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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. Dustin M. Lewis, age 40, of Henderson, Nevada, is a certified public accountant licensed by the Nevada State Board of Accountancy (License No. CPA-3205). At all relevant times, Lewis was a partner in the Las Vegas, Nevada office of L.L. Bradford & Company LLC (the "Firm" or "L.L. Bradford"), and 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). Lewis is no longer employed by L.L. Bradford and is currently self-employed.

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 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 (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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2. Eric S. Bullinger, age 44, of Worland, Wyoming, is a certified public accountant licensed under the laws of Wyoming (License No. 2741).⁵ At all relevant times, Bullinger was a partner in the Las Vegas, Nevada office of L.L. Bradford, and 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). Bullinger separated from L.L. Bradford in January 2013. Bullinger is currently employed at an entity that is not a registered public accounting firm.

B. Summary

1. This matter relates to repeated violations of Exchange Act Rule 10A-2 and PCAOB rules and standards that require a registered public accounting firm and its associated persons to be independent of the firm's audit clients throughout the audit and professional engagement periods. Lewis was not independent with respect to five issuer audit clients because Lewis served as either lead partner or concurring partner on five issuer audits for a combined period of more than five consecutive years.⁶ Bullinger was not independent with respect to six issuer audit clients because: (1) Bullinger served as lead partner on four issuer audits for more than five consecutive years; and (2) Bullinger served as either lead partner or concurring partner on two issuer audits for a combined period of more than five consecutive years.⁷

2. This matter also concerns Bullinger's failure to comply with Auditing Standard No. 7, *Engagement Quality Review* ("AS 7"), with respect to two issuer audit clients because Bullinger served as engagement quality reviewer immediately after serving as the engagement partner without satisfying the mandatory two year "cooling-off" period.⁸

⁵ During the relevant period, Bullinger was a certified public accountant licensed under the laws of Nevada (License No. 3735). Bullinger voluntarily surrendered his Nevada license effective December 31, 2014.

⁶ See Exchange Act Rule 10A-2, *Auditor Independence*; PCAOB Rule 3520, *Auditor Independence*; and AU §§ 220.01-02, *Independence*.

⁷ See id.

⁸ See AS 7 ¶ 8; see also PCAOB Release 2009-004, *Auditing Standard No. 7 – Engagement Quality Review and Conforming Amendment to the Board's Interim Quality Control Standards*.

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3. In addition, this matter concerns Lewis's violation of AS 7 with respect to the engagement quality review he performed for L.L. Bradford's audit and review of an issuer audit client.

C. Lewis and Bullinger Violated PCAOB and Exchange Act Rules and PCAOB Auditing Standards

Lewis and Bullinger Failed to Comply with Audit Partner Rotation Requirements and Bullinger Violated the Mandatory "Cooling-Off" Period

4. 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.⁹ PCAOB rules and standards 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.¹⁰ A registered public accounting firm or associated person's 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 Securities and Exchange Commission ("Commission") under the federal securities laws.¹¹

5. Exchange Act Rule 10A-2 provides that it shall be unlawful for an auditor not to be independent with respect to, among other requirements, the partner rotation requirements of Commission Regulation S-X.

6. Rule 2-01 of Commission Regulation S-X provides that an accountant is not independent of an audit client when an audit partner performs the services of lead or concurring audit partner for the same issuer for more than five consecutive years and within the five consecutive year period following the performance of services for the

⁹ PCAOB Rules 3100, *Compliance with Auditing and Related Professional Standards*, and 3200T, *Interim Auditing Standards*.

¹⁰ PCAOB Rule 3520; AU §§ 220.01-02.

¹¹ PCAOB Rule 3520, Note 1.



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maximum period permitted.¹² The partner rotation requirements set forth in Rule 2-01 were promulgated in 2003.

7. AS 7 requires that an engagement quality review be performed on audits and interim reviews conducted pursuant to PCAOB standards.¹³ Further, paragraph 8 of AS 7 provides: "The person who served as the engagement partner during either of the two audits preceding the audit subject to the engagement quality review may not be the engagement quality reviewer."

