



**ORDER**

McPhee directly and substantially contributed to the violations of, PCAOB rules and quality control standards.

**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 Act, and PCAOB Rule 5200(a)(1) against the Firm, Cardwell, and McPhee ("Respondents").

**II.**

In anticipation of institution of these proceedings, and pursuant to PCAOB Rule 5205, Respondents have each submitted Offers of Settlement ("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 are admitted, Respondents each consent to the entry of this Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions ("Order") as set forth below.<sup>3</sup>

**III.**

On the basis of Respondents' Offers, the Board finds that:<sup>4</sup>

**A. Respondents**

1. **PMB Helin Donovan, LLP** is a limited liability partnership organized under the laws of the State of Texas, and headquartered in Austin, Texas. The Firm is licensed in the State of Texas (License No. P05374) and the State of Colorado (Lic. No. 12782). The Firm is registered with the Board pursuant to Section 102 of the Act and PCAOB rules.

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<sup>3</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>4</sup> 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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2. **Christie J. Cardwell, CPA**, age 64, of Seattle, Washington, was, at all relevant times, a partner of the Firm. Cardwell is, and at all relevant times was, a certified public accountant licensed by the State of Washington (License No. 20533). Cardwell 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). Cardwell served as the engagement partner for the audits of two issuer clients for the years ending December 31, 2015 ("Issuer A") and December 25, 2015 ("Issuer B"), respectively. Cardwell left PMB in May 2016 and joined S D Mayer & Associates, a PCAOB registered firm.

3. **Donald K. McPhee, CPA**, age 60, of Austin, Texas, is, and at all relevant times was, the managing partner of the Firm and a certified public accountant licensed by the State of Texas (Lic. No. 053069) and the State of California (Lic. No. CPA 117887). McPhee 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). McPhee served as the engagement quality reviewer ("EQR") for the audit of an issuer client for the year ending December 31, 2016 ("Issuer C").

**B. Summary**

4. This matter concerns Cardwell's violations of PCAOB rules and auditing standards in connection with the audits of Issuers A and B. The Firm assigned Cardwell to these audits despite knowing she had a history of negative internal inspection results. While serving as the engagement partner on the audits of Issuers A and B, Cardwell failed to exercise due care and professional skepticism, and failed to obtain sufficient appropriate audit evidence.

5. Additionally, this matter concerns McPhee's violations of AS 1220, *Engagement Quality Review*, while serving as the EQR for PMB's audit of Issuer C for the year ending December 31, 2016. During his engagement quality review, McPhee failed to exercise due care and professional skepticism. As a result, McPhee lacked an appropriate basis to provide his concurring approval of issuance of the Firm's audit report.

6. Finally, this matter concerns the Firm's violations, and McPhee's direct and substantial contribution to violations, of PCAOB rules and quality control standards. Specifically, the Firm failed to establish policies and procedures to provide it with reasonable assurance that: (a) issuer audits and reviews were assigned to personnel having the degree of technical training and proficiency required in the circumstances; (b) engagement teams performed issuer audits and reviews in accordance with PCAOB rules and standards; and (c) the system of quality control was suitably designed and being effectively applied.

7. McPhee, who has been the managing partner of the Firm from January 1, 2014 to the present, had overall responsibility for the Firm's system of quality control and took or omitted to take, actions that he knew or was reckless in not knowing, would directly

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and substantially contribute to the Firm's violation of PCAOB quality control standards, in contravention of PCAOB Rule 3502, *Responsibility Not to Knowingly or Recklessly Contribute to Violations*.

