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Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions

In the Matter of Plante & Moran, PLLC,

Respondent.

PCAOB Release No. 105-2023-013

July 28, 2023

By this Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions (“Order”), the Public Company Accounting Oversight Board (“Board” or “PCAOB”) is:

- (1) censuring Plante & Moran, PLLC (“Plante Moran,” the “Firm,” or “Respondent”);
- (2) imposing a civil money penalty in the amount of \$40,000 upon the Firm; and
- (3) requiring the Firm to undertake certain remedial actions as described in Section IV of this Order.

The Board is imposing these sanctions on the basis of its findings that the Firm violated PCAOB rules relating to independence in connection with the audits of GrowGeneration Corp. (“GrowGeneration”) and Startek, Inc. (“Startek”).

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 against Respondent pursuant to Section 105(c) of the Sarbanes-Oxley Act of 2002, as amended (the “Act”), and PCAOB Rule 5200(a)(1).

II.

In anticipation of the institution of these proceedings, and pursuant to PCAOB Rule 5205, Plante Moran 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 Respondent and the subject matter of these proceedings, which is admitted, Respondent consents to the entry of this Order as set forth below.¹

III.

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

A. Respondent

1. **Plante & Moran, PLLC** is a professional limited liability company formed under Michigan law and headquartered in Southfield, Michigan. It is licensed with the Michigan Department of Licensing and Regulatory Affairs (license no. 1102003462). At all relevant times, Plante Moran was registered with the Board pursuant to Section 102 of the Act and PCAOB rules.

B. Issuers

2. **GrowGeneration Corp.**, was, at all relevant times, an entity incorporated in Colorado and headquartered in Denver, Colorado. It operates a chain of hydroponic garden centers and markets products and systems used in hydroponic gardening. At all relevant times, GrowGeneration was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii). Plante Moran issued an audit report that GrowGeneration included in its Form 10-K filed with the U.S. Securities and Exchange Commission (“Commission”) for the year ended December 31, 2020.

3. **Startek, Inc.**, was, at all relevant times, a global business process outsourcing company incorporated in Delaware and headquartered in Greenwood Village, Colorado. At all relevant times, Startek was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii). Plante Moran issued an audit report that Startek included in its Form 10-KT filed with the Commission for the year ended December 31, 2018.

¹ The findings herein are made pursuant to Plante Moran’s Offer and are not binding on any other person or entity in this or any other proceeding.

C. Plante Moran Failed to Obtain Audit Committee Pre-Approval of Services in Violation of Rule 3520 and Rule 3524

4. PCAOB rules and standards require that a registered public accounting firm and its associated persons must be independent of the firm's audit client throughout the audit and professional engagement period.² That requirement includes an obligation to satisfy the independence criteria set out in the rules and standards of the PCAOB and all other independence criteria set out in the Commission's rules and regulations under the federal securities laws.³

5. Rule 3524, *Audit Committee Pre-approval of Certain Tax Services*, provides that, in connection with seeking audit committee pre-approval to perform for an issuer audit client any permissible tax service, a registered public accounting firm describe, in writing, to the audit committee of the issuer, among other things, the scope of the service, the fee structure of the engagement, and any side letter or other amendment to the engagement letter, or any other agreement between the firm and the audit client relating to the service.

6. Rule 2-01(c)(7)(i) of Commission Regulation S-X provides that "[a]n accountant is not independent of an issuer" unless, "[b]efore the accountant is engaged by the issuer...to render audit or non-audit services, the engagement is approved by the issuer's...audit committee."⁴

i. GrowGeneration

7. Plante Moran audited GrowGeneration's financial statements for the year ended December 31, 2020, issuing an audit opinion that the issuer included in its Form 10-K filed with the Commission in March 2021.

8. During the time that Plante Moran performed that audit, it also performed additional audit-related services in connection with a Form S-1 filing comfort letter and a Form S-3 filing comfort letter.

9. Plante Moran failed to obtain pre-approval from GrowGeneration's audit committee to provide these additional services.

² See PCAOB Rule 3520.

³ See PCAOB Rule 3520, note 1.

⁴ 17 C.F.R. § 210.2-01(c)(7).

10. Accordingly, Plante Moran violated Rule 3520 by not fulfilling the requirements of Rule 2-01(c)(7)(i) of Commission Regulation S-X, and thus was not independent of GrowGeneration.

ii. Startek

11. Plante Moran audited Startek's financial statements for the year ended December 31, 2018, issuing an audit opinion that Startek included in its Form 10-KT filed with the Commission in March 2019.

12. During the time that Plante Moran performed that audit, it also provided tax return preparation services for two Startek employees who were not in a financial reporting oversight role. Startek paid for these services.

13. Plante Moran failed to obtain pre-approval from Startek's audit committee to provide these tax return preparation services.

14. Accordingly, Plante Moran violated Rule 3520 and Rule 3524 by not fulfilling the requirements of Rule 2-01(c)(7)(i) of Commission Regulation S-X, and thus was not independent of Startek.

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), the Firm is hereby censured.
- B. Pursuant to Section 105(c)(4)(D) of the Act and PCAOB Rule 5300(a)(4), a civil money penalty in the amount of \$40,000 is imposed upon the Firm.
 - 1. 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.
 - 2. The Firm shall pay this civil money penalty within ten days of the issuance of this Order by: (1) wire transfer pursuant to instructions provided 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 Office of Finance, Public Company Accounting Oversight Board, 1666 K Street NW, Washington, D.C. 20006, and (c) submitted under a cover letter, which identifies the Firm 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 NW, Washington, D.C. 20006;

3. If timely payment is not made, additional interest shall accrue at the federal debt collection rate set for the current quarter pursuant to 31 U.S.C. § 3717. Payments shall be applied first to post-Order interest;
 4. With respect to any civil money penalty amounts that Respondent shall pay pursuant to this Order, Respondent shall not, directly or indirectly, (a) seek or accept reimbursement or indemnification from any source including, but not limited to, any current or former affiliated firm or professional or any payment made pursuant to any insurance policy; (b) claim, assert, or apply for a tax deduction or tax credit in connection with any federal, state, local, or foreign tax; nor (c) seek or benefit by any offset or reduction of any award of compensatory damages, by the amount of any part of Respondent's payment of the civil money penalty pursuant to this Order, in any private action brought against Respondent based on substantially the same facts as set out in the findings in this Order; and
 5. Respondent understands that its failure to pay the civil money penalty described above may result in summary suspension of the Firm's registration, pursuant to PCAOB Rule 5304(a), following written notice to Respondent at the address on file with the PCAOB at the time of the issuance of this Order.
- C. Pursuant to Section 105(c)(4)(G) of the Act and PCAOB Rule 5300(a)(9), the Firm is required:
1. Within 90 days of the entry of this Order, to establish, revise, or supplement, as necessary, policies and procedures, including monitoring procedures, to provide the Firm with reasonable assurance that Firm personnel will

communicate to audit committees all matters required by PCAOB Rule 3520, PCAOB Rule 3524, and Rule 2-01(c)(7) of Commission Regulation S-X; and

2. Within 120 days of the entry of this Order, to provide a certification, signed by its Managing Partner, to the Director of the PCAOB's Division of Enforcement and Investigations, stating that the Firm has complied with paragraph IV.C.1 above. The certification shall identify the actions undertaken to satisfy the conditions specified above (including any remedial actions taken prior to the date of this Order), provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. 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. The Firm understands that the failure to satisfy these conditions may constitute a violation of PCAOB Rule 5000 that could provide a basis for the imposition of additional sanctions in a subsequent disciplinary proceeding.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

July 28, 2023