8. As described below, Bullinger and Lewis failed to comply with Exchange Act Rule 10A-2 and PCAOB rules and standards.

Audits of All American SportPark, Inc.'s Financial Statements

9. At all relevant times, All American SportPark, Inc. ("AASP") was a Nevada corporation with its headquarters in Las Vegas, Nevada. AASP's public filings disclosed that it was a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and operated a golf facility in Las Vegas, Nevada. Its common stock was registered under Section 12(g) of the Exchange Act and was quoted on the OTC Bulletin Board. At all relevant times, AASP was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

10. L.L. Bradford was engaged as All American SportPark's external auditor in May 2006. The Firm issued six unqualified audit reports on AASP's financial statements for the years ended December 31, 2006 through December 31, 2011. Each of those six audit reports was included in a Form 10-K or 10-KSB that AASP filed with the Commission.

11. Lewis served as the lead partner on the audit of AASP for 2006. Thereafter, Lewis served as concurring partner/engagement quality reviewer on the audits of AASP between 2007 and 2010. After serving as lead or concurring partner for the aforementioned five year period, Lewis continued to serve as the engagement quality reviewer on the audit of AASP's financial statements for the year ended December 31,

¹² Rule 2-01 of Regulation S-X, 17 C.F.R. §§ 210.2-01(c)(6)(i)(A)(1) and (c)(6)(i)(B)(1). At all relevant times, L.L. Bradford had five or more issuer audit clients and did not qualify for the small firm exemption. *Id.* at § 210.2-01(c)(6)(ii).

¹³ AS 7 ¶ 1.



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2011 and on the review of ASAP's March 31, 2012 financial statements, in violation of Exchange Act Rule 10A-2, PCAOB Rule 3520, and AU § 220.

12. Bullinger served as lead partner on the audits of AASP between 2007 and 2011. After serving for the five year period, Bullinger continued to serve as lead partner on the review of AASP's March 31, 2012 quarterly financial statements in violation of Exchange Act Rule 10A-2, PCAOB Rule 3520, and AU § 220.

Audits of Brownie's Marine Group, Inc.'s Financial Statements

13. At all relevant times, Brownie's Marine Group, Inc. ("Brownie's") was a Nevada corporation with its headquarters in Fort Lauderdale, Florida. Brownie's public filings disclosed that it was a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and was engaged in the design, testing, manufacturing, and distribution of recreational hookah diving, yacht based scuba air compressor and nitrox generation systems, and scuba and water safety products. Its common stock was registered under Section 12(g) of the Exchange Act and was quoted on the OTC Bulletin Board. At all relevant times, Brownie's was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

14. L.L. Bradford was engaged as Brownie's external auditor in April 2004. The Firm issued eight unqualified audit reports on Brownie's financial statements for the years ended December 31, 2004 through December 31, 2011. Each of those eight audit reports was included in a Form 10-K or 10-KSB that Brownie's filed with the Commission.

15. Lewis served as lead partner on the audits of Brownie's financial statements for three consecutive fiscal years, between 2004 and 2006. Lewis thereafter served as concurring partner on the Firm's next two audits of Brownie's financial statements between 2007 and 2008. After serving as lead or concurring partner for the aforementioned five year period, Lewis continued to serve as the concurring partner/engagement quality reviewer on the audits of Brownie's financial statements for the years ended December 31, 2009 and December 31, 2010, in violation of Exchange Act Rule 10A-2, PCAOB Rule 3520, and AU § 220.

16. Bullinger served as lead partner on the audits of Brownie's financial statements between 2007 and 2011. After serving as lead partner for the aforementioned five year period, Bullinger then served as engagement quality reviewer on the reviews of Brownie's March 31, 2012, June 30, 2012, and September 30, 2012 quarterly financial statements, in violation of Exchange Act Rule 10A-2, PCAOB Rule 3520, and AU § 220. Because Bullinger served as the engagement quality reviewer



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immediately after serving as lead partner on Brownie's audits, Bullinger also violated AS 7.¹⁴

Audits of Bravo Enterprises Ltd.'s Financial Statements

17. At all relevant times, Bravo Enterprises Ltd. (formerly known as Organa Gardens International and Shotgun Energy Corp.) ("Bravo") was a Nevada corporation with its headquarters in Patchogue, New York. Bravo's public filings disclosed that it was a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and engaged in the manufacturing, distribution, and marketing of water harvesting equipment. Its common stock was registered under Section 12(g) of the Exchange Act and was quoted on the OTC Bulletin Board. At all relevant times, Bravo was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

18. L.L. Bradford was engaged as Bravo's external auditor in December 2006. The Firm issued six unqualified audit reports on Bravo's financial statements for the years ended December 31, 2006 through December 31, 2011. Each of those six audit reports was included in a Form 10-K or 10-KSB that Bravo filed with the Commission.