**C. Cardwell Violated PCAOB Rules and Standards in Connection with the Audits of Two Issuers**

8. 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>5</sup> 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.<sup>6</sup> Among other things, PCAOB standards require an auditor to exercise due professional care, exercise professional skepticism, and plan and perform audit procedures to obtain sufficient appropriate audit evidence to provide a reasonable basis for the auditor's opinion.<sup>7</sup> PCAOB standards further require that auditors evaluate whether the financial statements are presented fairly, in all material respects, in conformity with the applicable financial reporting framework.<sup>8</sup>

9. As described below, Cardwell failed to comply with PCAOB rules and standards in connection with the audits of Issuers A and B, even after she had received repeated poor internal inspection results.

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<sup>5</sup> See PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*; PCAOB Rule 3200, *Auditing Standards* (applicable to audits for the fiscal years ending on or after December 31, 2016); and PCAOB Rule 3200T, *Interim Auditing Standards* (applicable to audits for the fiscal years ending before December 31, 2016). As of December 31, 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). The reorganization did not impose additional requirements on auditors or change substantively the requirements of PCAOB standards. While Respondents' conduct occurred both before and after the reorganization, the reorganized standards are cited herein for purposes of clarity.

<sup>6</sup> See AS 3101.07, *Reports on Audited Financial Statements*.

<sup>7</sup> See AS 1015, *Due Professional Care in the Performance of Work*; AS 2301.07, *The Auditor's Responses to the Risks of Material Misstatement*, and AS 1105.04, *Audit Evidence*.

<sup>8</sup> See AS 2810.30, *Evaluating Audit Results*.

**ORDER****Cardwell Had a History of Poor Internal Inspection Results**

10. At the time it assigned personnel to the Firm's 2015 issuer audit engagements, the Firm and McPhee knew that Cardwell had a history of poor internal inspection results going back to at least 2012. Cardwell's internal inspection results during this period were worse than her peers at the Firm. Among other things, in these internal inspections, she was cited for: (a) inadequate testing and documentation in significant risk areas, including lacking key documentation in revenue testing; (b) not obtaining all requested confirmations and not performing sufficient alternative procedures; (c) inadequate assessment of impairment and other fair value measurements of assets; and (d) inadequate documentation of her review as the engagement partner and finalization of the audit documentation in her audits.

11. Further, in a September 2013 Firm document, a PMB partner involved in quality control noted that "remediation, training and coaching is being provided to Cardwell and her client schedule is being reevaluated." However, no individualized remediation, training or coaching was provided to Cardwell, and her client schedule was not altered as a result of the 2013 internal inspection findings.

12. As a result of these findings, the Firm planned to assign experienced managers to Cardwell's audits. However, it failed to do so.

*Audit of Issuer A's 2015 Financial Statements*

13. Issuer A was, at all relevant times, a Wyoming corporation headquartered in Folsom, California. Issuer A's public filings disclose that, at the time of the audit, Issuer A was a payments and banking software developer, licensor, and services provider. At all relevant times, Issuer A was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

14. The Firm served as the external auditor for Issuer A's fiscal year ("FY") 2015 Audit. The Firm's audit report for Issuer A's FY 2015 financial statements, dated June 3, 2016, was included in Issuer A's Form 10-K filed with the U.S. Securities and Exchange Commission ("Commission") on June 6, 2016, and contained a going concern explanatory paragraph. Cardwell, as engagement partner, authorized the issuance of the Firm's audit report.

15. As part of an acquisition of an Israeli company in FY 2015, Issuer A acquired an intangible asset, a computer application that purportedly enabled customers to complete mobile banking transactions and constituted over 90% of Issuer A's total assets. Cardwell identified a significant risk of material misstatement arising from the identification and recording of impairments to the value of this intangible asset. The work papers indicated that Issuer A was aware of events and circumstances indicating that the intangible asset's carrying value may not have been recoverable, but nevertheless concluded that the value of the intangible asset was not impaired.

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16. From its inception through May 2016, the acquired company had not generated any revenue. The Firm's FY 2015 work papers included a journal entry to fully impair the intangible asset. This journal entry was proposed by Issuer A's CFO because no existing revenue projections supported any value for the intangible asset. Nevertheless, the intangible asset remained on the books at its originally recorded value while the CEO drafted revenue projections to support the intangible asset's fair value. At the time the CEO was drafting these projections, Issuer A was in default of certain loan covenants and under threat of being delisted.

