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## Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions

*In the Matter of Steven Avis, CPA, and Richard  
Fleischman, CPA,*

Respondents.

PCAOB Release No. 105-2024-003

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 Steven Avis, CPA (“Avis”);
- (2) barring Avis from being an associated person of a registered public accounting firm;<sup>1</sup>
- (3) imposing a \$65,000 civil money penalty on Avis;
- (4) censuring Richard Fleischman, CPA (“Fleischman”);
- (5) limiting Fleischman’s activities in connection with any “audit,” as that term is defined in Section 110(1) of the Sarbanes-Oxley Act of 2002, as amended (the “Act”), for a period of one year from the date of this Order; and
- (6) imposing a \$30,000 civil money penalty on Fleischman.

The Board is imposing these sanctions on Avis and Fleischman (collectively, “Respondents”) on the basis of its findings that Respondents violated PCAOB rules and standards in connection with the audit by Haynie & Company (the “Firm” or “Haynie”) of the financial statements of Investview, Inc. (“Investview”) for the fiscal year ended March 31, 2019 (“2019 Investview Audit”).

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<sup>1</sup> Avis may file a petition for Board consent to associate with a registered public accounting firm after two years from the date of this Order.

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 Act, and PCAOB Rule 5200(a)(1), against Respondents.

II.

In anticipation of the institution of these proceedings, and pursuant to PCAOB Rule 5205, Respondents have submitted Offers 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 the entry of this Order as set forth below.<sup>2</sup>

III.

On the basis of Respondents’ Offers, the Board finds that:<sup>3</sup>

**A. Respondents**

1. **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).

2. **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

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<sup>2</sup> The findings herein are made pursuant to Respondents’ Offers and are not binding on any other person or entity in this or any other proceeding.

<sup>3</sup> The Board finds that Respondents’ conduct described in this Order meets the conditions set out in Section 105(c)(5) of the Act, 15 U.S.C. § 7215(c)(5), which provides that certain sanctions may be imposed in the event of: (1) intentional or knowing conduct, including reckless conduct, that results in 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.

in the Littleton, Colorado office of Haynie. Fleischman served as the engagement quality review (“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).

## B. Relevant Entities

3. **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).

4. **Investview, Inc.** was, at all relevant times, a Nevada corporation headquartered in Salt Lake City, Utah.<sup>4</sup> 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).

## C. Summary

5. This matter concerns Respondents’ violations of PCAOB rules and standards in connection with the 2019 Investview Audit. As detailed below, Avis failed 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 that Investview recorded at a value of approximately \$2 million, even though Investview’s accounting staff orally told the Firm the license agreement was worthless.

6. Additionally, Fleischman violated AS 1220, *Engagement Quality Review*, by providing his concurring approval of issuance of the 2019 Investview Audit without performing the required EQR with due professional care.

## D. Avis Violated PCAOB Rules and Standards on the 2019 Investview Audit

7. 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

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<sup>4</sup> Investview’s corporate headquarters is now located in Haverford, Pennsylvania.

applicable auditing and related professional standards.<sup>5</sup> 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.<sup>6</sup>

8. PCAOB standards require that an auditor exercise due professional care in planning and performing an audit.<sup>7</sup> 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.<sup>8</sup>

9. Auditors are required to plan and perform audit procedures to obtain sufficient appropriate audit evidence to provide a reasonable basis for the opinion.<sup>9</sup> 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.<sup>10</sup>

10. 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.”<sup>11</sup> Management representations “are not a substitute for the application of those auditing procedures necessary to afford a reasonable basis for an opinion regarding the financial statements under audit.”<sup>12</sup>

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<sup>5</sup> 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.

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

<sup>7</sup> See AS 1015.01, *Due Professional Care in the Performance of Work*.

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

<sup>9</sup> See AS 1105.04, *Audit Evidence*.

<sup>10</sup> See AS 2401.12, *Consideration of Fraud in a Financial Statement Audit*.

<sup>11</sup> 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. . .”).

<sup>12</sup> AS 2805.02, *Management Representations*.