19. Lewis served as the lead partner on the audit of Bravo's financial statements for 2006 and as the concurring partner/engagement quality reviewer on the audits of Bravo's financial statements between 2007 and 2010. After serving as lead partner or concurring partner/engagement quality reviewer for the aforementioned five year period, Lewis continued to serve as the engagement quality reviewer on the audit of Bravo's financial statements for the year ended December 31, 2011, in violation of Exchange Act Rule 10A-2, PCAOB Rule 3520, and AU § 220.

20. Bullinger served as lead partner on the audits of Bravo's financial statements between 2007 and 2011. After serving for the five year period, Bullinger then continued to serve as lead partner on the review of Bravo's March 31, 2012 quarterly financial statements, in violation of Exchange Act Rule 10A-2, PCAOB Rule 3520, and AU § 220.

Audits of Terralene Fuels Corporation's Financial Statements

21. At all relevant times, Terralene Fuels Corporation (formerly known as Golden Spirit Enterprises Ltd.) ("Terralene") was a Delaware corporation with its headquarters in Patchogue, New York. Terralene's public filings disclosed that it was a

¹⁴ See AS 7 ¶ 8.



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smaller reporting company and engaged in the development of alternative fuels. Its common stock was registered under Section 12(g) of the Exchange Act and was quoted on the OTC Bulletin Board. On May 14, 2013, Terralene filed a Form 15 to deregister its common stock. At all relevant times, Terralene was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

22. L.L. Bradford was engaged as Terralene's external auditor in December 2006. The Firm issued six unqualified audit reports on Terralene's financial statements for the years ended December 31, 2006 through December 31, 2011. Each of those six audit reports was included in a Form 10-K or 10-KSB that Terralene filed with the Commission.

23. Lewis served as lead partner on the audit of Terralene's 2006 financial statements and as the concurring partner/engagement quality reviewer on the audits of Terralene's financial statements between 2007 and 2010. After serving as lead partner or concurring partner/engagement quality reviewer for the aforementioned five year period, Lewis continued to serve as the engagement quality reviewer on the audit of Terralene's financial statements for the year ended December 31, 2011, in violation of Exchange Act Rule 10A-2, PCAOB Rule 3520, and AU § 220.

24. Bullinger served as lead partner on the audits of Terralene's financial statements between 2007 and 2011. After serving for the five year period, Bullinger then served as engagement quality reviewer on the review of Terralene's March 31, 2012 and June 30, 2012 quarterly financial statements, in violation of Exchange Act Rule 10A-2, PCAOB Rule 3520, and AU § 220. Because Bullinger served as the engagement quality reviewer immediately after serving as lead partner on Terralene's audits, Bullinger also violated AS 7.¹⁵

Audits of Solar Energy Initiatives, Inc.'s Financial Statements

25. At all relevant times, Solar Energy Initiatives, Inc. ("SEI") was a Delaware corporation with its headquarters in Cary, NC. SEI's public filings disclosed that it was a smaller reporting company and it had no present operations other than seeking new business activities. Its common stock was registered under Section 12(g) of the Exchange Act and was quoted on the OTC Bulletin Board. On January 8, 2014, SEI filed a Form 15 to deregister its common stock. At all relevant times, SEI was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

¹⁵ See AS 7 ¶ 8.

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26. L.L. Bradford was engaged as SEI's external auditor in August 2007. The Firm issued five unqualified audit reports on SEI's financial statements for the years ended July 31, 2007 through July 31, 2011. Each of those five audit reports was included in a Form SB-2 or Form 10-K that SEI filed with the Commission.

27. Bullinger served as lead partner and Lewis served as the concurring partner/engagement quality reviewer on the audits of SEI for the fiscal years 2007 through 2011. After serving on the audit for five fiscal year periods, Bullinger then continued to serve as lead partner and Lewis as engagement quality reviewer on the review of SEI's October 31, 2011, January 31, 2012, and April 30, 2012 quarterly financial statements, in violation of Exchange Act Rule 10A-2, PCAOB Rule 3520, and AU § 220.

