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Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions

In the Matter of Brian Uhlman, CPA,

Respondent.

PCAOB Release No. 105-2024-050

December 3, 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 Brian Uhlman, CPA (“Uhlman” or “Respondent”);
- (2) barring Uhlman from being associated with a registered public accounting firm;¹
- (3) imposing a \$125,000 civil money penalty on Uhlman; and
- (4) requiring Uhlman to complete an additional 40 hours of continuing professional education (“CPE”) before filing any petition for Board consent to associate with a registered public accounting firm.

The Board is imposing these sanctions on the basis of its findings that Uhlman: (a) violated PCAOB rules and standards in connection with the audit and examination of a broker-dealer; (b) violated PCAOB audit and attestation documentation standards in connection with six broker-dealer engagements; and (c) failed to cooperate with the PCAOB’s 2020 and 2022 inspections of Raines & Fischer LLP (“Raines & Fischer” or the “Firm”), including by directing the improper alteration of work papers for two broker-dealer engagements selected for review during the 2022 inspection.

¹ Uhlman may file a petition for Board consent to associate with a registered public accounting firm after five 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 Sarbanes-Oxley Act of 2002, as amended (“Act”), and PCAOB Rule 5200(a)(1) against Respondent.

II.

In anticipation of the institution of these proceedings, and pursuant to PCAOB Rule 5205, Respondent has submitted an Offer of Settlement (“Offer”) that the Board has determined to accept. Solely for purposes of these proceedings and any other proceedings brought by or on behalf of the Board, or to which the Board is a party, and without admitting or denying the findings herein, except as to the Board’s jurisdiction over Respondent and the subject matter of these proceedings, which is admitted, Respondent consents to the entry of this Order as set forth below.²

III.

On the basis of Respondent’s Offer, the Board finds that:³

A. Respondent

1. **Brian Uhlman** is, and at all relevant times was, a partner at Raines & Fischer and a certified public accountant licensed by the state of New York (license no. 080064). At all relevant times, Uhlman 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). Uhlman served as the engagement partner for the following engagements:

- Raines & Fischer’s audits of the financial statements and accompanying supplemental information, and reviews of the exemption reports, for Drexel Hamilton, LLC (“Drexel”) for the fiscal years ended December 31, 2020 (“2020 Drexel Engagement”), December 31, 2021 (“2021 Drexel Engagement”), and

² 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.

³ The Board finds that Respondent’s conduct described in this Order meets the condition set out in Section 105(c)(5)(A) of the Act, 15 U.S.C. § 7215(c)(5)(A), which provides that certain sanctions may be imposed in the event of “intentional or knowing conduct, including reckless conduct, that results in violation of the applicable statutory, regulatory, or professional standard.”

December 31, 2022 (“2022 Drexel Engagement”) (collectively, the “Drexel Engagements”); and

- Raines & Fischer’s audits of the financial statements and accompanying supplemental information, and examinations of the compliance reports, for Hold Brothers Capital, LLC (“Hold Brothers”) for the fiscal years ended December 31, 2020 (“2020 Hold Brothers Engagement”), December 31, 2021 (“2021 Hold Brothers Engagement”), and December 31, 2022 (“2022 Hold Brothers Engagement”) (collectively, the “Hold Brothers Engagements”).

B. Relevant Entities and Individuals

2. **Raines & Fischer LLP** is a public accounting firm located in New York, New York, and licensed to practice public accounting under the laws of New York (license no. 024631). At all relevant times, the Firm was registered with the Board pursuant to Section 102 of the Act and PCAOB rules.⁴

3. **Drexel Hamilton, LLC** is a Pennsylvania limited liability company headquartered in New York, New York, and registered with the U.S. Securities and Exchange Commission (“Commission”) as a broker-dealer in securities. At all relevant times, Drexel was a “broker” and “dealer,” as those terms are defined in Sections 110(3) and (4) of the Act and PCAOB Rules 1001(b)(iii) and (d)(iii).

4. **Hold Brothers Capital, LLC** is a New Jersey limited liability company headquartered in New York, New York, and registered with the Commission as a broker-dealer in securities. At all relevant times, Hold Brothers was a “broker” and “dealer,” as those terms are defined in Sections 110(3) and (4) of the Act, respectively, and PCAOB Rules 1001(b)(iii) and (d)(iii), respectively. At all relevant times, Hold Brothers was a “carrying” broker-dealer (i.e., a broker-dealer that maintains custody of customer funds or securities).