11. 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.”<sup>13</sup> 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.”<sup>14</sup> “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.”<sup>15</sup>

12. 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 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 Securities and Exchange Commission (“Commission”) on June 28, 2019.

**i. Avis Failed to Appropriately Audit Investview’s Accounting for its Acquisition of United Games**

13. 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.

14. 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.<sup>16</sup>

15. Avis and the engagement team identified a significant risk related to the accounting for the United Games acquisition, and assessed the control risk as “High” for all assertions.

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<sup>13</sup> AS 1105.29.

<sup>14</sup> AS 2810.08, *Evaluating Audit Results*.

<sup>15</sup> AS 2805.04.

<sup>16</sup> See ASC 805-30-25-2.

16. PCAOB standards required Avis and the engagement team to design and perform audit procedures in a manner that addressed Avis’s identification of the accounting for the United Games acquisition as a significant risk,<sup>17</sup> 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.<sup>18</sup>

17. As described below, Avis failed to obtain sufficient appropriate audit evidence related to Investview’s accounting for the United Games acquisition, because Avis and the engagement team 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. Avis Failed to Appropriately Evaluate Valuation Estimates Related to the United Games Acquisition

18. 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 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.

19. 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.<sup>19</sup>

20. 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

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<sup>17</sup> See AS 2301.03, .08-.09.

<sup>18</sup> See AS 2810.30-.31.

<sup>19</sup> See AS 2501.07, *Auditing Accounting Estimates*.

management's estimate; and (c) review subsequent events or transactions occurring prior to the date of the auditor's report.<sup>20</sup>

21. 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."<sup>21</sup>

22. Avis and the engagement team understood 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.

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

24. Despite this, and though they had assessed the control risk related to the United Games acquisition accounting as "High," Avis and the engagement team failed to test the projections that Investview provided to the Third-Party Specialist.<sup>22</sup> Likewise, Avis and the engagement team 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)

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<sup>20</sup> See AS 2501.10.

<sup>21</sup> AS 1210.03(a), .12, *Using the Work of a Specialist*.

<sup>22</sup> See AS 1210.12.

develop an independent expectation of those estimates; or (c) review subsequent events or transactions to evaluate the reasonableness of those estimates.<sup>23</sup>

25. In addition, with respect to the approximately \$1.8 million valuation of United Games' intangible assets, Avis and the engagement team received a representation from Investview management that the estimate included the value of a software system that was not reflected on United Games' books. Avis and the engagement team understood generally that the intangible assets also included proprietary technology, customer contacts, and trade names. Avis and the engagement team 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.

26. As such, Avis and the engagement team 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,<sup>24</sup> and failed to make appropriate tests of the projections provided by Investview to the Third-Party Specialist.<sup>25</sup>

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

27. Avis and the engagement team 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.

28. 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."<sup>26</sup>

29. Avis and the engagement team received no indication that United Games was a "forced" sale. Investview management represented to Avis and the engagement team that United Games' management wanted to leave the industry. Avis and the engagement team took no steps to follow up on that representation or gain an understanding of why United Games'

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<sup>23</sup> See AS 2501.10.

<sup>24</sup> See AS 2501.07.

<sup>25</sup> See AS 1210.12.

<sup>26</sup> ASC 805-30-25, 805-30-50-1(f)(2).



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.

30. Nor did Avis and the engagement team 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.<sup>27</sup>

31. Therefore, Avis and the engagement team failed to evaluate whether the United Games acquisition was presented fairly, in all material respects, in conformity with the applicable financial reporting framework.<sup>28</sup>

32. 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, Avis and the engagement team failed to design and perform audit procedures in a manner that addressed Avis's identification of the accounting for the United Games acquisition as a significant risk,<sup>29</sup> and failed to obtain sufficient appropriate audit evidence with respect to Investview's accounting for the United Games acquisition.<sup>30</sup>

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

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

34. PCAOB standards required Avis and the engagement team to design and perform audit procedures in a manner that addressed Avis's identification of improper revenue recognition as a significant risk and a fraud risk,<sup>31</sup> and to evaluate whether Investview's revenue

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<sup>27</sup> See ASC 805-30-50-1(f)(2).

