege of appearing or practicing before the Commission as an accountant with the right to request reinstatement after seven years. The Commission also imposed a civil money penalty of \$35,000 jointly and severally against Respondents. Respondents agreed to settle the charges without admitting or denying the findings.

11. While in litigation with the Commission for alleged engagement quality review violations, the Firm once again failed to obtain EQRs for seven audit and attestation engagements from April through May 2017 as set forth in the attached Appendix, even though PCAOB standards required an EQR to be performed. In each instance, the audit was of a "broker" and "dealer," as defined in Sections 110(3) and 110(4) of the Act and PCAOB Rules 1001(b)(iii) and 1001(d)(iii). And in each instance,

---

<sup>8</sup> See *id.* at ¶¶ .13, .18, and .18C.

<sup>9</sup> *In the Matter of Edward Richardson Jr., CPA and Edward Richardson Jr.*, Exchange Act Rel. No. 80103 (Feb. 24, 2017).

<sup>10</sup> *In the Matter of Edward Richardson Jr., CPA and Edward Richardson Jr.*, Exchange Act Rel. No. 80918 (June 14, 2017).

**ORDER**

the Firm improperly permitted the issuance of its unqualified audit report and review report without obtaining an EQR and concurring approval of issuance. As a result, the Firm repeatedly violated AS 1220.

**D. Richardson Contributed to the Firm's Violations of PCAOB Rules and Standards**

12. PCAOB Rule 3502 prohibits 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.

13. Richardson, the sole owner and only member of the Firm, was principally responsible for the audits conducted by the Firm. Accordingly, Richardson had overall responsibility for ensuring that the Firm complied with PCAOB rules and standards. Richardson knew, or was reckless in not knowing, that he was directly and substantially contributing to the Firm's violations of AS 1220, described above. As a result, he violated PCAOB Rule 3502.

**E. The Firm Failed to Disclose Certain Reportable Events to the Board in Violation of Board Rules**

14. PCAOB Rule 2203 provides that a registered public accounting firm must file a special report on Form 3 to report any event specified in that form within thirty days of the event's occurrence.<sup>11</sup> One such specified event occurs when a firm, "has become aware that, in a matter arising out of his or her conduct in the course of providing professional services for a client, a partner, shareholder, principal, owner, member, or audit manager of the Firm who provided at least ten hours of audit services for any issuer, broker, or dealer during the Firm's current fiscal year or its most recently completed fiscal year has become a defendant or respondent in a civil or alternative

---

<sup>11</sup> See PCAOB Rule 2203. As the Board noted when adopting its rules on special reporting, "[R]eportable events will sometimes occur, and the public interest, as well as the ability to consider whether prompt action is warranted by the Board's inspection staff or enforcement staff, will be served by contemporaneous reporting of the event." PCAOB Rel. No. 2008-004, at 17 (June 10, 2008).

**ORDER**

dispute resolution proceeding initiated by a governmental entity or in an administrative or disciplinary proceeding other than a Board disciplinary proceeding."<sup>12</sup>

15. In violation of Rule 2203, the Firm failed to file a Form 3 with respect to the Commission proceeding described above.

**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), Edward Richardson Jr., CPA and Edward Richardson Jr., CPA are hereby censured;
- B. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), Edward Richardson Jr., CPA is permanently 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),<sup>13</sup> and

---

<sup>12</sup> PCAOB Form 3, at item 2.9 (italics in the original removed).

<sup>13</sup> As a consequence of the bar, the provisions of Section 105(c)(7)(B) of the Act will apply with respect to Richardson. Section 105(c)(7)(B) of the Act provides that "[i]t 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."

**ORDER**

- C. Pursuant to Section 105(c)(4)(A) of the Act and PCAOB Rule 5300(a)(1), the registration of Edward Richardson Jr., CPA is permanently revoked.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

---

Phoebe W. Brown  
Secretary

December 19, 2017

**Appendix**  
**Edward Richardson Jr., CPA**  
**Audits & Attestations Not Performed in Accordance with AS 1220**

<b>Broker-Dealer</b>	<b>Fiscal Year Ended</b>	<b>Audit and Review Report Date</b>	<b>Date of SEC Filing</b>
Liberty Associates, Inc.	1/31/17	4/13/17	7/20/17
Roberts & Ryan Investments Inc.	1/31/17	4/13/17	4/20/17
Integrated Trading and Investments, Inc.	3/31/17	5/30/17	6/1/17
KW Securities Corporation	3/31/17	5/24/17	6/5/17
Liberty Global Capital Services LLC	3/31/17	5/22/17	6/2/17
Petrogrowth Energy Advisors, LLC	3/31/17	5/22/17	5/23/17
Silicon Valley Securities, Inc.	3/31/17	5/24/17	5/24/17