Audits of U-Swirl Inc.'s Financial Statements

28. At all relevant times, U-Swirl, Inc. ("U-Swirl") was a Nevada corporation with its headquarters in Henderson, Nevada. U-Swirl's public filings disclosed that it was a smaller reporting company and engaged in the operation and franchising of frozen yogurt cafes. Its common stock was registered under Section 12(g) of the Exchange Act and was quoted on the OTC Bulletin Board. At all relevant times, U-Swirl was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

29. L.L. Bradford was engaged as U-Swirl's external auditor in November 2007. The Firm issued five unqualified audit reports on U-Swirl's financial statements for the years ended December 31, 2007 through December 31, 2011. Each of those five audit reports was included in a Form S-1/A or Form 10-K that U-Swirl filed with the Commission.

30. Bullinger served as lead partner on the audits of U-Swirl for the fiscal years 2007 through 2011. After serving on the audit of five fiscal year periods, Bullinger then continued to serve as lead partner on the review of U-Swirl's March 31, 2012 quarterly financial statements, in violation of Exchange Act Rule 10A-2, PCAOB Rule 3520, and AU § 220.

Bullinger's Violations Continued After Notice from PCAOB Inspectors

31. In connection with a June 2012 inspection of L.L. Bradford, the PCAOB inspection staff brought to Respondents' attention apparent failures by Respondents to comply with independence requirements related to partner rotation for certain issuer audit clients. In the Firm's response to Inspections, which was prepared by Bullinger, the Firm acknowledged that it was not independent as defined by the Commission and indicated that, effective immediately, neither Bullinger nor Lewis was the lead or



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engagement quality review partner on the issuers identified by PCAOB inspections staff. Contrary to that representation, Bullinger continued as the engagement quality reviewer on the reviews of Brownie's June 30, 2012 and September 30, 2012 interim financial statements and the review of Terralene's June 30, 2012 interim financial statements, even after learning that he had violated the audit partner rotation requirements with respect to those issuers.

Lewis Violated PCAOB Rules and Auditing Standards in Connection with the Audit of the 2011 Financial Statements of WebXU

32. WebXU, Inc. ("WebXU") was, at all relevant times, a Delaware corporation headquartered in Los Angeles, California. WebXU's public filings disclosed that it was a media company engaged in developing high-value branded websites to service consumers for products and services. During the relevant period, its common stock was registered under Section 12(g) of the Exchange Act and was quoted on the OTC Bulletin Board.¹⁶ At all relevant times, WebXU was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

33. L.L. Bradford became the auditor for WebXU on December 5, 2011. L.L. Bradford audited WebXU's financial statements for the year ended December 31, 2011, and issued an audit report containing an unqualified opinion dated April 9, 2012, which was included in WebXU's Form 10-K filed with the Commission on April 9, 2012. The audit report stated that, in L.L. Bradford's opinion, WebXU's financial statements presented fairly, in all material respects, the issuer's financial position in conformity with U.S. generally accepted accounting principles ("GAAP") and that L.L. Bradford's audit was performed in accordance with PCAOB standards. Lewis served as the engagement quality reviewer on the 2011 audit of WebXU and provided concurring approval for the issuance of the Firm's audit report.

34. PCAOB auditing standards require [a]n engagement quality review and concurring approval of issuance . . . for each audit engagement and for each

¹⁶ On June 5, 2014, the Commission temporarily suspended trading in WebXU's securities due to "questions that have been raised about the accuracy and adequacy of publicly disseminated information concerning, among other things, the company's finances." SEC, Exchange Act Release No. 72323. On December 18, 2014, the Commission revoked the registration of WebXU's securities due to the issuer's failure to file periodic reports with the Commission since its December 31, 2012 Form 10-K. SEC, Exchange Act Release No. 73869.

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engagement to review interim financial information."¹⁷ Under PCAOB standards, the engagement quality reviewer for an audit should, among other things, (1) "evaluate the engagement team's assessment of, and audit responses to . . . [s]ignificant risks identified by the engagement team . . . and . . . [o]ther significant risks identified by the engagement quality reviewer;" and (2) "evaluate whether the engagement documentation that he or she reviewed . . . [s]upports the conclusions reached by the engagement team with respect to the matters reviewed."¹⁸