5. **Third Seven Capital, LLC** (“Third Seven”) is a Delaware limited liability company headquartered in New York, New York, and registered with the Commission as a broker-dealer in securities. At all relevant times, Third Seven was a “broker” and “dealer,” as those terms are defined in Sections 110(3) and (4) of the Act, respectively, and PCAOB Rules 1001(b)(iii) and (d)(iii), respectively.

6. **Steven Sarrel** (“Sarrel”) is, and at all relevant times was, a partner at Raines & Fischer and a certified public accountant licensed by the state of New York (license no. 110521). Sarrel served as the engagement partner for Raines & Fischer’s audit of the financial statements

⁴ See *Raines & Fischer LLP*, PCAOB Rel. No. 105-2024-049 (Dec. 3, 2024).

and accompanying supplemental information, and review of the exemption report, for Third Seven for the fiscal year ended December 31, 2019 (“2019 Third Seven Engagement”).⁵

C. Summary

7. This matter concerns Uhlman’s failure to comply with PCAOB rules and standards in connection with six broker-dealer engagements and to cooperate with two Board inspections.⁶

8. Specifically, in the 2021 Hold Brothers Engagement, Uhlman violated PCAOB rules and Attestation Standard No. 1 (“AT No. 1”), *Examination Engagements Regarding Compliance Reports of Brokers and Dealers*, when performing the examination of the statements made by Hold Brothers in its compliance report filed with the Commission pursuant to Rule 17a-5 of the Securities Exchange Act of 1934 (“Rule 17a-5”).⁷ In particular, Uhlman failed to identify and test Hold Brothers’ key internal controls over compliance with Commission rules for safeguarding certain customer assets held by Hold Brothers.

9. Uhlman also violated PCAOB rules and auditing standards in the 2021 Hold Brothers Engagement by failing, in the audit of Hold Brothers’ financial statements and accompanying supporting schedules, to perform sufficient procedures to test supplemental information included by Hold Brothers.

10. Uhlman also failed to timely assemble complete and final sets of audit documentation for each of the Drexel Engagements and Hold Brothers Engagements.

11. Additionally, after Uhlman learned—approximately five months after the documentation completion dates⁸ for the 2021 Drexel Engagement and the 2021 Hold Brothers Engagement—that the PCAOB’s Division of Registration and Inspections (“DRI”) would be reviewing both of those engagements as part of an inspection of Raines & Fischer, Uhlman, and Firm personnel acting under his direction, improperly created and modified numerous work papers for those engagements. Uhlman then caused the improperly altered documentation for

⁵ See *Steven Sarrel, CPA*, PCAOB Rel. No. 105-2024-051 (Dec. 3, 2024).

⁶ 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 conduct discussed herein.

⁷ 17 C.F.R. § 240.17a-5.

⁸ See AS 1215.15, *Audit Documentation* (defining “documentation completion date” as a date not more than 45 days after an auditor releases an audit report).

those engagements to be provided to DRI staff without disclosing to them that any work papers had been created or altered in advance of the 2022 inspection.

12. Moreover, Uhlman was aware that Firm personnel improperly created and modified work papers for the 2019 Third Seven Engagement after the applicable documentation completion date and in advance of DRI's 2020 inspection of the Firm. As the Firm's primary contact with DRI, Uhlman attended meetings with DRI staff at which the 2019 Third Seven Engagement was discussed. Uhlman participated in discussions about the 2019 Third Seven Engagement without informing DRI staff that the discussions were based on documentation that had been improperly altered in advance of the 2020 inspection.

13. Accordingly, and as described below, Uhlman violated AT No. 1; AS 2701, *Auditing Supplemental Information Accompanying Audited Financial Statements*; AS 1215; PCAOB Rule 4006, *Duty to Cooperate With Inspectors*; and ET § 102, *Integrity and Objectivity*.

