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Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions

In the Matter of Haynie & Company,

Respondent.

PCAOB Release No. 105-2024-001

January 23, 2024

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

- (1) censuring Haynie & Company (“Haynie,” the “Firm,” or “Respondent”);
- (2) imposing a \$400,000 civil money penalty on Haynie; and
- (3) requiring the Firm to engage an independent consultant to review and make recommendations concerning its system of quality control as specified in Section IV of this Order.

The Board is imposing these sanctions on Haynie on the basis of its findings that the Firm violated PCAOB rules and standards in connection with the Firm’s audits of the financial statements of George Risk Industries, Inc. (“George Risk”) for the fiscal year ended April 30, 2019 (“2019 George Risk Audit”), and of Investview, Inc. (“Investview”) for the fiscal year ended March 31, 2019 (“2019 Investview Audit”) (collectively, the “2019 Audits”).

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 (“Act”), and PCAOB Rule 5200(a)(1), against Haynie.

II.

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

III.

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

A. Respondent

1. **Haynie & Company** is a professional corporation organized under the laws of Utah and headquartered in Salt Lake City, Utah. Haynie is licensed to practice public accounting by the Utah Board of Accountancy (license nos. 13292009-2603 and 103735-2603), among other state boards. Haynie is, and at all relevant times was, registered with the Board, and is a “registered public accounting firm” as that term is defined in Section 2(a)(12) of the Act and PCAOB Rule 1001(r)(i).

B. Relevant Individuals

2. **Tyson Holman** was, at all relevant times, a certified public accountant licensed by the states of Colorado (license no. 24301) and New York (license no. 135845). Holman is a partner in the Denver, Colorado office of Haynie. Holman served as the engagement partner for the 2019 George Risk Audit. At all relevant times, Holman 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).

3. **Anna Hrabova** was, at all relevant times, a certified public accountant licensed by the state of Georgia (license no. CPA028398) and a partner of Haynie. Hrabova served as the engagement quality review (“EQR”) partner for the 2019 George Risk Audit. At all relevant times, Hrabova 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).

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

4. **Steven Avis** was, at all relevant times, a certified public accountant licensed by the state of Utah (license no. 363384-2601). Avis is a partner in the Salt Lake City, Utah office of Haynie. Avis served as the engagement partner for the 2019 Investview Audit. At all relevant times, Avis 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).

5. **Richard Fleischman** was, at all relevant times, a certified public accountant licensed by the state of Colorado (license no. 21292). Fleischman was, until July 2019, a partner in the Littleton, Colorado office of Haynie. Fleischman served as the EQR partner for the 2019 Investview Audit. At all relevant times, Fleischman 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).

C. Issuers

6. **George Risk Industries, Inc.** was, at all relevant times, a Colorado corporation headquartered in Kimball, Nebraska. George Risk’s public filings disclose that it designs, manufactures, and sells computer keyboards, push button switches, burglar alarm components and systems, pool alarms, EZ Duct wire covers, water sensors, and wire and cable installation tools. George Risk is, and at all relevant times was, an “issuer” as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

7. **Investview, Inc.** was, at all relevant times, a Nevada corporation headquartered in Salt Lake City, Utah.² Investview’s public filings disclose that it provides access to financial education, market research, and technology on certain financial subjects including equities, options, binary options, and cryptocurrency. Investview is, and at all relevant times was, an “issuer” as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

D. Summary

8. This matter concerns Haynie’s violations of PCAOB rules and standards during the 2019 Audits, as well as PCAOB quality control standards. On the 2019 George Risk Audit, the Firm violated PCAOB rules and standards by failing to: (1) evaluate whether George Risk’s revenue was reported in conformity with the applicable financial reporting framework; (2) obtain sufficient appropriate audit evidence with respect to George Risk’s investments; and

² Investview’s corporate headquarters is now located in Haverford, Pennsylvania.

(3) notify George Risk’s Board of Directors and management of an identified material weakness.³

9. On the 2019 Investview Audit, the Firm violated PCAOB rules and standards by failing to obtain sufficient appropriate audit evidence concerning: (1) Investview’s accounting for its acquisition of United Games, LLC and United League, LLC (collectively, “United Games”); (2) Investview’s cryptocurrency mining revenue; and (3) a license agreement held by Investview.⁴

10. In addition, on both of the 2019 Audits, the Firm violated PCAOB rules and standards by failing to document the EQRs, including the work papers reviewed by the EQR partners, in accordance with PCAOB standards.

11. In numerous areas across both of the 2019 Audits, the Firm’s engagement teams failed to obtain sufficient appropriate audit evidence to provide a reasonable basis for the Firm’s audit opinions, and to conduct the 2019 Audits with due care and professional skepticism. Despite being on notice of two deficiencies identified during the PCAOB’s inspection of the audit of the financial statements of George Risk for the fiscal year ended April 30, 2017 (“2017 George Risk Audit”), Haynie repeated the same deficiencies on the 2019 George Risk Audit. There are also similar deficiencies in the 2019 George Risk Audit and the 2019 Investview Audit, including a total of four failures to evaluate whether areas of the financial statements identified as significant risks were presented in conformity with the applicable financial reporting framework, and two failures to document EQRs in accordance with PCAOB standards.

12. Finally, this matter concerns the Firm’s violations of PCAOB rules and quality control standards. Specifically, as evidenced by the 2019 Audits, the Firm failed to: (1) maintain a system of quality control sufficient to provide the Firm with reasonable assurance that engagement teams performed issuer audits and reviews in accordance with applicable professional standards and regulatory requirements; and (2) establish policies and procedures to provide the Firm with reasonable assurance that its quality control policies and procedures were suitably designed and were being effectively applied, and that its system of quality control was effective.

³ See Tyson Holman, CPA and Anna Hrabova, CPA, PCAOB Rel. No. 105-2024-002 (Jan. 23, 2024).

⁴ See Steven Avis, CPA and Richard Fleischman, CPA, PCAOB Rel. No. 105-2024-003 (Jan. 23, 2024).

