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ORDER INSTITUTING DISCIPLINARY
PROCEEDINGS, MAKING FINDINGS,
AND IMPOSING SANCTIONS

)
)
) PCAOB Release No. 105-2015-022
)

) July 23, 2015
)

*In the Matter of Weaver and Tidwell,
L.L.P.*

Respondent.

By this Order, the Public Company Accounting Oversight Board ("Board" or "PCAOB") is censuring the registered public accounting firm Weaver and Tidwell, L.L.P. ("Weaver," the "Firm," or "Respondent"). The Board is imposing this sanction on the basis of its findings concerning the Firm's violations of PCAOB rules and standards in connection with two of the Firm's audits of one issuer audit client.

I.

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

II.

In anticipation of institution of these proceedings, and pursuant to PCAOB Rule 5205, Respondent has submitted an Offer of Settlement ("Offer") that the Board has determined to accept. Solely for purposes of these proceedings and any other proceedings brought by or on behalf of the Board, or to which the Board is a party, and without admitting or denying the findings herein, except as to the Board's jurisdiction over it and the subject matter of these proceedings, which is admitted, Respondent

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consents to entry of this Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions ("Order") as set forth below.¹

III.

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

A. Respondent

1. Weaver and Tidwell, L.L.P. is, and at all relevant times was, a limited liability partnership organized under the laws of the state of Texas, and headquartered in Fort Worth, Texas. Weaver is registered with the Board pursuant to Section 102 of the Act and PCAOB rules. Weaver is licensed by the Texas State Board of Accountancy (license no. P04338). At all relevant times, the Firm was the external auditor for the issuer identified below.

B. Summary

2. This matter concerns Respondent's failure to comply with Auditing Standard No. 7, *Engagement Quality Review* ("AS 7"), with respect to one issuer client, San Juan Basin Royalty Trust ("San Juan Basin Royalty"). A partner at Weaver, Dale Jensen ("Jensen"),² served as engagement quality reviewer on two San Juan Basin Royalty audits immediately after serving as the engagement partner on San Juan Basin Royalty's audits, without satisfying the mandatory two year "cooling-off" period for former engagement partners.³

C. Respondent Violated Auditing Standard No. 7

3. 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

¹ The findings herein are made pursuant to the Respondent's Offer and are not binding on any other persons or entities in this or any other proceeding.

² See Dale Jensen, CPA, PCAOB Release No. 105-2015-023 (July 23, 2015).

³ 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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with the Board's auditing and related professional practice standards.⁴ For audits of financial statements for years beginning on or after December 15, 2009, AS 7 requires that an engagement quality review be performed on audits and interim reviews conducted pursuant to PCAOB standards.⁵ Further, paragraph 8 of AS 7 provides: "[t]he 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."⁶

4. As described below, Respondent failed to comply with AS 7.

Audits of San Juan Basin Royalty's Financial Statements

5. At all relevant times, San Juan Basin Royalty Trust was a Texas corporation headquartered in Fort Worth, Texas. San Juan Basin Royalty's public filings disclose that it was in the business of collecting and distributing royalties from the production of natural gas. At all relevant times, San Juan Basin Royalty was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

6. Weaver audited San Juan Basin Royalty's 2011 year-end financial statements, and issued an audit report, which was filed with the Commission, expressing an unqualified opinion on the financial statements. Jensen served as the engagement partner for the 2011 San Juan Basin Royalty engagement and authorized the issuance of the audit report.

7. Weaver also audited San Juan Basin Royalty's 2012 and 2013 year-end financial statements and issued audit reports, which were filed with the Commission, expressing unqualified opinions on the financial statements. Jensen served as the engagement quality reviewer on the audits of San Juan Basin Royalty's financial statements for the years ended December 31, 2012 and December 31, 2013, immediately after serving as the engagement partner on the 2011 audit, violating AS 7's two-year "cooling-off" period for former engagement partners.

⁴ See PCAOB Rules 3100, *Compliance with Auditing and Related Professional Standards*.

⁵ See AS 7 ¶ 1.

⁶ At all relevant times, Weaver had five or more issuer audit clients and did not qualify for AS 7 ¶ 8's small firm exemption.

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IV.

In view of the foregoing, and to protect the interests of investors and further the public interest in the preparation of informative, accurate, and independent audit reports, the Board determines it appropriate to impose the sanctions agreed to in Respondent's Offer. Accordingly, it is hereby ORDERED that:

- A. Pursuant to Section 105(c)(4)(E) of the Act and PCAOB Rule 5300(a)(5), Weaver and Tidwell, L.L.P. is hereby censured.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

July 23, 2015