D. Uhlman Violated PCAOB Attestation and Auditing Standards in the 2021 Hold Brothers Engagement

i. Certain Commission Reporting Requirements for Carrying Broker-Dealers

14. Under the Commission's "financial responsibility rules,"⁹ Hold Brothers had to satisfy certain requirements relating to net capital and the protection of customer assets.¹⁰ Additionally, Rule 17a-5 required Hold Brothers to file with the Commission an annual report containing: (a) a financial report that included financial statements and supporting schedules (*i.e.*, supplemental information),¹¹ (b) a compliance report concerning, among other things, the effectiveness of Hold Brothers' internal control over compliance¹² ("ICOC") with the financial

⁹ The term "financial responsibility rules" includes Commission Rules 15c3-1, 17 C.F.R. § 240.15c3-1 ("Net Capital Rule"), 15c3-3, 17 C.F.R. § 240.15c3-3 ("Rule 15c3-3"), and 17a-13, 17 C.F.R. § 240.17a-13, under the Securities Exchange Act of 1934 ("Exchange Act"), and any rule of a broker's or dealer's designated examining authority that requires account statements to be sent to the customers of the broker or dealer. The financial responsibility rules are the same as the rules cited in Rule 17a-5(d)(3)(ii).

¹⁰ Although some broker-dealers qualify for exemption from Rule 15c3-3, Hold Brothers did not because it was a carrying broker-dealer. See Rule 15c3-3(k).

¹¹ See Rule 17a-5(d)(1)(i)(A), (d)(2). The supporting schedules required to be included in Hold Brothers' financial report included a Computation of Net Capital, a Computation for Determination of the Reserve Requirements, and Information Relating to the Possession or Control Requirements for Customers. The financial report, including the required supporting schedules, were required to be in a format consistent with the statements contained in Commission Form X-17A-5.

¹² Rule 17a-5(d)(3)(ii) provides: "The term *Internal Control Over Compliance* means internal controls that have the objective of providing the broker or dealer with reasonable assurance that non-compliance with § 240.15c3-1, § 240.15c3-3, § 240.17a-13, or any rule of the designated examining

responsibility rules;¹³ (c) a report prepared by an independent public accountant based on an examination of the financial report;¹⁴ and (d) a report prepared by an independent public accountant based on an examination of the statements made by Hold Brothers in the compliance report.¹⁵ Rule 17a-5 also required that the audit of the financial report and the examination of the compliance report be performed in accordance with PCAOB standards.¹⁶

15. In the compliance report, Hold Brothers was required to make certain statements about its compliance with the financial responsibility rules, including that: (a) its ICOC was effective during the most recent fiscal year; (b) its ICOC was effective as of the end of the most recent fiscal year; and (c) it was in compliance with the Net Capital Rule and Commission Rule 15c3-3(e) (“Reserve Requirements Rule”)¹⁷ as of the end of the most recent fiscal year.¹⁸

ii. Relevant PCAOB Rules and Standards

16. PCAOB rules require that, in connection with the preparation or issuance of an audit report (including an examination report), registered public accounting firms and their associated persons comply with the PCAOB’s auditing and related professional practice standards, including attestation standards adopted by the Board.¹⁹

17. AT No. 1 provides that, in performing an examination of the assertions made by a broker or dealer in a compliance report, the auditor’s objective is to express an opinion regarding whether those assertions are fairly stated, in all material respects.²⁰ AT No. 1 also provides that, to express such an opinion, the auditor must plan and perform the examination engagement to obtain appropriate evidence sufficient to obtain reasonable assurance about whether: (a) one or more material weaknesses existed during the most recent fiscal year

authority of the broker or dealer that requires account statements to be sent to the customers of the broker or dealer (an ‘Account Statement Rule’) will be prevented or detected on a timely basis.”

¹³ See Rule 17a-5(d)(1)(i)(B)(1), (d)(3).

¹⁴ See Rule 17a-5(d)(1)(i)(C), (g)(1).

¹⁵ See Rule 17a-5(d)(1)(i)(C), (g)(2)(i).

¹⁶ See Rule 17a-5(g).

¹⁷ See Rule 15c3-3(e).

¹⁸ See Rule 17a-5(d)(3)(i)(A).

¹⁹ See PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*; PCAOB Rule 3200, *Auditing Standards*; PCAOB Rule 3300T, *Interim Attestation Standards*.