E. Relevant PCAOB Rules and Standards

13. In connection with the preparation and issuance of an audit report, PCAOB rules require that registered public accounting firms and their associated persons comply with all applicable auditing and related professional standards.⁵ An auditor may express an unqualified opinion on an issuer’s financial statements when the auditor conducted an audit in accordance with PCAOB standards and concludes that the financial statements, taken as a whole, are presented fairly, in all material respects, in conformity with the applicable financial reporting framework.⁶

14. PCAOB standards require that an auditor exercise due professional care in planning and performing an audit.⁷ Due professional care requires that the auditor exercise professional skepticism, which is an attitude that includes a questioning mind and a critical assessment of audit evidence.⁸

15. Auditors are required to plan and perform audit procedures to obtain sufficient appropriate audit evidence to provide a reasonable basis for the opinion.⁹ In addition, an auditor has a responsibility to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.¹⁰

16. While an auditor may use inquiry of management to obtain information, “[i]nquiry alone does not provide sufficient appropriate evidence to support a conclusion about a relevant assertion.”¹¹ Management representations “are not a substitute for the application

⁵ See PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*; PCAOB Rule 3200, *Auditing Standards*. All references to PCAOB rules and standards in this Order are to the versions of those rules and standards, and to their organization and numbering, in effect at the time of the audits discussed herein.

⁶ See AS 3101.02, *The Auditor’s Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion*.

⁷ See AS 1015.01, *Due Professional Care in the Performance of Work*.

⁸ See AS 1015.07; AS 2301.07, *The Auditor’s Responses to the Risks of Material Misstatement*.

⁹ See AS 1105.04, *Audit Evidence*.

¹⁰ See AS 2401.12, *Consideration of Fraud in a Financial Statement Audit*.

¹¹ AS 2301.39; see also AS 1105.17, Note (“Inquiry of company personnel, by itself, does not provide sufficient audit evidence to reduce audit risk to an appropriately low level for a relevant assertion. . .”).

of those auditing procedures necessary to afford a reasonable basis for an opinion regarding the financial statements under audit.”¹²

17. In addition, if audit evidence obtained from one source is inconsistent with audit evidence obtained from another source, “the auditor should perform the audit procedures necessary to resolve the matter and should determine the effect, if any, on other aspects of the audit.”¹³ Likewise, if management’s responses to an auditor’s inquiries appear to be “inconsistent with other audit evidence, imprecise, or not at a sufficient level of detail to be useful, the auditor should perform procedures to address the matter.”¹⁴ “If a representation made by management is contradicted by other audit evidence, the auditor should investigate the circumstances and consider the reliability of the representation made,” and, based on the circumstances, “consider whether his or her reliance on management’s representations relating to other aspects of the financial statements is appropriate and justified.”¹⁵

18. As described below, Haynie violated these and other PCAOB rules and standards on the 2019 Audits.

F. Haynie Violated PCAOB Rules and Standards on the 2019 George Risk Audit

i. Haynie Failed to Evaluate Whether George Risk’s Revenue was Presented in Conformity With the Applicable Financial Reporting Framework

19. Haynie issued an audit report containing an unqualified opinion on George Risk’s financial statements for the fiscal year ended April 30, 2019 on August 13, 2019. The report was included with George Risk’s Form 10-K filed with the Securities and Exchange Commission (“Commission”) on August 13, 2019.

20. George Risk disclosed in its Form 10-K for fiscal year 2019 revenue of \$14,126,000. Haynie identified improper revenue recognition as a significant risk and a fraud risk.

21. PCAOB standards required Haynie to design and perform audit procedures in a manner that addressed the Firm’s identification of improper revenue recognition as a

¹² AS 2805.02, *Management Representations*.

¹³ AS 1105.29.

¹⁴ AS 2810.08, *Evaluating Audit Results*.

¹⁵ AS 2805.04.

significant risk and a fraud risk,¹⁶ and to evaluate whether George Risk's revenue was presented in the financial statements fairly, in all material respects, in conformity with the applicable financial reporting framework.¹⁷

22. George Risk disclosed in its Form 10-K that it had adopted FASB ASC 606, *Revenue from Contracts with Customers* ("ASC 606") effective May 1, 2018, the beginning of the 2019 fiscal year. During the 2019 George Risk Audit, however, Haynie evaluated George Risk's revenue recognition under FASB ASC 605, *Revenue Recognition* ("ASC 605"), which had been superseded by ASC 606. The adoption of ASC 606 resulted in different considerations in the determination of whether revenue had met the criteria to be recognized. Haynie failed to evaluate the implications to the audit procedures of the adoption of ASC 606. For example, Haynie failed to evaluate whether George Risk recognized revenue when (or as) George Risk satisfied performance obligations set forth in a contract with a major customer, in conformity with ASC 606.

23. As a result, Haynie failed to evaluate whether the recognized revenue in George Risk's financial statements was presented fairly, in all material respects, in conformity with the applicable financial reporting framework.¹⁸ By testing George Risk's revenue under ASC 605 rather than ASC 606, Haynie also failed to design and perform audit procedures in a manner that addressed the Firm's identification of improper revenue recognition as a significant risk.¹⁹

ii. Haynie Failed to Test the Valuation and Disclosure of George Risk's Investments Despite Prior Notice of Issues Regarding its Testing the Valuation and Disclosure of Investments

24. George Risk's 2019 Form 10-K reported \$27,291,000 in investments and securities, which primarily consisted of mutual funds and municipal bond securities. The Firm identified the valuation of investments as a significant risk.

a. Haynie Failed to Adequately Test the Fair Value of George Risk's Level 2 Investments

25. In connection with the PCAOB's 2017 inspection of Haynie, PCAOB inspectors brought to Haynie's attention apparent failures by the Firm during the 2017 George Risk Audit.

¹⁶ See AS 2301.03, .08-.09.

¹⁷ See AS 2810.30-.31.

¹⁸ See *id.*

¹⁹ See AS 2301.03, .08-.09.

In particular, PCAOB inspectors informed Haynie that during the 2017 George Risk Audit, the Firm failed to perform sufficient procedures to test whether the valuation and disclosure of George Risk's investments were presented in conformity with AS 2502, *Auditing Fair Value Measurements and Disclosures*. Haynie understood that this failure was in part because (1) other than comparing the custodial statements to the investment balances George Risk recorded, and tracing a small sample of George Risk's municipal bonds to a third-party website, the Firm failed to perform any procedures to test the reasonableness of the fair values of George Risk's municipal bonds; and (2) for the sample of municipal bonds, the Firm failed to evaluate the relevance and reliability of the data from the third-party website.

