ORDER INSTITUTING DISCIPLINARY PROCEEDINGS, MAKING FINDINGS AND IMPOSING SANCTIONS

In the Matter of Bravos & Associates CPA’s, and Thomas W. Bravos, CPA,

Respondents.

By this Order, the Public Company Accounting Oversight Board (the “Board” or “PCAOB”) is censuring Bravos & Associates CPA’s (“Firm”), a registered public accounting firm, revoking the Firm’s registration, and imposing a civil money penalty in the amount of $10,000 upon the Firm; and censuring Thomas W. Bravos, CPA (“Bravos”) and 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 Bravos (collectively, “Respondents”) repeatedly violated PCAOB rules and auditing 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 Sarbanes-Oxley Act of 2002, as amended (the "Act"), and PCAOB Rule 5200(a)(1) against Respondents.

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

2. Bravos may file a petition for Board consent to associate with a registered public accounting firm after one (1) year from the date of this Order.
ORDER

II.

In anticipation of 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. 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 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. Bravos & Associates CPA's is, and at all relevant times was, a partnership organized under Illinois law, and headquartered in Bloomingdale, Illinois. The Firm is registered with the Board pursuant to Section 102 of the Act and PCAOB rules, and is licensed by the Illinois Department of Financial and Professional Regulation (license no. 066003838). At all relevant times, the Firm was the external auditor for United American Healthcare Corporation ("UAHC").

2. Thomas W. Bravos, CPA, age 68, is, and at all relevant times was, a certified public accountant licensed by the Illinois Department of Financial and Professional Regulation (license no. 065009475). Bravos is also licensed as a certified public accountant by the Indiana Board of Accountancy (license no. CP11200116), and as a licensed accountant by the Michigan Department of Licensing and Regulatory

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3 The findings herein are made pursuant to Respondents' Offers and are not binding on any other persons or entities 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 (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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Affairs (license no. 1101029533). At all relevant times, Bravos was the sole owner of the Firm and was the Firm's sole member. Bravos 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).

B. Summary

3. This matter concerns Respondents' repeated failures to comply with PCAOB rules and auditing standards in connection with the audits of the consolidated financial statements of UAHC for fiscal years ended ("FYE") June 30, 2012 and June 30, 2013, and the six months ended December 31, 2013.\footnote{After filing its Form 10-K for FYE June 30, 2013, UAHC changed the company’s fiscal year end to December 31. Accordingly, UAHC filed its audited financial statements covering the transition period from July 1, 2013 through December 31, 2013 on Form 10-KT.}

4. With respect to the FYE June 30, 2013 UAHC audit, Respondents failed to appropriately plan and perform the audit. Specifically, during audit planning, Respondents failed to properly assess the risk of material misstatement, and as a result, Respondents failed to properly identify significant risks in connection with the audit. Respondents also failed to properly establish an overall strategy for the audit and develop an audit plan that included planned risk assessment procedures and planned responses to the risk of material misstatement. In addition, Respondents failed to perform audit procedures that adequately addressed the risks of material misstatement.

5. Respondents also failed to perform sufficient audit procedures to test (a) the valuation of UAHC's goodwill (constituting approximately 65% of the company's reported total assets), (b) the valuation of UAHC's other intangible assets (constituting approximately 10% of the company's reported total assets), and (c) UAHC's reported revenue. As a result, Respondents failed to obtain sufficient appropriate audit evidence to provide a reasonable basis for their audit opinion's conclusions regarding UAHC's financial statement assertions relating to goodwill, intangible assets and revenue.

6. Additionally, in the case of all three audits – for FYEs June 30, 2012 and June 30, 2013, and the six months ended December 31, 2013 – the Firm failed to obtain engagement quality reviews for the audit engagements, even though such reviews were required by PCAOB standards.
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7. Further, Bravos 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 auditing standards concerning the requirement for engagement quality reviews.

C. Respondents Violated PCAOB Rules and Auditing Standards in Connection with the FYE June 30, 2013 UAHC Audit

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. Among other things, PCAOB standards require that an auditor exercise due professional care, exercise professional skepticism, and obtain sufficient appropriate audit evidence to afford a reasonable basis for an opinion regarding the financial statements.