17. Although Cardwell planned to obtain an understanding of the intangible asset and test the projections used in the valuation of the intangible asset, she failed to do so. After she discussed the revenue projections with the CEO, Cardwell and the engagement team subsequently concluded that reducing the projections by half was appropriate to determine the fair value of the intangible asset, notwithstanding that there was no adequate basis to support the reasonableness of either the reduction or the ultimate projections. In fact, other than obtaining management representations, Cardwell failed to perform procedures regarding whether the intangible asset was impaired. As a result, Cardwell failed to obtain sufficient appropriate audit evidence to determine whether the intangible asset was properly valued.<sup>9</sup>

18. In FY 2015, Issuer A disclosed in its public filings that it recognized total revenue of \$730,800. Of that revenue, 78% was for software license and associated maintenance revenue from three of its customers, two of which were related parties. During the audit, Cardwell failed to evaluate whether Issuer A's recognition of revenue from multiple-element arrangements with the two related parties conformed with U.S. GAAP, as was required under PCAOB standards.<sup>10</sup>

19. In addition, Cardwell failed to perform adequate procedures to determine whether Issuer A's license revenue, which constituted approximately 57% of reported revenue, was recorded in the proper period and properly valued. To test revenue, Cardwell agreed cash deposits to bank statements. This procedure failed, however, to provide reasonable assurance that revenue was properly valued and failed to provide a reasonable basis to determine whether revenue was recognized in the appropriate period.<sup>11</sup>

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<sup>9</sup> AS 1105.04-.06.

<sup>10</sup> AS 2810.30.

<sup>11</sup> AS 1105.11.

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20. Maintenance fee revenue of \$151,000, which constituted approximately 17% of Issuer A's total revenue, was recognized from three customers. The maintenance fee revenue of \$108,000 was recorded from one of the related party multiple-element arrangements described above. Cardwell and the engagement team tested this maintenance fee revenue by agreeing it to the related accounts receivable confirmation received. However, the customer confirmed an amount different than the recorded receivable balance, which also differed from the revenue recognized. Cardwell failed to reconcile the amount confirmed to the amounts recorded for accounts receivable or revenue.

21. Cardwell was also aware that maintenance fee revenue was recorded from the other related party multiple-element arrangement. A confirmation was sent to this customer who responded on the confirmation that it owed nothing, and was still waiting for Issuer A to deliver the software application under their license agreement. Cardwell and the engagement team added a note to the confirmation response that stated the customer "had not received a license agreement," acknowledged that there was no balance due to Issuer A, and proposed an entry to reverse the revenue. Although an entry was proposed in the Firm's work papers to reverse the revenue and the receivable, no such adjustment was recorded by Issuer A. Cardwell knew that the maintenance fee revenue had been inappropriately recognized, but she failed to evaluate whether this uncorrected misstatement was material, individually or in combination with other misstatements.<sup>12</sup>

*Audit of Issuer B's FY 2015 Financial Statements*

22. Issuer B was, at all relevant times, a Washington corporation headquartered in Lakewood, Colorado. Issuer B's public filings disclose that, at the time of the audit, Issuer B provided on-demand manual labor, light industrial, and skilled trade services. At all relevant times, Issuer B was an issuer as that term is defined by Section 2(a) (7) of the Act and PCAOB Rule 1001(i) (iii).

23. The Firm served as the external auditor for Issuer B's FY 2015 Audit. The Firm's audit report for Issuer B's FY 2015 financial statements, dated March 24, 2016, was included in Issuer B's Form 10-K filed with the Commission on March 24, 2016. The Firm expressed an unqualified opinion that Issuer B's FY 2015 financial statements presented fairly, in all material respects, Issuer B's financial position, results of operations, and cash flows in conformity with GAAP. Cardwell, as engagement partner, authorized the issuance of the Firm's audit report.