35. Lewis violated PCAOB standards as the engagement quality reviewer for the 2011 WebXU audit in numerous respects. First, he failed to properly evaluate the audit engagement team's assessment of and audit responses to significant risks.¹⁹ During audit planning, the engagement team failed to identify and assess the risks of material misstatement at the financial statement and assertion level. The engagement team's assessment of risk was limited to assessing inherent risk, control risk, and audit risk. The risks of material misstatement were not properly assessed. Furthermore, the engagement team's risk assessment was performed at a level of aggregation above that permitted by PCAOB standards. For example, the engagement team assessed risk on all assets collectively. A similar approach was taken with liabilities. As a result, cash carried the same risk assessment as goodwill (identified in the financial statements as "Investment in Lot6"). Accordingly, the engagement team failed to recognize or document significant risks at a financial statement and assertion level, yet Lewis failed to identify that deficiency.²⁰

36. Second, in violation of AS 7, Lewis failed to properly evaluate the significant judgments made by the audit engagement team.²¹ In particular, Lewis failed to properly evaluate (a) the engagement team's consideration of WebXU's recent significant activities, including its acquisition of Lot6 Media LLC ("Lot6"), an affiliate

¹⁷ AS 7 ¶ 1.

¹⁸ AS 7 ¶¶ 10-11.

¹⁹ See id.

²⁰ See id.; see also Auditing Standard No. 12, *Identifying and Assessing the Risks of Material Misstatement* ¶ 59 (the engagement team should identify and assess the risks of material misstatement at the financial statement level and the assertion level).

²¹ See AS 7 ¶¶ 9-10.

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marketing company, and (b) the related financial reporting issues and risks.²² At December 31, 2011, the goodwill associated with Lot6 was the largest item on WebXU's balance sheet and constituted nearly two-thirds of total reported assets. However, the audit engagement team failed to identify in its planning memorandum the goodwill associated with the acquisition of Lot6 as a significant accounting issue and failed to set forth an audit approach to ensure that the goodwill recorded at acquisition was properly valued. In his engagement quality review, Lewis failed to identify that the engagement team had not properly considered the financial reporting issues and risks associated with the Lot6 acquisition.

37. Third, Lewis failed to properly evaluate whether the engagement documentation that he reviewed regarding the Lot6 acquisition and WebXU's reported revenue supported the conclusions reached by the engagement team. With respect to the acquisition of Lot6, the engagement team failed to evaluate the qualifications and competence of a specialist retained to value the acquisition. The engagement team also failed to perform sufficient procedures to test the valuation of purchase consideration for the Lot6 acquisition. Specifically, the engagement team failed to evaluate the reasonableness of the significant assumptions used by the issuer and its specialist to determine the fair value of shares and notes payable issued in connection with the acquisition. Finally, the engagement team failed to test data provided to the specialist by the issuer and properly evaluate whether the specialist's findings supported the related financial statement assertions.

38. With respect to revenue, the documentation that Lewis reviewed showed that the engagement team had failed to: (1) test the completeness of the population from which the selected revenue transactions were chosen by; (2) obtain, understand, and evaluate customer contracts to determine whether the issuer's recognition of revenue was in accordance with GAAP; and (3) perform cutoff procedures on Lot6 revenues to test whether revenue was recognized in the correct period.

39. Lewis provided his concurring approval of issuance of the Firm's audit report notwithstanding the significant deficiencies apparent from the documentation he reviewed regarding the engagement team's evaluation of the Lot6 acquisition and its testing of revenue.²³ In light of the significant engagement deficiencies, Lewis failed to

²² See AS 7 ¶ 10.

²³ See AS 7 ¶ 12.

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exercise due professional care in the performance of his engagement quality review responsibilities.²⁴

Lewis Violated PCAOB Auditing Standards in Connection with the Review of the June 30, 2012 Financial Statements of WebXU

40. When an interim review is performed, PCAOB standards require that the engagement quality reviewer "evaluate the significant judgments made by the engagement team and the related conclusions reached in forming the overall conclusion on the engagement" and "[e]valuate the significant judgments made about . . . the materiality and disposition of corrected and uncorrected identified misstatements," among other things.²⁵ In addition, "the engagement quality reviewer should evaluate whether the engagement documentation . . . supports the conclusions reached by the engagement team with respect to the matters reviewed."²⁶ An engagement quality review should also "evaluate whether appropriate matters have been communicated, or identified for communication, to the audit committee, management, and other parties, such as regulatory bodies."²⁷

41. The engagement quality reviewer "may provide concurring approval of issuance only if, after performing with due professional care the review required by this standard, he or she is not aware of a significant engagement deficiency."²⁸

42. Lewis served as the engagement quality reviewer for L.L. Bradford's review of WebXU's June 30, 2012 financial statements. As detailed below, Lewis failed to comply with PCAOB standards in connection with that review.