9. PCAOB auditing standards also require that an audit be properly planned, that auditors identify and assess the risks of material misstatement at the financial statement level and the assertion level, and that auditors design and perform audit procedures in a manner that addresses the risks of material misstatement for each relevant assertion of each significant account and disclosure. The auditor should develop and document an audit plan that describes, among other things, the planned risk assessment procedures required to be performed so that the engagement complies with PCAOB standards.

6  PCAOB Rules 3100, Compliance with Auditing and Related Professional Standards, and 3200T, Interim Auditing Standards.

7  See AU § 150.02, Generally Accepted Auditing Standards; AU § 230, Due Professional Care in the Performance of Work; and Auditing Standard No. 15, Audit Evidence (“AS 15”). All references to PCAOB standards are to the versions of those standards in effect at the time of the relevant audits.

8  See Auditing Standard No. 9, Audit Planning (“AS 9”), ¶ 4; Auditing Standard No. 12, Identifying and Assessing Risks of Material Misstatement (“AS 12”), ¶ 59; and Auditing Standard No. 13, The Auditor’s Response to the Risks of Material Misstatement (“AS 13”), ¶ 8.

9  AS 9 ¶ 10.
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10. As detailed below, Respondents failed to comply with these PCAOB standards in connection with the audit of the FYE June 30, 2013 consolidated financial statements of UAHC.

11. UAHC was, at all relevant times, a corporation headquartered in Chicago, Illinois. UAHC's public filings disclosed that its wholly owned subsidiary, Pulse Systems, LLC, is a medical device manufacturer that represents substantially all of UAHC's ongoing operations. At all relevant times, UAHC was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).  

12. In connection with Respondents' audit of UAHC's consolidated financial statements for FYE June 30, 2013, Bravos authorized issuance of the Firm's unqualified audit report, which included going concern explanatory language regarding those financial statements. The audit report also stated that, in the Firm's opinion, UAHC's financial statements for FYE June 30, 2013 presented fairly, in all material respects, the issuer's financial position and results of its operations and cash flows in conformity with generally accepted accounting principles in the United States of America ("GAAP"), and that the Firm's audit was performed in accordance with PCAOB standards. However, Respondents did not have a reasonable basis for making these statements and issuing their audit report.

13. During audit planning, Respondents failed to identify and assess the risks of material misstatement at the assertion level as required by PCAOB standards. Respondents also failed to properly plan and perform any analytical procedures as risk assessment procedures. In addition, the risks of material misstatement were not properly assessed. For example, Respondents failed to identify any risks with respect to revenue recognition and management override of controls, even though PCAOB standards provide that the auditor should presume that there is a fraud risk involving improper revenue recognition and should include the risk of management override of

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10 On March 23, 2015, UAHC filed a Form 15 with the United States Securities and Exchange Commission ("Commission") to terminate the registration of its common stock because the number of holders of record of the stock had declined to fewer than 300 persons.

11 See AS 12 ¶ 59.

12 See AS 12 ¶¶ 46-47.
controls in his identification of fraud risks. 13 Respondents' work papers do not document any justification for failing to identify these fraud risks.

14. Respondents also failed to properly establish an overall strategy for the engagement and develop an audit plan that included appropriate planned risk assessment procedures and planned responses to the above risks of material misstatement. 14 In addition, Respondents failed to perform appropriate audit procedures that addressed these risks of material misstatement. 15

15. Respondents also failed to appropriately evaluate UAHC's reported goodwill. As of June 30, 2013, UAHC reported goodwill representing about 65% of UAHC's total assets and other intangible assets representing about 10% of assets. Under GAAP, UAHC was required to assess the goodwill and other intangible assets for impairment, and to follow certain procedures in performing these assessments. 16 GAAP also required UAHC to assess the remaining useful life of the other intangible assets to ensure that they were amortized properly. 17 At the time of the audit, though, Respondents failed to consider these GAAP requirements in their audit.

16. Respondents' audit procedures with respect to UAHC's goodwill and other intangible assets as of June 30, 2013 did not comply with PCAOB standards. The notes to UAHC's financial statements, and the Firm's audit report, disclosed and reported that UAHC's liabilities and working capital deficiency raised substantial doubt about its ability to continue as a going concern. But the financial statement notes also indicated that management had concluded that there was no impairment of goodwill, and the notes made no disclosure about impairment of the other intangible assets. Nevertheless, Respondents failed to obtain any evidence about how UAHC had reached its

13  See AS 12 ¶¶ 68-69.
14  See AS 9 ¶ 5; AS 13 ¶¶ 3, 8.
15  See AS 15 ¶¶ 4-6.
17  See, e.g., FASB ASC Section 350-30-35.
conclusions on the issues of impairment and remaining useful life, and failed to perform sufficient procedures to assess the valuation of UAHC's goodwill and other intangible assets.  