26. Despite being aware of these apparent failures, Haynie followed a similar approach to testing the valuation of George Risk's municipal bonds during the 2019 George Risk Audit. George Risk disclosed in its 2019 Form 10-K that its municipal bonds were valued at approximately \$5,483,000, representing approximately 13% of George Risk's total assets. George Risk characterized these municipals bonds as Level 2 investments.²⁰

27. George Risk also disclosed in its 2019 Form 10-K that municipal bonds did not trade in an active market. George Risk obtained the market value of municipal bonds at year-end from third-party custodians' statements.

28. PCAOB standards required Haynie to obtain an understanding of the process George Risk used to determine the fair value of the municipal bonds, and, in the event there were no observable market prices for the municipal bonds, to evaluate whether the valuation method was appropriate under the circumstances.²¹

29. PCAOB standards also provided that Haynie had to evaluate whether the significant assumptions used to measure the fair value of George Risk's municipal bonds

²⁰ Under U.S. Generally Accepted Accounting Principles ("U.S. GAAP"), investments are characterized as either Level 1 Investments, Level 2 Investments, or Level 3 Investments, based upon the inputs used to value the investments. Level 1 Investments reflect inputs based upon quoted prices in active markets for identical assets or liabilities that the reporting entity can access at the measurement date. Level 2 Investments reflect inputs other than quoted prices included within Level 1 Investments. Level 3 Investments reflect inputs that are unobservable. See FASB ASC 820-10-20, *Fair Value Measurement*.

²¹ See AS 2502.09, .18.

provided a reasonable basis for the fair value measurements and disclosures in George Risk's financial statements.²²

30. To test the valuation of George Risk's approximately \$5,483,000 in municipal bonds, Haynie relied solely on two things. First, the Firm relied on custodial statements, which were also the sources of the values of the municipal bonds recorded by George Risk. The Firm failed, however, to evaluate the methods and assumptions used by the custodians. Second, Haynie relied on data from a third-party website. The Firm did not, however, assess the relevance or reliability of that data.

31. More specifically, Haynie traced approximately \$3,300,000 in municipal bonds to a third-party website and a custodial statement, agreed approximately \$764,000 to a custodial statement only, and agreed approximately \$851,000 to an investment schedule prepared by George Risk. Haynie failed to assess whether the third-party pricing data was a reliable source of evidence of fair value in an illiquid market. The Firm also failed to evaluate George Risk's process for determining that the custodial statements provided reliable measures of the fair value for the municipal bonds at year-end. Additionally, a balance of approximately \$568,000 was not tested.

32. Therefore, despite being on notice of the deficiencies in this testing approach from the 2017 PCAOB inspection, Haynie failed to perform sufficient audit procedures to understand and evaluate the valuation methods used by George Risk to calculate the market value of George Risk's municipal bonds at year-end or the appropriateness of the pricing data obtained from a third-party website as audit evidence.

33. As a result, Haynie failed to adequately test the fair value of George Risk's municipal bonds.²³ The Firm failed to adequately perform substantive procedures specifically responsive to the identified significant risks over George Risk's investments.²⁴ The Firm also failed to perform sufficient audit procedures related to George Risk's municipal bonds, and failed to obtain sufficient appropriate audit evidence that George Risk's municipal bonds were properly valued.²⁵

²² See AS 2502.28; *see also* AS 2502.26.

²³ See AS 2502.09, .18, .28.

²⁴ See AS 2301.11.

²⁵ See AS 1105.04.

b. Haynie Failed to Evaluate George Risk's OTTI Investments

34. In connection with the 2017 inspection of Haynie, PCAOB inspectors also brought to Haynie's attention another apparent failure by the Firm during the 2017 George Risk Audit. In particular, Haynie was made aware that during the 2017 George Risk Audit, the Firm failed to perform sufficient procedures to evaluate whether George Risk's investments in loss positions were other-than-temporarily impaired ("OTTI"). That failure was in part because the Firm failed to evaluate whether George Risk had the ability to hold these investments and securities until recovery of their fair value. For example, Haynie did not consider the arrangements with George Risk's broker that conveyed to it the sole discretion to buy and sell investments and securities, which called into question George Risk's ability to limit its broker from selling investments and securities that were in a loss position.

35. Despite being aware of this apparent failure, the Firm followed the same approach to evaluating whether George Risk's investment losses were OTTI during the 2019 George Risk Audit. In its 2019 Form 10-K, George Risk disclosed in the notes to the financial statements that it had the ability to hold investments in municipal bonds, real estate investment trusts, and equity securities until recovery of their fair values and, therefore, the unrealized loss of approximately \$357,000 associated with these investments was not an indicator of an OTTI.

36. George Risk also disclosed, however, that it "use[d] 'money manager' accounts for most stock transactions," and thereby gave "an independent third-party firm, who are experts in this field, permission to buy and sell stocks at will."

37. Haynie obtained George Risk's calculation of the \$357,000 unrealized loss and documented George Risk's policy for determining whether its investment losses were OTTI. Haynie concluded that George Risk's policy was reasonable, without analyzing why George Risk's methodology was reasonable or describing any audit steps performed to support the conclusion.

38. Additionally, despite being on notice of the deficiencies in this testing approach from the 2017 PCAOB inspection, Haynie never talked to George Risk's third-party investment broker, or otherwise considered that George Risk's broker had "permission to buy and sell stocks at will," in evaluating the appropriateness of George Risk's policy for impairment of investments during the 2019 George Risk Audit.