²⁰ AT No. 1 at ¶ 3.

specified in the broker's or dealer's assertion;²¹ (b) one or more material weaknesses existed as of the end of the most recent fiscal year specified in the broker's or dealer's assertion; and (c) one or more instances of non-compliance with the Net Capital Rule or the Reserve Requirements Rule existed as of the end of the most recent fiscal year specified in the broker's or dealer's assertion.²²

18. AT No. 1 also provides that the auditor must exercise due professional care, which includes application of professional skepticism, in planning and performing the examination and preparation of the report, and that the engagement partner is responsible for proper planning and supervision of work for the engagement.²³

19. PCAOB standards require that, when the auditor is engaged to perform audit procedures and report on supplemental information accompanying audited financial statements, the auditor should perform audit procedures to obtain appropriate audit evidence that is sufficient to support the auditor's opinion regarding whether the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.²⁴ In doing so, the auditor should, among other things, obtain an understanding of the criteria that management used to prepare the supplemental information, including relevant regulatory requirements.²⁵ The auditor should also perform procedures to test the completeness and accuracy of the information presented in the supplemental information to the extent it was not tested as part of the audit of financial statements, and should evaluate whether the supplemental information complies with relevant regulatory requirements or other applicable criteria, if any.²⁶ The Board's standard on auditing supplement information also specifies that an auditor should obtain certain written representations from management.²⁷

iii. Uhlman Failed to Sufficiently Test Assertions in the Compliance Report and Supplemental Information Accompanying the Financial Statements

20. For fiscal year 2021, Hold Brothers filed a compliance report, dated March 1, 2022, pursuant to Rule 17a-5 (the "Compliance Report"). Following the 2021 Hold Brothers Engagement, Uhlman authorized the Firm's issuance of an examination report on Hold

²¹ The term "material weakness" is defined in AT No. 1, at Appendix A ¶ A4.

²² AT No. 1 at ¶ 4.

²³ See *id.* at ¶¶ 6(d), 7.

²⁴ See AS 2701.02-.03.

²⁵ *Id.* at .04(a).

²⁶ See *id.* at .04(e)-(f).

²⁷ See *id.* at .05.

Brothers' Compliance Report, stating that the Firm examined the statements in the Compliance Report and that, in the Firm's opinion, those statements were fairly stated, in all material respects.

21. However, Uhlman failed to plan and perform adequate procedures to obtain appropriate evidence sufficient to provide reasonable assurance about whether material weaknesses existed in Hold Brothers' ICOC during, and as of the end of, the fiscal year.²⁸ In particular, Uhlman failed to perform any procedures to (a) obtain an understanding of Hold Brothers' ICOC or (b) test controls that were important to the Firm's conclusion about whether Hold Brothers maintained effective ICOC, including by obtaining evidence that those controls were designed and operating effectively.²⁹

22. During the Firm's examination of the Compliance Report, Uhlman also failed to obtain sufficient appropriate audit evidence to identify potential instances of non-compliance with the Net Capital Rule and Reserve Requirements Rule as of the end of the fiscal year.³⁰ Although he performed procedures to test the existence of cash segregated for the exclusive benefit of Hold Brothers' customers and obtained certain representations from management, Uhlman nevertheless performed insufficient procedures to support the conclusion that Hold Brothers was in compliance with the Net Capital Rule and Reserve Requirements Rule as of the end of the fiscal year.³¹

23. Further, as part of the Firm's audit of Hold Brothers' 2021 financial statements, Uhlman failed to sufficiently test any of the three schedules included as supplemental information accompanying the financial statements—the Computation of Net Capital under the Net Capital Rule (“Net Capital Computation”), the Computation for Determination of Reserve Requirements under the Reserve Requirements Rule (“Customer Reserve Schedule”), and Information for Possession or Control Requirements (“Possession or Control Schedule”).³²

24. Despite obtaining certain representations from management and testing the existence of cash segregated for the exclusive benefit of its customers included in its Customer Reserve Schedule, the engagement team performed insufficient procedures to test the supplemental information. For example, Uhlman failed to obtain an understanding of the criteria management used to prepare it, including relevant regulatory requirements. Uhlman

²⁸ See AT No. 1 at ¶ 4.

²⁹ See *id.* at ¶¶ 9, 11.

³⁰ See *id.* at ¶¶ 9-10, 21-22.

³¹ See *id.* at ¶¶ 21-23.