<sup>28</sup> See AS 2810.30-31.

<sup>29</sup> See AS 2301.08; see also AS 2301.03, .09, .11.

<sup>30</sup> See AS 1105.04.

<sup>31</sup> See AS 2301.03, .08-.09.

was presented in the financial statements fairly, in all material respects, in conformity with the applicable financial reporting framework.<sup>32</sup>

35. As described below, Avis failed to obtain sufficient appropriate audit evidence related to Investview’s cryptocurrency mining revenue, because Avis and the engagement team (1) failed to evaluate whether Investview’s cryptocurrency mining revenue was presented in conformity with FASB ASC 606, *Revenue from Contracts with Customers* (“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. Avis Failed to Evaluate Whether Investview’s Cryptocurrency Mining Revenue was Presented in Conformity With the Applicable Financial Reporting Framework

36. 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.

37. 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).

38. Avis and the engagement team 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, Avis and the engagement team 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”).

39. 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 FASB ASC 605, *Revenue Recognition* (“ASC 605”), regarding whether revenue in connection with a transaction

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<sup>32</sup> See AS 2810.30-.31.

should be recognized on a gross basis or a net basis (the “ASC 605 Indicators”).<sup>33</sup> During the 2018 Investview Audit, Avis and the engagement team 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.

40. In relying on the Mining Revenue Treatment Memo copied from the 2018 Investview Audit file during the following year 2019 Investview Audit, Avis and the engagement team 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.<sup>34</sup>

41. Avis and the engagement team 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.

42. Therefore, Avis 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.<sup>35</sup>

b. Avis Failed to Test the “Amounts Paid to Supplier” Component of Investview’s Cryptocurrency Mining Revenue

43. 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.

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<sup>33</sup> See ASC 605-45-45-10.

<sup>34</sup> Compare ASC 605-45-45-10 with ASC 606-10-55-39.

<sup>35</sup> See AS 2810.30-.31.

44. Because Avis had identified improper revenue recognition as a significant risk and a fraud risk, PCAOB standards required Avis and the engagement team to perform substantive procedures, including tests of details, specifically responsive to the assessed risk.<sup>36</sup>

45. Avis and the engagement team failed to test the \$3.83 million “amounts paid to supplier” component of Investview’s net cryptocurrency mining revenue. Avis understood 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.”

46. Avis and the engagement team did not identify this inconsistency during the 2019 Investview Audit, nor did they perform any testing, detailed or otherwise, of the overall “amounts paid to supplier.”

47. Therefore, Avis failed to perform substantive procedures, including tests of details, specifically responsive to Avis’s identification of improper revenue recognition as a significant risk and fraud risk.<sup>37</sup>

48. 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, Avis failed to design and perform audit procedures in a manner that addressed Avis’s identification of improper revenue recognition as a significant risk and a fraud risk,<sup>38</sup> and failed to obtain sufficient appropriate audit evidence that Investview’s cryptocurrency mining revenue was properly valued.<sup>39</sup>

### **iii. Avis Failed to Appropriately Audit an Investview License Agreement**

49. 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

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<sup>36</sup> See AS 2301.11.

<sup>37</sup> See *id.*

<sup>38</sup> See AS 2301.03, .08-.09.

<sup>39</sup> See AS 1105.04.

the License Agreement of approximately \$2 million. Avis and the engagement team did not identify a significant risk related to the License Agreement during the 2019 Investview Audit.

50. Based on an oral representation from Investview’s accounting staff, Avis and the engagement team 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.” Avis and the engagement team later received a management representation from Investview’s Director of Finance indicating that the License Agreement was not impaired.

51. Avis and the engagement team failed to take any steps to resolve the inconsistent representations from Investview management regarding the License Agreement.<sup>40</sup> They 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*.<sup>41</sup> Indeed, Avis and the engagement team did not ask Investview management whether the License Agreement had been evaluated for impairment.