39. Haynie, therefore, failed to adequately perform substantive procedures specifically responsive to the identified significant risks over the valuation of George Risk's

investments.²⁶ Haynie also failed to obtain sufficient appropriate audit evidence that George Risk's investment losses were OTTI.²⁷

c. Haynie Failed to Evaluate Whether George Risk's Investments Were Presented in Conformity With the Applicable Financial Reporting Framework

40. During the 2019 George Risk Audit, Haynie failed to evaluate whether the accounting for George Risk's investments was in conformity with U.S. GAAP. Specifically, the Firm failed to recognize that changes in the fair value of equity investments should no longer be recorded on the balance sheet but instead were required to be recognized in the income statement, pursuant to Accounting Standards Update No. 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities* (January 2016) ("ASU 2016-01"), thereby impacting net income for the period. During the 2019 George Risk Audit, Haynie failed to perform any audit procedures to test whether George Risk was accounting for its investments consistent with ASU 2016-01.

41. George Risk restated its 2019 financial statements and filed two amendments to its 2019 Form 10-K on March 25, 2020 and May 26, 2020, to give effect to ASU 2016-01. As a result of the restatement, George Risk recorded a gain from changes in fair value of equity security of \$444,000 for the 2019 fiscal year, which increased George Risk's net income from approximately \$3.2 million to \$3.6 million, or approximately 12%.

42. Therefore, Haynie failed to evaluate whether George Risk's investments in the financial statements were presented fairly, in all material respects, in conformity with the applicable financial reporting framework.²⁸

iii. Haynie Failed to Appropriately Communicate a Material Weakness to George Risk's Audit Committee

43. Under AS 1305, *Communications About Control Deficiencies in an Audit of Financial Statements*, Haynie was required to communicate in writing all significant deficiencies

²⁶ See AS 2301.11.

²⁷ See AS 1105.04.

²⁸ See AS 2810.30-.31.

and material weaknesses identified during the audit to George Risk’s management and audit committee.²⁹

44. In the risk assessment performed in relation to the 2019 George Risk Audit, Haynie documented a material weakness concerning the lack of ASC and PCAOB knowledge in the financial statement reporting function. Haynie, however, failed to communicate that material weakness in writing to George Risk’s management and audit committee equivalent.³⁰

45. In addition, for all of the reasons described above, Haynie failed to exercise due professional care and professional skepticism on the 2019 George Risk Audit.³¹

iv. Haynie Failed to Document the EQR on the 2019 George Risk Audit

46. PCAOB standards require that an EQR be performed on all audit engagements conducted pursuant to PCAOB standards.³² PCAOB standards also require that documentation of an EQR be included in the engagement documentation.³³ Such documentation should “contain sufficient information to enable an experienced auditor, having no previous connection with the engagement, to understand the procedures performed by the engagement quality reviewer,” including, but not limited to, “[t]he documents reviewed by the engagement quality reviewer.”³⁴

47. Haynie failed to document the EQR of the 2019 George Risk Audit with sufficient information to enable an experienced auditor, having no previous connection with the engagement, to understand the procedures performed by the EQR partner, including the documents reviewed by the EQR partner.³⁵

G. Haynie Violated PCAOB Rules and Standards on the 2019 Investview Audit

48. On June 28, 2019, Haynie issued an audit report containing an unqualified opinion on Investview’s March 31, 2019 financial statements, with an explanatory paragraph

²⁹ See AS 1305.04.

³⁰ See *id.*

³¹ See AS 1015.01, .07.

³² See AS 1220.01, *Engagement Quality Review*.

³³ See AS 1220.20.

³⁴ See AS 1220.19.

³⁵ See *id.*

describing substantial doubt about the company's ability to continue as a going concern. The report was included with Investview's Form 10-K filed with the Commission on June 28, 2019.

i. Haynie Failed to Appropriately Audit Investview's Accounting for its Acquisition of United Games

49. On July 20, 2018, Investview entered into a purchase agreement with United Games Marketing LLC to purchase United Games in exchange for 50,000,000 shares of Investview common stock.

50. Investview disclosed in its public filings that it accounted for its acquisition of United Games as a business combination pursuant to FASB ASC 805, *Business Combinations* ("ASC 805"), and recognized it as a "bargain purchase," meaning that, according to Investview's accounting, the United Games assets were acquired for less than their fair market value.³⁶

51. Haynie identified a significant risk related to the accounting for the United Games acquisition, and assessed the control risk as "High" for all assertions.

52. PCAOB standards required Haynie to design and perform audit procedures in a manner that addressed Haynie's identification of the accounting for the United Games acquisition as a significant risk,³⁷ and to evaluate whether the acquisition was presented in the financial statements fairly, in all material respects, in conformity with the applicable financial reporting framework.³⁸

53. As described below, Haynie failed to obtain sufficient appropriate audit evidence related to Investview's accounting for the United Games acquisition, because the Firm failed to appropriately evaluate (1) Investview's valuation of the intangible assets acquired and shares used as consideration in the United Games acquisition; and (2) whether Investview's acquisition of United Games, including Investview's recognition of a bargain purchase gain, was presented in conformity with ASC 805.

a. Haynie Failed to Appropriately Evaluate Valuation Estimates Related to the United Games Acquisition

54. According to its public filings, Investview estimated the valuation of the intangible assets it acquired from United Games at approximately \$1.8 million, and the

³⁶ See ASC 805-30-25-2.

³⁷ See AS 2301.03, .08-.09.

³⁸ See AS 2810.30-.31.

Investview shares used as consideration at approximately \$800,000, resulting in a one-time gain of approximately \$971,000 recorded in earnings in 2019. Investview used a third-party valuation firm (the “Third-Party Specialist”), to support these fair value estimates.

55. PCAOB standards require auditors to evaluate the reasonableness of accounting estimates made by management, and to obtain sufficient appropriate evidential matter to provide reasonable assurance that all accounting estimates that could be material to the financial statements have been developed, are reasonable in the circumstances, and are presented in conformity with applicable accounting principles and properly disclosed.³⁹

56. In evaluating the reasonableness of an accounting estimate, PCAOB standards require the auditor to obtain an understanding of how management developed the estimate. Based on that understanding, the auditor should use one or a combination of the following approaches: (a) review and test the process used by management to develop the estimate; (b) develop an independent expectation of the estimate to corroborate the reasonableness of management’s estimate; and (c) review subsequent events or transactions occurring prior to the date of the auditor’s report.⁴⁰

57. PCAOB standards further require auditors who use the work of a company’s specialist as evidential matter in performing an audit to, among other things, “make appropriate tests of data provided to the specialist, taking into account the auditor’s assessment of control risk.”⁴¹

58. Haynie knew that Investview relied on the valuation reports prepared by the Third-Party Specialist to account for the United Games acquisition. The valuation reports prepared by the Third-Party Specialist relied on data and assumptions provided by Investview, including projected rates of United Games’ revenue growth and royalty rates from United Games’ technology, as well as Investview’s revenue growth rates, as key assumptions in calculating the fair value of the acquired intangible assets and of the shares used as consideration. The Third-Party Specialist did not perform any procedures to evaluate the reasonableness of this information Investview provided.