24. In FY 2015, Issuer B disclosed that it recognized total revenue of \$88.5 million. Issuer B also disclosed that revenue was recognized at the time that services were performed based on the number of hours worked by its contracted laborers.

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<sup>12</sup>

AS 2810.17.

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25. During FY 2015, Issuer B identified a fraud, in which a branch manager fraudulently invoiced a large customer by falsifying underlying documentation to support the request and provision of services never performed. This customer paid the fraudulent invoices without realizing that no work had actually been performed.

26. Although Cardwell identified a fraud risk related to improper revenue recognition, in part based on this fraud, she failed to perform adequate procedures to test whether revenue was recorded by Issuer B in the correct period and properly valued. Cardwell and the engagement team performed detailed testing using a sample of revenue transactions, but were unable to obtain evidence of the existence of selected items. For at least 20 of the 256 items sampled, Cardwell and the engagement team failed to perform adequate procedures to support the revenue transactions. Further, she failed to obtain sufficient appropriate audit evidence to support a conclusion that revenue was properly recorded, in all material respects, in conformity with the financial reporting framework.<sup>13</sup>

27. Issuer B's public filings reported that accounts receivable was \$8.9 million, approximately 34% of its total assets, as of year-end. To test accounts receivable in the 2015 audit, Cardwell and the engagement team sent confirmation requests to selected customers. Only a portion of the confirmations were returned.

28. Cardwell and the engagement team failed to perform alternative procedures for unreturned confirmation requests and returned responses with exceptions, which represented 37% of the customer account balances selected for testing. Cardwell failed to evaluate the nature of the exceptions identified, including the implications, both quantitative and qualitative, of those exceptions.<sup>14</sup> Consequently, Cardwell failed to obtain sufficient appropriate audit evidence to determine whether the accounts receivable existed and were properly valued at year end.

**D. McPhee Violated AS 1220 in Connection with his Engagement Quality Review for the 2016 Audit of Issuer C**

29. An engagement quality review is required for all audits conducted pursuant to PCAOB standards.<sup>15</sup> The standards provide that a firm may grant permission to an audit client to use the firm's audit report only after an EQR provides concurring approval of issuance of the report.<sup>16</sup> The EQR may provide concurring approval of issuance for an

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<sup>13</sup> AS 1105.11.

<sup>14</sup> See AS 2310.33, *The Confirmation Process*.

<sup>15</sup> See AS 1220.01.

<sup>16</sup> Id. at .13.



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audit report only if, after performing with due professional care the review required, he or she is not aware of a significant engagement deficiency.<sup>17</sup>

30. An EQR should evaluate the significant judgments made by the engagement team and the related conclusions reached in forming the overall conclusion on the engagement and in preparing the engagement report.<sup>18</sup> The EQR should, among other things, evaluate the significant judgments that relate to engagement planning, including, but not limited to, the consideration of the company's business, recent significant activities, and related financial reporting issues and risks.<sup>19</sup> In performing an engagement quality review for an audit, the EQR should, among other things, evaluate the engagement team's assessment of, and audit responses to, significant risks identified by the engagement team, including fraud risks, or other significant risks identified by the EQR.<sup>20</sup>

31. Issuer C is a Bermuda corporation headquartered in Addison, Texas. Issuer C's public filings disclose that, at the time of the audit, it was an international oil and natural gas company engaged in acquisition, exploration, development and production. At all relevant times, Issuer C was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

32. The Firm served as the external auditor for Issuer C's FY 2016 Audit. The Firm's audit report for Issuer C's FY 2016 financial statements, dated March 22, 2017, was included in Issuer C's Form 10-K filed with the Commission on March 22, 2017. The Firm expressed an unqualified opinion that Issuer C's FY 2016 financial statements presented fairly, in all material respects, Issuer C's financial position, results of operations, and cash flows in conformity with U.S. GAAP.