52. Accordingly, Avis and the engagement team failed to perform audit procedures necessary to resolve inconsistent audit evidence.<sup>42</sup> They also failed to perform sufficient audit procedures and obtain sufficient appropriate audit evidence that the License Agreement was properly valued.<sup>43</sup>

53. In addition, for all of the reasons described above, Avis failed to exercise due professional care and professional skepticism in serving as engagement partner on the 2019 Investview Audit.<sup>44</sup>

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<sup>40</sup> 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).

<sup>41</sup> See ASC 350-30-35-14.

<sup>42</sup> See AS 1105.29.

<sup>43</sup> See AS 1105.04.

<sup>44</sup> See AS 1015.01, .07.

## **E. Fleischman Failed to Appropriately Perform the EQR on the 2019 Investview Audit**

54. PCAOB standards require that an EQR be performed on all audit engagements conducted pursuant to PCAOB standards.<sup>45</sup> In conducting the EQR, the EQR partner should evaluate the significant judgments made by the engagement team and the related conclusions reached in forming the overall conclusion on the engagement and in preparing the engagement report.<sup>46</sup>

55. PCAOB standards also require the EQR partner to evaluate the assessment of, and audit responses to, among other things, significant risks identified by the engagement team, including fraud risks.<sup>47</sup> In addition, the EQR partner is required to evaluate whether the engagement documentation that he or she reviewed in connection with the EQR indicates that the engagement team responded appropriately to significant risks, and supports the conclusions reached by the engagement team with respect to the matters reviewed.<sup>48</sup>

56. The EQR partner may provide concurring approval of issuance of an audit report only if, after performing the EQR with due professional care, he or she is not aware of a significant engagement deficiency.<sup>49</sup> Among other things, a significant engagement deficiency in an audit exists when the engagement team failed to obtain sufficient appropriate audit evidence in accordance with PCAOB standards.<sup>50</sup>

57. Fleischman served as the EQR partner on the 2019 Investview Audit and provided his concurring approval of issuance of the 2019 Investview Audit report.

58. During his EQR of the 2019 Investview Audit, Fleischman was aware that Avis and the engagement team identified the United Games acquisition as a significant risk. He reviewed the acquisition work papers, and was aware during the 2019 Investview Audit that

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<sup>45</sup> See AS 1220.01.

<sup>46</sup> See AS 1220.09.

<sup>47</sup> See AS 1220.10.

<sup>48</sup> See AS 1220.11.

<sup>49</sup> See AS 1220.12; *see also* AS 1015.07 (“[d]ue professional care requires the auditor to exercise professional skepticism,” which is “an attitude that includes a questioning mind and a critical assessment of audit evidence”).

<sup>50</sup> See AS 1220.12, Note.

Investview was accounting for the acquisition as a bargain purchase. He also reviewed the Third-Party Specialist's reports and the engagement team's related documentation which, as described above, did not reflect sufficient procedures performed by Avis and the engagement team to test the data and assumptions provided by Investview to the Third-Party Specialist.

59. Fleischman was also aware that Avis and the engagement team identified Investview's revenue as a significant risk. He reviewed the Mining Revenue Treatment Memo documenting that Investview had evaluated its cryptocurrency mining revenue recognition approach under ASC 605 rather than ASC 606 during the 2018 Investview Audit, and that Avis and the engagement team had relied on that work paper during the 2019 Investview Audit. He also reviewed the engagement team's revenue testing documentation, which reflected no testing related to the \$3.83 million "amounts paid to supplier" component of Investview's cryptocurrency mining revenue.