59. Haynie used the Third-Party Specialist’s reports as evidential matter in the 2019 Investview Audit to evaluate Investview’s accounting for the United Games acquisition. Haynie

³⁹ See AS 2501.07, *Auditing Accounting Estimates*.

⁴⁰ See AS 2501.10.

⁴¹ AS 1210.03(a), .12, *Using the Work of a Specialist*.

reviewed the Third-Party Specialist's valuation reports, and made high-level inquiries of management. Haynie understood that the Third-Party Specialist relied on Investview-provided projections. With respect to the revenue projections for Investview, Haynie documented that Investview's revenue projections were "fairly aggressive."

60. Despite this, and though Haynie had assessed the control risk related to the United Games acquisition accounting as "High," the Firm failed to test the projections that Investview provided to the Third-Party Specialist.⁴² Likewise, Haynie failed to perform procedures to (a) sufficiently review, or perform any procedures to test, the process used to develop the estimated valuation of United Games' intangible assets, the Investview shares used as consideration, or the underlying projections; (b) develop an independent expectation of those estimates; or (c) review subsequent events or transactions to evaluate the reasonableness of those estimates.⁴³

61. In addition, with respect to the approximately \$1.8 million valuation of United Games' intangible assets, Haynie received a representation from Investview management that the estimate included the value of a software system that was not reflected on United Games' books. Haynie understood generally that the intangible assets also included proprietary technology, customer contacts, and trade names. Haynie took no steps, however, to gain an understanding of the software system or other intangible assets, or to evaluate whether Investview's valuation estimate for the intangible assets was reasonable in the circumstances.

62. As such, Haynie failed to obtain sufficient appropriate evidential matter to evaluate the valuation of United Games' assets acquired by Investview or the Investview shares used as consideration,⁴⁴ and failed to make appropriate tests of the projections provided by Investview to the Third-Party Specialist.⁴⁵

⁴² See AS 1210.12.

⁴³ See AS 2501.10.

⁴⁴ See AS 2501.07.

⁴⁵ See AS 1210.12.

b. Haynie Failed to Appropriately Evaluate Whether Investview’s Recognition of a Bargain Purchase Gain was Presented in Conformity With the Applicable Financial Reporting Framework

63. Haynie also failed to appropriately evaluate whether Investview’s recognition of a bargain purchase gain in connection with the acquisition was presented in conformity with ASC 805.

64. ASC 805 recognizes that a bargain purchase may happen “[o]ccasionally,” and provides the example of “a forced sale in which the seller is acting under compulsion.” ASC 805 also requires that an issuer recognizing a gain in connection with a bargain purchase disclose a “description of the reasons why the transaction resulted in a gain.”⁴⁶

65. Haynie received no indication that United Games was a “forced” sale. Investview management represented to Haynie that United Games’ management wanted to leave the industry. Haynie took no steps to follow up on that representation or gain an understanding of why United Games’ management might be willing to sell its subsidiaries for less than fair market value, or whether other circumstances might warrant the unusual recognition of a gain from an acquisition.

66. Nor did Haynie identify that Investview’s 2019 Form 10-K failed to disclose a “description of the reasons why the transaction resulted in a gain” as required by ASC 805.⁴⁷

67. Therefore, Haynie failed to evaluate whether the United Games acquisition was presented fairly, in all material respects, in conformity with the applicable financial reporting framework.⁴⁸

68. Based on this failure, together with the failure described above to appropriately evaluate Investview’s estimates of the valuation of United Games intangible assets and the Investview shares used as consideration in the acquisition, Haynie failed to design and perform audit procedures in a manner that addressed Haynie’s identification of the accounting for the

⁴⁶ ASC 805-30-25, 805-30-50-1(f)(2).

⁴⁷ See ASC 805-30-50-1(f)(2).

⁴⁸ See AS 2810.30-.31.

United Games acquisition as a significant risk,⁴⁹ and failed to obtain sufficient appropriate audit evidence with respect to Investview's accounting for the United Games acquisition.⁵⁰

ii. Haynie Failed to Appropriately Audit Investview's Cryptocurrency Mining Revenue

69. Investview reported net cryptocurrency mining revenue of approximately \$1.94 million for the fiscal year ended March 31, 2019. Haynie identified improper revenue recognition as a significant risk and a fraud risk.

70. PCAOB standards required Haynie to design and perform audit procedures in a manner that addressed Haynie's identification of improper revenue recognition as a significant risk and a fraud risk,⁵¹ and to evaluate whether Investview's revenue was presented in the financial statements fairly, in all material respects, in conformity with the applicable financial reporting framework.⁵²

71. As described below, Haynie failed to obtain sufficient appropriate audit evidence related to Investview's cryptocurrency mining revenue, because the Firm (1) failed to evaluate whether Investview's cryptocurrency mining revenue recognition approach was presented in conformity with ASC 606, which Investview adopted at the beginning of the 2019 fiscal year; and (2) failed to perform detailed testing of a \$3.83 million component of cryptocurrency mining net revenue representing the amounts Investview paid to its cryptocurrency mining supplier.

a. Haynie Failed to Evaluate Whether Investview's Cryptocurrency Mining Revenue was Presented in Conformity With the Applicable Financial Reporting Framework

72. Investview's public filings disclosed that it generated revenue from the sale of cryptocurrency mining services through an arrangement with a third-party supplier ("Supplier"). Investview leased cryptocurrency mining services from the Supplier, and subleased those services to Investview customers. To execute this arrangement, Investview engaged in separate agreements with (1) its customers; and (2) the Supplier.