33. McPhee served as the EQR for the Firm's audit of Issuer C for year ended December 31, 2016. Another PMB partner served as the engagement partner and authorized the issuance of the Firm's audit report. Issuer C's public filings disclosed that

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<sup>17</sup> See id. at Note to .12 ("A *significant engagement deficiency* in an audit exists when (1) the engagement team failed to obtain sufficient appropriate evidence in accordance with the standards of the PCAOB, (2) the engagement team reached an inappropriate overall conclusion on the subject matter of the engagement, (3) the engagement report is not appropriate in the circumstances, or (4) the firm is not independent of its client.").

<sup>18</sup> Id. at .09.

<sup>19</sup> Id. at .10(a).

<sup>20</sup> Id. at .10(b).

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oil revenue was 89% of total revenue. During the audit, McPhee was aware that revenue was a significant risk and fraud risk.

34. PCAOB standards require that sample items should be selected in such a way that the sample can be expected to be representative of the population. Therefore, all items in the population should have an opportunity to be selected.<sup>21</sup> The work papers reviewed by McPhee documented that the engagement team performed detailed testing of a selection of revenue transactions to provide evidence about the entire recorded revenue. However, these selections were not representative of the entire population, as all items in the population did not have an opportunity to be selected.<sup>22</sup>

35. Oil and natural gas properties, net of accumulated amortization, constituted approximately 50% of Issuer C's total assets. The work papers McPhee reviewed included a reserve report that was prepared by a specialist engaged by Issuer C. This reserve report was significant in supporting the valuation of Issuer C's oil and natural gas properties at year end and was used to calculate depletion expense for the year. However, the work papers reviewed by McPhee did not document procedures to obtain an understanding of the methods and assumptions used by the specialist, or test the data provided by Issuer C to the specialist.<sup>23</sup>

36. When performing the required engagement quality review, McPhee failed to properly evaluate the significant judgments made and the related conclusions reached by the engagement team in the documentation he reviewed with regard to revenues recognized and the methods and assumptions used in the reserve report to support the valuation of the oil and natural gas properties.<sup>24</sup>

37. As a result, McPhee provided his concurring approval of issuance without performing the engagement quality review with due professional care, and accordingly McPhee violated AS 1220.

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<sup>21</sup> AS 2315.24, *Audit Sampling*.

<sup>22</sup> AS 2315.24.

<sup>23</sup> AS 1210.12, *Using the Work of a Specialist*.

<sup>24</sup> AS 1220.11.

**ORDER****E. The Firm Violated PCAOB Quality Control Standards, and McPhee Directly and Substantially Contributed to Those Violations**

38. PCAOB rules require that a registered public accounting firm comply with certain quality control standards.<sup>25</sup> A firm should establish policies and procedures to encompass, among other things, personnel management, engagement performance, and monitoring.<sup>26</sup> These policies and procedures should be communicated to the firm's personnel,<sup>27</sup> and the firm should implement monitoring procedures to obtain reasonable assurance that its system of quality control is effective.<sup>28</sup>

39. PCAOB standards provide that policies and procedures should be established to provide the Firm with reasonable assurance that, among other things, (1) those hired possess the appropriate characteristics to enable them to perform competently, and (2) work is assigned to personnel having the degree of technical training and proficiency required in the circumstances.<sup>29</sup> PCAOB standards further provide that, generally, the more able and experienced the personnel assigned to an engagement are, the less direct supervision is needed.<sup>30</sup>

40. PCAOB standards further provide that a firm should develop policies and procedures to provide it with reasonable assurance that the work performed by engagement personnel meets applicable professional standards, regulatory requirements, and the firm's standards of quality, including with respect to documenting the results of each engagement.<sup>31</sup>

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<sup>25</sup> See PCAOB Rule 3400T, *Interim Quality Control Standards*.