43. On August 21, 2012, WebXU filed its Form 10-Q with the Commission for the quarter ended June 30, 2012. Included in the Form 10-Q was an explanatory note that stated that the auditors had failed to complete the required field work and review of WebXU's filing due to technical problems with the auditor's email system. The engagement team, aware that WebXU had filed before the completion of its review,

²⁴ See id.

²⁵ AS 7 ¶¶ 14-15.

²⁶ AS 7 ¶ 16.

²⁷ AS 7 ¶ 15.f.

²⁸ AS 7 ¶ 17.



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internally discussed whether WebXU would need to file an amended Form 10-Q once the review was complete, but took no further action and continued its review.

44. On September 25, 2012, more than a month after WebXU filed its Form 10-Q, the engagement team signed the Completion Document and the Supervision, Review, and Approval Form indicating that the Firm had completed the quarterly review. The next day, the engagement partner, sent an email to WebXU stating: "Just so everyone is on the same page here, we are still analyzing the goodwill impairment for the quarter ended 6/30/2012 . . . In other words, the quarter is still not final. In the event that the adjustment to the impairment write-down is deemed material, a restatement of the financials and an amended 10Q will need to be filed."

45. As part of its review procedures, the engagement team identified a likely misstatement of goodwill impairment of more than \$2 million, an amount that was material to the financial statements, but the team understood that it needed to do more work to conclude. The engagement team did not complete its additional inquiries and procedures prior to signing off on the quarterly review. According to other email communications among the engagement partner, Lewis, and the engagement manager, the engagement team was still assessing in October 2012 whether the second quarter impairment charge taken by WebXU was misstated. Although the engagement team was aware of the potential impact of the likely misstatement, the amount of the likely misstatement was not discussed with management or the audit committee. The engagement team never completed its additional inquiries and review procedures related to goodwill impairment. By failing to complete procedures "necessary to achieve the objective of a review of financial information, . . . the review [was] incomplete."²⁹

46. Lewis violated PCAOB standards because as engagement quality reviewer he failed to properly evaluate (a) the significant judgments made about the materiality and disposition of the likely misstatement of goodwill at June 30, 2012; (b) whether the engagement documentation related to goodwill supported the conclusions reached by the engagement team; and (c) whether appropriate matters, including the engagement team's inability to complete the review and the likely misstatement of goodwill had been communicated to the audit committee, management, or regulatory bodies.³⁰ Lewis further violated PCAOB standards by providing his concurring approval

²⁹ See AU § 722.28, *Interim Financial Information*.

³⁰ See AS 7 ¶¶ 14-17. Under PCAOB standards, an engagement team conducting a review of interim financial information should inform management of an inability to complete the review and of any material modification that should be made to the financial information for it to be in conformity with GAAP. If management does not

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of issuance despite his knowledge of a significant engagement deficiency related to the engagement team's failure to complete its interim review procedures related to the likely misstatement of goodwill.³¹

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), Dustin M. Lewis and Eric S. Bullinger are hereby censured;
- B. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), Dustin M. Lewis 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);³²
- C. After two (2) years from the date of this Order, Dustin M. Lewis 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)(B) of the Act and PCAOB Rule 5300(a)(2), Eric S. Bullinger is barred from being an associated person of a registered

respond appropriately, those matters should be communicated to the issuer's audit committee. AU §§ 722.28-30.

³¹ See AS 7 ¶ 17.

³² As a consequence of the bars imposed in this Order, the provisions of Section 105(c)(7)(B) of the Act will apply with respect to Lewis and Bullinger. 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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public accounting firm, as that term is defined in Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(i);

- E. After one (1) year from the date of this Order, Eric S. Bullinger may file a petition, pursuant to PCAOB Rule 5302(b), for Board consent to associate with a registered public accounting firm; 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 payable by Dustin M. Lewis is imposed. 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. Dustin M. Lewis shall pay this civil money penalty within 10 days of the issuance of this Order by (1) wire transfer pursuant to instructions provided by Board staff; or (2) United States Postal Services 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 payor 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 1, 2015