⁴⁹ See AS 2301.08; see also AS 2301.03, .09, .11.

⁵⁰ See AS 1105.04.

⁵¹ See AS 2301.03, .08-.09.

⁵² See AS 2810.30-.31.

73. Investview reported that it recognized revenue generated through this arrangement on a net basis, at the time the customer purchased the cryptocurrency mining services (*i.e.*, before the cryptocurrency mining services were provided by the Supplier).

74. Haynie failed to perform sufficient procedures during the 2019 Investview Audit to assess the reasonableness under ASC 606 of Investview’s cryptocurrency mining revenue recognition approach. Instead, the Firm simply relied on the information in a work paper titled “Mining Revenue Treatment Memo” from the Firm’s audit of Investview’s financial statements for the prior fiscal year ended March 31, 2018 (the “2018 Investview Audit”).

75. Investview had prepared the Mining Revenue Treatment Memo during the 2018 fiscal year to document the company’s conclusion that its cryptocurrency mining revenue recognition approach was reasonable, applying the indicators set forth in ASC 605, regarding whether revenue in connection with a transaction should be recognized on a gross basis or a net basis (the “ASC 605 Indicators”).⁵³ During the 2018 Investview Audit, Haynie reviewed the Mining Revenue Treatment Memo, added notations including excerpts from ASC 605 regarding each of the ASC 605 Indicators, and added the annotated Mining Revenue Treatment Memo to the corresponding work papers.

76. In relying on the Mining Revenue Treatment Memo copied from the 2018 Investview Audit file during the following year 2019 Investview Audit, Haynie failed to consider that Investview had adopted a new accounting standard for revenue, ASC 606, at the beginning of the 2019 fiscal year. ASC 606 required consideration of a different model for determining whether to recognize revenue in connection with a transaction on a gross basis or a net basis, based upon whether the entity recognizing revenue exercised control over the specified goods or services before they were transferred to the customer. As a result, the ASC 605 Indicators, which were the basis for the Mining Revenue Treatment Memo’s analysis and conclusion, were no longer applicable during the 2019 fiscal year.⁵⁴

77. Haynie did not request an updated analysis from Investview applying ASC 606 during the 2019 Investview Audit, or conduct any procedures to evaluate whether it was reasonable under ASC 606 for Investview to recognize cryptocurrency mining revenue on a net basis at the time the customer purchased the cryptocurrency mining services.

⁵³ See ASC 605-45-45-10.

⁵⁴ Compare ASC 605-45-45-10 with ASC 606-10-55-39.

78. Therefore, Haynie failed to evaluate whether the cryptocurrency mining revenue recognized in Investview's 2019 financial statements was presented fairly, in all material respects, in conformity with the applicable financial reporting framework.⁵⁵

b. Haynie Failed to Test the "Amounts Paid to Supplier" Component of Investview's Cryptocurrency Mining Revenue

79. Investview reported that it had \$1.94 million in net cryptocurrency mining revenue for the 2019 fiscal year which consisted of: (1) approximately \$5.77 million in "gross billings," which represented sublease payments from customers to Investview; and (2) approximately \$3.83 million in "amounts paid to supplier," which represented payments from Investview to the Supplier.

80. Because Haynie had identified improper revenue recognition as a significant risk and a fraud risk, PCAOB standards required the Firm to perform substantive procedures, including tests of details, specifically responsive to the assessed risk.⁵⁶

81. Haynie failed to test the \$3.83 million "amounts paid to supplier" component of Investview's net cryptocurrency mining revenue. Haynie knew that Investview had agreed to provide 60% of the amounts collected from each cryptocurrency mining customer to the Supplier, and that Investview would keep the remaining 40% as its commission. Based on this agreement, Investview should have paid the supplier 60% of the \$5.77 million that the company reported in gross billings, which would have resulted in approximately \$3.46 million in "amounts paid to supplier." Investview, however, reported approximately \$370,000 more in "amounts paid to supplier."

82. Haynie did not identify this inconsistency during the 2019 Investview Audit, nor did the Firm perform any testing, detailed or otherwise, of the overall "amounts paid to supplier."

83. Therefore, Haynie failed to perform substantive procedures, including tests of details, specifically responsive to the Firm's identification of improper revenue recognition as a significant risk and fraud risk.⁵⁷

⁵⁵ See AS 2810.30-.31.

⁵⁶ See AS 2301.11.

⁵⁷ See *id.*

84. In addition, by failing both to evaluate whether Investview’s cryptocurrency mining revenue recognition approach was in conformity with ASC 606, and to test the “amounts paid to supplier” component, Haynie failed to design and perform audit procedures in a manner that addressed the Firm’s identification of improper revenue recognition as a significant risk and a fraud risk,⁵⁸ and failed to obtain sufficient appropriate audit evidence that Investview’s cryptocurrency mining revenue was properly valued.⁵⁹

iii. Haynie Failed to Appropriately Audit an Investview License Agreement

85. In June 2017, Investview purchased a long-term, fifteen-year license agreement (the “License Agreement”). As of March 31, 2019, Investview recorded a net carrying value for the License Agreement of approximately \$2 million. Haynie did not identify a significant risk related to the License Agreement during the 2019 Investview Audit.

86. Based on an oral representation from Investview’s accounting staff, Haynie noted in a planning work paper that “the license agreement is no longer of value to the company as the service and license has failed due to issues with the brokerage platform.” Haynie later received a management representation from Investview’s Director of Finance indicating that the License Agreement was not impaired.

87. Haynie failed to take any steps to resolve the inconsistent representations from Investview management regarding the License Agreement.⁶⁰ Haynie also failed to take any steps to evaluate whether indicators may have been present that would have required Investview to perform an impairment analysis to assess whether the value of the License Agreement should have been impaired in accordance with FASB ASC 350, *Intangibles—Goodwill and Other*.⁶¹ Indeed, Haynie did not ask Investview management whether the License Agreement had been evaluated for impairment.

⁵⁸ See AS 2301.03, .08-.09.

⁵⁹ See AS 1105.04.

⁶⁰ See AS 1105.29 (requiring auditors to perform procedures to resolve inconsistent audit evidence and to determine the effect, if any, on other aspects of the audit).