<sup>26</sup> See QC § 20.07, *System of Quality Control for a CPA Firm's Accounting and Auditing Practice*.

<sup>27</sup> QC § 20.23.

<sup>28</sup> QC § 30.03, *Monitoring a CPA Firm's Accounting and Auditing Practice*.

<sup>29</sup> QC § 20.13.

<sup>30</sup> QC § 20.11.

<sup>31</sup> QC §§ 20.17-.18.

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41. A Firm's system of quality control should include a monitoring element to provide the Firm with a means of identifying and communicating circumstances that may necessitate changes to or the need to improve compliance with the Firm's policies and procedures.<sup>32</sup>

42. As described below, the Firm violated the Board's quality control standards, and McPhee directly and substantially contributed to those violations.

**The Firm Improperly Assigned Cardwell to Issuer Audits After She Received Multiple Poor Internal Inspection Results**

43. Despite identifying Cardwell's poor internal inspection results each year from 2012 to 2014, the Firm assigned her to audits for which she lacked the requisite degree of technical training and proficiency. In addition, the Firm failed to provide Cardwell any individualized training or coaching despite noting that it should be provided. Further, although the Firm planned to assign experienced managers to Cardwell's audits, none were assigned to work with her.

44. As a result, the Firm violated PCAOB quality control standards by failing to effectively implement policies and procedures to provide it with reasonable assurance that: (a) audits were assigned to personnel having the degree of technical training and proficiency required in the circumstances;<sup>33</sup> (b) the work performed by engagement personnel met applicable professional standards, regulatory requirements, and the firm's standards of quality;<sup>34</sup> and (c) compliance with its quality control policies and procedures regarding personnel assignment was adequately monitored, and corrective actions to be taken and improvements to be made to its quality control system were timely determined.<sup>35</sup>

**McPhee Directly and Substantially Contributed to the Firm's Quality Control Violations**

45. As managing partner of the Firm from 2014 through 2018, McPhee was principally responsible for designing, implementing and monitoring the Firm's system of quality control. Accordingly, McPhee had overall responsibility for ensuring that the Firm

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<sup>32</sup> QC § 30.03; see also QC § 20.07.

<sup>33</sup> See QC § 20.13.

<sup>34</sup> See QC § 20.17.

<sup>35</sup> See QC § 20.20; QC § 30.03, .06. See also QC § 40, *The Personnel Management Element of a Firm's System of Quality Control – Competencies Required by a Practitioner-in-Charge of an Attest Engagement*.

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complied with PCAOB rules and standards and was ultimately responsible for ensuring that the Firm's issuer audit engagements were properly staffed and supervised.

46. In connection with these responsibilities, McPhee took or omitted to take actions that he knew, or was reckless in not knowing, would directly and substantially contribute to the Firm's violation of PCAOB quality control standards regarding Cardwell's staffing and engagement performance on issuer audits, in violation of 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), PMB Helin Donovan, LLP, Christie J. Cardwell, and Donald K. McPhee are hereby censured;
- B. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), Christie J. Cardwell 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);<sup>36</sup>
- C. After two (2) years from the date of this Order, Cardwell 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)(C) of the Act and PCAOB Rule 5300(a)(3), for a period of two (2) years from the date of this Order, Donald K. McPhee's role in any "audit," as that term is defined in Section 110(1) of the Act and PCAOB Rule 1001(a)(v), shall be restricted as follows: Donald K. McPhee shall not (1) serve, or supervise the work of another person serving, as an "engagement partner," as that term is used in the Board's AS 1201,