17. Respondents also failed to obtain sufficient appropriate audit evidence to support UAHC's reported consolidated revenue. Specifically, to test revenue, Respondents tested the collection of cash subsequent to the end of the year under audit equaling approximately 14% of UAHC's total revenue for FYE June 30, 2013. Other than this testing of a portion of revenue, Respondents failed to perform procedures to test UAHC's consolidated revenue.

D. The Firm Violated PCAOB Rules and Auditing Standards Relating to Engagement Quality Reviews

18. For audits of financial statements for years beginning on or after December 15, 2009, Auditing Standard No. 7, Engagement Quality Review ("AS 7"), requires that an engagement quality review be performed on audits and interim reviews conducted pursuant to PCAOB standards. AS 7 also provides that a firm may grant permission to an audit client to use the firm's audit report only after an engagement quality reviewer provides concurring approval of issuance of the report. In connection with the audits of UAHC's financial statements for FYE June 30, 2012, June 30, 2013, and the six months ended December 31, 2013, the Firm failed to comply with these requirements.

19. For each of these audit engagements, the Firm improperly permitted the issuance of its unqualified audit report, which UAHC included in a Form 10-K or Form 10-KT filed with the Commission, without obtaining an engagement quality review and

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18  See AS 15 ¶ 4.
19  See AS 15 ¶¶ 4-6.
20  See AS 7 ¶ 1.
21  Id. at ¶ 13.
22  UAHC included its audited financial statements for FYE June 30, 2012 and June 30, 2013 in a Form 10-K, and its audited financial statements for the transition period from July 1, 2013 through December 31, 2013 in a Form 10-KT.
ORDER
concurring approval of issuance required by AS 7. Specifically, the audit report and filing
dates were as follows:

<table>
<thead>
<tr>
<th>UAHC Fiscal Year</th>
<th>Firm's Audit Report Date</th>
<th>UAHC Form 10-K or Form 10-KT Filing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Six Months Ended</td>
<td>April 11, 2014</td>
<td>April 16, 2014</td>
</tr>
<tr>
<td>December 31, 2013</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

E. Bravos Contributed to the Firm’s Violations of PCAOB Rules and Standards Relating to Engagement Quality Reviews

20. 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.\(^{24}\) Bravos, the sole owner and only member of the
Firm, was the engagement partner for the audits conducted by the Firm and was
responsible for them. Accordingly, Bravos had overall responsibility for ensuring that the
Firm complied with PCAOB rules and standards. Bravos knew, or was reckless in not

\(^{23}\) On December 17, 2012, UAHC filed a Form 10-K/A for FYE June 30,
2012. The amended filing contained a revised audit report from the Firm, which was still
dated October 11, 2012. The revised audit report represented that the Firm had audited
UAHC's financial statements for FYE June 30, 2012 and June 30, 2011, correcting the
original representation that the Firm had audited only the financial statements for FYE
June 30, 2012.

\(^{24}\) PCAOB Rule 3502, Responsibility Not to Knowingly or Recklessly
Contribute to Violations.
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), Bravos & Associates CPA’s and Thomas W. Bravos, CPA are hereby censured;

B. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), Thomas W. Bravos, CPA 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);25

C. After one (1) year from the date of this Order, Thomas W. Bravos, CPA 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 Bravos & Associates CPA’s is revoked;

E. After one (1) year from the date of this Order, Bravos & Associates CPA’s may reapply for registration by filing an application pursuant to PCAOB Rule 2101.

25 As a consequence of the bar, the provisions of Section 105(c)(7)(B) of the Act will apply with respect to Bravos. 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."
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 Bravos & Associates CPA's. 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. Bravos & Associates CPA's shall pay this civil money penalty within 10 days of the issuance of this Order by (a) wire transfer in accordance with instructions furnished by Board staff; or (b) United States postal money order, certified check, bank cashier's check or bank money order; (c) made payable to the Public Company Accounting Oversight Board; (d) delivered to the Controller, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington, D.C. 20006; and (e) submitted under a cover letter which identifies Bravos & Associates CPA's 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 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

July 23, 2015