⁶¹ See ASC 350-30-35-14.

88. Accordingly, Haynie failed to perform audit procedures necessary to resolve inconsistent audit evidence.⁶² The Firm also failed to perform sufficient audit procedures and obtain sufficient appropriate audit evidence that the License Agreement was properly valued.⁶³

89. In addition, for all of the reasons described above, Haynie failed to exercise due professional care and professional skepticism on the 2019 Investview Audit.⁶⁴

iv. Haynie Failed to Document the EQR on the 2019 Investview Audit

90. As in the 2019 George Risk Audit, Haynie also failed to document the EQR of the 2019 Investview Audit with sufficient information to enable an experienced auditor, having no previous connection with the engagement, to understand the procedures performed by the EQR partner, including the documents reviewed by the EQR partner and the date the EQR partner provided concurring approval of issuance.⁶⁵

H. Haynie Violated PCAOB Standards Related to Quality Control

91. PCAOB rules require registered public accounting firms to comply with the Board's quality control standards.⁶⁶ PCAOB quality control standards require each registered firm to effectively design, implement, and maintain a system of quality control to provide reasonable assurance that its personnel comply with applicable professional standards.⁶⁷

92. A firm's system of quality control also should, among other things, include policies and procedures for engagement performance.⁶⁸ These quality control policies and procedures should provide the firm with reasonable assurance that the work performed by engagement personnel meets applicable professional standards, regulatory requirements, and the firm's standards of quality.⁶⁹ To the extent appropriate and as required by applicable

⁶² See AS 1105.29.

⁶³ See AS 1105.04.

⁶⁴ See AS 1015.01, .07.

⁶⁵ See AS 1220.19.

⁶⁶ See PCAOB Rule 3100; PCAOB Rule 3400T, *Interim Quality Control Standards*.

⁶⁷ See QC §§ 20.01-.03, *System of Quality Control for a CPA Firm's Accounting and Auditing Practice*.

⁶⁸ See QC § 20.07.

⁶⁹ See QC § 20.17.

professional standards, these policies and procedures should cover planning, performing, supervising, reviewing, documenting, and communicating the results of each engagement.⁷⁰ These policies and procedures also should address EQRs.⁷¹

93. Monitoring is one of the five elements of quality control.⁷² Through monitoring, an audit firm should establish policies and procedures to provide the firm with reasonable assurance that the policies and procedures relating to each of the other elements of quality control are suitably designed and are being effectively applied, and that its system of quality control is effective.⁷³ Procedures that 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 contribute to the monitoring element.⁷⁴ A firm's monitoring procedures may include follow-up by appropriate firm personnel to ensure that any necessary modifications are made to the quality control policies and procedures on a timely basis.⁷⁵

94. Throughout the relevant time period, the Firm failed to maintain an adequate system of quality control, as evidenced by the 2019 Audits. First, in four instances on the 2019 Audits, Haynie failed to evaluate whether areas of the financial statements identified as significant risks were presented in conformity with the applicable financial reporting framework.⁷⁶ On the 2019 George Risk Audit, Haynie audited George Risk's revenue to the criteria of ASC 605 rather than ASC 606, and failed to consider ASU 2016-01 in auditing George Risk's investments. On the 2019 Investview Audit, Haynie failed to adequately evaluate whether Investview's acquisition of United Games was presented in conformity with ASC 805, and failed to evaluate whether Investview's cryptocurrency mining revenue was presented in conformity with ASC 606.

95. Second, despite being on notice of deficiencies in the Firm's testing approach during the 2017 George Risk Audit related to (1) the fair value of George Risk's Level 2

⁷⁰ See QC § 20.18.

⁷¹ See *id.*

⁷² See QC § 30.02, *Monitoring a CPA Firm's Accounting and Auditing Practice*; QC § 20.20.

⁷³ See QC §§ 30.02-.03; QC § 20.20.

⁷⁴ See QC § 30.03.

⁷⁵ See *id.*

⁷⁶ See AS 2810.30-.31.

Investments, and (2) whether George Risk's investments in loss positions were OTTI, Haynie failed to implement timely and necessary corrective action, and repeated the same failures during the 2019 George Risk Audit.

96. Third, on both of the 2019 Audits, Haynie failed to document the EQRs in accordance with PCAOB standards.

97. These failures illustrate the Firm's failures to have: (1) effectively implemented policies and procedures to provide it with reasonable assurance that the work performed by its engagement personnel met applicable professional standards and regulatory requirements;⁷⁷ and (2) established policies and procedures to provide the Firm with reasonable assurance that its quality control policies and procedures were suitably designed and were being effectively applied, and that its system of quality control was effective.⁷⁸

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), Haynie & Company 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 \$400,000 is imposed on Haynie & Company.
 1. All funds collected by the PCAOB 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. Haynie & Company shall pay the civil money penalty within ten days of the issuance of this Order by (a) wire transfer in accordance with instructions furnished by PCAOB staff; or (b) United States Postal Service money order, bank money order, certified check, or bank cashier's check

⁷⁷ See QC § 20.17.

⁷⁸ See QC §§ 30.02-.03.

- (i) made payable to the Public Company Accounting Oversight Board,
(ii) delivered to the Office of Finance, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington D.C. 20006, and
(iii) submitted under a cover letter, which identifies Haynie & Company 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.
3. If timely payment is not made, 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.
5. Haynie & Company understands that failure to pay the civil money penalty described above may result in summary suspension of its registration, pursuant to PCAOB Rule 5304(a), following written notice to the Firm at the address on file with the PCAOB at the time of the issuance of this Order.
- C. Pursuant to Sections 105(c)(4)(C), (F), and (G) of the Act and PCAOB Rules 5300(a)(3), (6), (8), and (9), the Board orders that:

1. Independent Consultant.

- a. Haynie & Company shall retain and pay for an independent consultant (“Independent Consultant”) not unacceptable to the staff of the PCAOB Division of Enforcement and Investigations (“DEI Staff”) to review and make recommendations regarding Haynie & Company’s quality control policies and procedures applicable to an audit of an issuer, as that term is defined in PCAOB Rule 1001, as described below. The Independent Consultant must have experience with, and be knowledgeable concerning, PCAOB auditing and quality control rules and standards. Within 60 days after the entry of this Order, Haynie & Company shall submit to DEI Staff a proposal setting forth the identity, qualifications, and proposed terms of retention of the Independent Consultant. Haynie & Company may not retain as the Independent Consultant any individual or entity that has provided legal, auditing, or other services not set forth in Paragraph IV.C.2 below to, or has had any other affiliation with, Haynie & Company during the two years prior to the date of this Order.
- b. To ensure the independence of the Independent Consultant, Haynie & Company: (i) shall not have the authority to terminate the Independent Consultant or substitute another independent consultant for the initial Independent Consultant, without the prior written approval of DEI Staff; and (ii) shall compensate the Independent Consultant and persons engaged to assist the Independent Consultant for services rendered pursuant to this Order at their reasonable and customary rates.
- c. Haynie & Company will enter into an agreement with the Independent Consultant that provides that, for the period of the engagement and for a period of two years from completion of the engagement, the Independent Consultant shall not enter into any new employment, consultant, attorney-client, auditing, or other professional relationship with Haynie & Company or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such. The agreement also will provide that the Independent Consultant will require that any firm

with which the Independent Consultant is affiliated or of which the Independent Consultant is a member, and any person engaged to assist the Independent Consultant in performance of the Independent Consultant's duties under this Order, shall not, without prior written consent of DEI Staff, enter into any employment, consultant, attorney-client, auditing, or other professional relationship with Haynie & Company or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such, for the period of the engagement and for a period of two years after the engagement.

- d. Haynie & Company shall provide to DEI Staff a copy of the engagement letter detailing the scope of the Independent Consultant's responsibilities, which shall include the review described in Paragraph IV.C.2 below.
- e. Haynie & Company shall cooperate fully with the Independent Consultant and shall provide reasonable access to its personnel, information, and records as the Independent Consultant may reasonably request for the Independent Consultant's review, evaluation, and reports described in Paragraphs IV.C.2 and IV.C.3 below.
- f. If Haynie & Company, despite its best, good-faith efforts, is unable to identify an Independent Consultant candidate that meets all of the above-listed criteria, Haynie & Company may seek approval from DEI Staff of alternative candidates or alternative terms that Haynie & Company believes to be otherwise suitable.

2. Areas Independent Consultant is to Review. Within the time periods specified in Paragraph IV.C.3 below, the Independent Consultant will review and evaluate the following:

- a. Haynie & Company's quality control policies and procedures as they relate to "Engagement Performance," as that term is described in QC § 20.17, including in the areas of the failures described in Sections III.F-H above;

- b. Haynie & Company's quality control policies and procedures as they relate to "Monitoring," as that term is described in QC § 20.20 and as further discussed in QC §§ 30.02-.03, including in the areas of the failures described in Sections III.F-H above;
- c. The resources Haynie & Company is devoting to provide reasonable assurance of its personnel's compliance with PCAOB standards, including the expertise, experience, and staffing of Haynie's quality control personnel; and
- d. Haynie & Company's professional education and training policies and materials relating to compliance with PCAOB standards.

3. Independent Consultant Reports and Certifications.

- a. Within 90 days of the Independent Consultant being retained, Haynie & Company shall require the Independent Consultant to issue a detailed written report ("Report") to Haynie & Company: (i) summarizing the Independent Consultant's review and evaluation of the areas identified in Paragraph IV.C.2 above, and (ii) making recommendations, where appropriate, reasonably designed to ensure that Haynie & Company's system of quality control provides reasonable assurance of its personnel's compliance with applicable PCAOB standards. Haynie & Company shall require the Independent Consultant to provide a copy of the Report to DEI Staff when the Report is issued.
- b. Haynie & Company will adopt, as soon as practicable, all recommendations of the Independent Consultant in the Report; provided, however, that within 30 days of the issuance of the Report, Haynie & Company may advise the Independent Consultant and DEI Staff in writing of any recommendation that it considers to be unnecessary, unduly burdensome, or impractical. Haynie & Company need not adopt any such recommendation at that time, but instead may propose in writing to the Independent Consultant and DEI Staff an alternative proposal designed to achieve the same objective or purpose. Haynie & Company and the Independent Consultant will engage in good faith negotiations

in an effort to reach agreement on any recommendations objected to by Haynie & Company.

- c. In the event that the Independent Consultant and Haynie & Company are unable to agree on an alternative proposal within 45 days of the issuance of the Report, Haynie & Company either will abide by the determinations of the Independent Consultant or will seek approval from DEI Staff to engage, at Haynie & Company's expense, a qualified third party not unacceptable to DEI Staff to promptly resolve the issue(s).
- d. Within 60 days of the issuance of the Report, Haynie & Company will certify to DEI Staff in writing that it has adopted and has implemented or will implement all recommendations of the Independent Consultant ("Certification of Compliance"). Haynie & Company will provide a copy of the Certification of Compliance to DEI Staff.
- e. Within 120 days of the issuance of the Report, Haynie & Company shall require the Independent Consultant to test whether Haynie & Company has implemented and enforced the Independent Consultant's recommendations and to assess the effectiveness of those implemented recommendations. Haynie & Company shall require the Independent Consultant to issue a written final report summarizing the results of the Independent Consultant's test and assessment ("Final Report") and to provide a copy of the Final Report to DEI Staff. At this time, if the Independent Consultant determines that the undertakings discussed herein have been completed to the satisfaction of the Independent Consultant, Haynie & Company shall require the Independent Consultant to certify in writing that the undertakings have been so completed ("Independent Consultant Certification") and to provide a copy of this certification to DEI Staff.
- f. The Report, Final Report, Certification of Compliance, and Independent Consultant Certification shall be submitted to the Director of DEI.

- g. For good cause shown, PCAOB staff may extend any of the procedural dates relating to these undertakings. Deadlines for procedural dates shall be counted in calendar days, except that if the last day falls on a weekend or federal holiday, the next business day shall be considered to be the last day.
- h. Haynie & Company agrees that DEI may petition the Board to reopen this matter to determine whether additional sanctions or findings are appropriate if it believes that Haynie & Company has not satisfied any provision in Section IV of this Order.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

January 23, 2024