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<sup>36</sup> As a consequence of the bar imposed in this Order, the provisions of Section 105(c)(7)(B) of the Act will apply with respect to Cardwell. Section 105(c)(7)(B) 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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*Supervision of the Audit Engagement*; (2) serve, or supervise the work of another person serving, as an "engagement quality reviewer," as that term is used in the Board's AS 1220, *Engagement Quality Review*; (3) serve, or supervise the work of another person serving, in any role that is equivalent to engagement partner or engagement quality reviewer, but differently denominated (such as "lead partner," "practitioner-in-charge," or "concurring partner"); (4) exercise authority, or supervise the work of another person exercising authority, either to sign a registered public accounting firm's name to an audit report, or to consent to the use of a previously issued audit report, for any issuer, broker, or dealer; or (5) serve, or supervise the work of another person serving, as the "other auditor," or "another auditor," as those terms are used in the Board's AS 1205, *Part of the Audit Performed by Other Independent Auditors*;

- E. Pursuant to Section 105(c)(4)(D) of the Act and PCAOB Rule 5300(a)(4), civil money penalties in the amount of \$20,000 payable by PMB Helin Donovan, LLP, \$10,000 payable by Christie J. Cardwell, and \$10,000 payable by Donald K. McPhee are 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. PMB Helin Donovan, LLP, Christie J. Cardwell, and Donald K. McPhee shall pay these civil money penalties within ten (10) 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 PMB Helin Donovan, LLP, Christie J. Cardwell, or Donald K. McPhee 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, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington, D.C. 20006.
- F. Pursuant to Section 105(c)(4)(G) of the Act and PCAOB Rule 5300(a)(9), the Firm, should the Board grant any future application of the Firm for registration, is required:
1. within ninety (90) days from the date the Board grants any future application of the Firm for registration ("Future Registration Date"), to establish policies and procedures, or revise and/or supplement existing policies and procedures, for the purpose of providing the

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Firm with reasonable assurance of compliance with applicable PCAOB rules and standards;

2. within ninety (90) days from the Future Registration Date, to establish a policy of ensuring training, whether internal or external, on an annual or more frequent regular basis, concerning applicable PCAOB rules and standards, of any Firm audit personnel who participate in any way in the planning or performing of any audit or interim review of an issuer or any SEC Registered Broker-Dealer Engagement (defined to mean an engagement to provide a report—whether an audit report, an examination report, or a review report—required under paragraph (d)(1)(i)(C) of Exchange Act Rule 17a-5, 17 C.F.R. § 240.17a-5, as amended);
  3. within ninety (90) days from the Future Registration Date and before the Firm's commencement of any audit or interim review of an issuer or commencement of any SEC Registered Broker-Dealer Engagement, to ensure training pursuant to the policy described in paragraph IV.F.2. above on at least one occasion; and
  4. to certify in writing to the Director of the Division of Enforcement and Investigations, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington D.C. 20006, the Firm's compliance with paragraphs IV.F.1 through F.3 above. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Firm shall submit such certification within one hundred twenty (120) days from the Future Registration Date. The Firm shall also submit such additional evidence of and information concerning compliance as the staff of the Division of Enforcement and Investigations may reasonably request.
- G. Pursuant to Section 105(c)(4)(F) of the Act and PCAOB Rule 5300(a)(6), Christie J. Cardwell is required to complete, before filing any petition for Board consent to associate with a registered public accounting firm, forty (40) hours of CPE in subjects that are directly related to the audits of issuer financial statements under PCAOB standards, including audits of internal control over financial reporting ("ICFR") (such hours shall be in addition to, and shall not be counted in, the CPE that she is required to obtain in connection with any professional license).
- H. Pursuant to Section 105(c)(4)(F) of the Act and PCAOB Rule 5300(a)(6), Donald K. McPhee is required to complete, within two (2) years from the date of this Order, ten (10) hours of CPE in subjects that are directly related to the audits of issuer financial statements under PCAOB standards,

**ORDER**

including audits of ICFR (such hours shall be in addition to, and shall not be counted in, the CPE that he is required to obtain in connection with any professional license).

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

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Phoebe W. Brown  
Secretary

December 17, 2019