60. Fleischman failed to conduct the EQR in accordance with PCAOB standards by failing to properly: (1) evaluate the significant judgments Avis and the engagement team made with respect to the United Games acquisition and cryptocurrency mining revenue, and the related conclusions reached in forming the overall conclusion on the engagement and in preparing the engagement report;<sup>51</sup> (2) evaluate Avis and the engagement team's assessment of, and audit responses to, the significant risks they identified, in the areas of the United Games acquisition and cryptocurrency mining revenue;<sup>52</sup> and (3) evaluate whether the engagement documentation that Fleischman reviewed indicated that Avis and the engagement team responded properly to significant risks and supported the conclusions Avis and the engagement team reached with respect to the matters reviewed related to the United Games acquisition and cryptocurrency mining revenue.<sup>53</sup>

61. An EQR partner performing an EQR with due professional care, in compliance with AS 1220, should have detected the significant engagement deficiencies described above. Because Fleischman did not identify the significant engagement deficiencies, he failed to exercise due professional care and perform his EQR in accordance with AS 1220, and he inappropriately provided his concurring approval of issuance, in violation of PCAOB rules and standards.<sup>54</sup>

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<sup>51</sup> See AS 1220.09.

<sup>52</sup> See AS 1220.10.

<sup>53</sup> See AS 1220.11.

<sup>54</sup> See AS 1220.09-.12, AS 1015.01.

#### 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), Steven Avis is hereby censured.
- B. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), Steven Avis 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).<sup>55</sup>
- C. Pursuant to PCAOB Rule 5302(b), Steven Avis may file a petition for Board consent to associate with a registered public accounting firm after two years from the date of this Order.
- D. Pursuant to Section 105(c)(4)(D) of the Act and PCAOB Rule 5300(a)(4), a civil money penalty in the amount of \$65,000 is imposed on Steven Avis.
  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. Steven Avis 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

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<sup>55</sup> As a consequence of the bar, the provisions of Section 105(c)(7)(B) of the Act will apply with respect to Avis. 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."



- (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 Steven Avis 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. Steven Avis understands that failure to pay the civil money penalty described above may alone be grounds to deny any petition, pursuant to PCAOB Rule 5302(b), for Board consent to associate with a registered public accounting firm.
  5. With respect to any civil money penalty amounts that Steven Avis shall pay pursuant to this Order, Steven Avis 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 Steven Avis's payment of the civil money penalty pursuant to this Order, in any private action brought against Steven Avis based on substantially the same facts as set out in the findings in this Order.
- E. Pursuant to Section 105(c)(4)(E) of the Act and PCAOB Rule 5300(a)(5), Richard Fleischman is hereby censured.
  - F. Pursuant to Section 105(c)(4)(C) of the Act and PCAOB Rule 5300(a)(3), for a period of one year from the date of this Order, Richard Fleischman's role in any "audit," as that term is defined in Section 110(1) of the Act and PCAOB Rule 1001(a)(v), shall be restricted as follows: Fleischman shall not (1) serve, or

supervise the work of another person serving, as an “engagement partner,” as that term is used in AS 1201, *Supervision of the Audit Engagement*; (2) serve, or supervise the work of another person serving, as an “engagement quality reviewer,” as that term is used in AS 1220, *Engagement Quality Review*; (3) serve, or supervise the work of another person serving, in any role that is equivalent to engagement partner or engagement quality reviewer, but differently denominated (such as “lead partner,” “practitioner-in-charge,” or “concurring partner”); (4) exercise authority, or supervise the work of another person exercising authority, either to sign a registered public accounting firm’s name to an audit report, or to consent to the use of a previously issued audit report, for any issuer, broker, or dealer; (5) assist the engagement partner in fulfilling his or her responsibilities under paragraph 4 of AS 1201; or (6) serve, or supervise the work of another person serving, as the “other auditor,” or “another auditor,” as those terms are used in AS 1205, *Part of the Audit Performed by Other Independent Auditors*.

- G. Pursuant to Section 105(c)(4)(D) of the Act and PCAOB Rule 5300(a)(4), a civil money penalty in the amount of \$30,000 is imposed on Richard Fleischman.
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. Richard Fleischman 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 (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 Richard Fleischman 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 Richard Fleischman shall pay pursuant to this Order, Richard Fleischman 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 Richard Fleischman's payment of the civil money penalty pursuant to this Order, in any private action brought against Richard Fleischman based on substantially the same facts as set out in the findings in this Order.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

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Phoebe W. Brown  
Secretary

January 23, 2024