³² See AS 2701.04.

also failed to determine whether the supplemental information reconciled to the applicable underlying accounting and other records or to the financial statements.³³

25. As a result, Uhlman failed to identify that Hold Brothers omitted certain information required by the Exchange Act from its Possession or Control Schedule. Specifically, Uhlman failed to identify that Hold Brothers omitted (a) the market valuation and the number of items of customers' fully paid and excess margin securities not in Hold Brothers' possession or control as of the report date, but for which the required action was not taken by Hold Brothers within the time frames specified under Rule 15c3-3; and (b) the market valuation and the number of items of customers fully paid and excess margin securities for which instructions to reduce possession or control had not been issued as of the report date.³⁴

26. With respect to the audit of Hold Brothers' supplemental information, Uhlman also failed to obtain certain required written representations from management.³⁵ Specifically, the management representation letter obtained from Hold Brothers included certain representations relating to the Net Capital Computation. However, the representation letter failed to include required representations relating to the Customer Reserve Schedule or Possession or Control Schedule.

27. Accordingly, Uhlman violated AT No. 1 and AS 2701 in connection with the 2021 Hold Brothers Engagement.

E. Uhlman Violated PCAOB Auditing and Ethics Standards and Failed to Cooperate with Two PCAOB Inspections

i. Relevant PCAOB Rules and Standards

28. PCAOB rules require that, in connection with the preparation or issuance of an audit report, registered public accounting firms and their associated persons comply with both auditing and ethics standards adopted by the Board.³⁶

29. The PCAOB's audit documentation standard states, in part: "A complete and final set of audit documentation should be assembled for retention as of a date not more than 45 days after the report release date (*documentation completion date*). . . . Audit documentation must not be deleted or discarded after the documentation completion date, however,

³³ *Id.*

³⁴ See Rule 17a-5(d)(2)(ii); see also Commission Form X-17A-5.

³⁵ See AS 2701.05.

³⁶ See PCAOB Rule 3100; PCAOB Rule 3200; PCAOB Rule 3500T, *Interim Ethics and Independence Standards*.

information may be added. Any documentation added must indicate the date the information was added, the name of the person who prepared the additional documentation, and the reason for adding it.”³⁷

30. PCAOB standards require that audit documentation “contain sufficient information to enable an experienced auditor, having no previous connection with the engagement,” to understand, among other things, the timing of the procedures performed, evidence obtained, and conclusions reached, and to determine not just who performed and reviewed the work but also “the date such work was completed” and “the date of such review.”³⁸ PCAOB standards also require the auditor to identify all significant findings or issues in an engagement completion document.³⁹

31. PCAOB Rule 4006 requires registered public accounting firms and their associated persons to “cooperate with the Board in the performance of any Board inspection.” Implicit in that cooperation obligation is a requirement not to provide misleading documents or information in connection with, or otherwise to interfere with, the Board’s inspection processes.⁴⁰ An auditor provides misleading information if he or she participates in discussions with inspectors about documentation that the auditor knows has been improperly altered and does not disclose the alterations.⁴¹

³⁷ AS 1215.15-.16.

³⁸ *Id.* at .06.

³⁹ *Id.* at .13.

⁴⁰ See, e.g., *Kabani & Co., Inc.*, Rel. No. 34-80201, 2017 WL 947229, at *12 (SEC Mar. 10, 2017), *petition for review denied*, *Kabani & Co., Inc. v. SEC*, 733 F. App’x 918 (9th Cir. 2018) (sustaining Board finding that respondents failed to cooperate with an inspection where improper work paper alterations “interfered with the PCAOB’s ability to fulfill its regulatory function of ensuring that auditors comply with their professional responsibilities”); *Hay & Watson*, PCAOB Rel. No. 105-2022-017, at 5 (Sept. 13, 2022) (PCAOB Rule 4006 “includes an obligation not to provide misleading documents or information in connection with, or otherwise to interfere with, the Board’s inspection processes”); *Dale Arnold Hotz, CPA*, PCAOB Rel. No. 105-2012-008, at 4 (Nov. 13, 2012) (same).

⁴¹ See, e.g., *Edward Turner, CPA*, PCAOB Rel. No. 105-2023-009 (July 18, 2023) (respondent failed to cooperate with an inspection both by providing improperly altered documents to inspectors and participating in a discussion with inspectors about those documents without disclosing the alterations); *Elliot D. Kim, CPA*, PCAOB Rel. No. 105-2018-010 (May 23, 2018) (respondent failed to cooperate with an inspection when he remained silent during a discussion with inspectors of a document that he had improperly altered); *José Fernandez Alves*, PCAOB Rel. No. 105-2016-039 (Dec. 5, 2016) (respondent failed to cooperate when he participated in a discussion with PCAOB inspectors without informing them that the discussion was based on documents he knew had been improperly altered); *Renata Coelho de Sousa Castelli*, PCAOB Rel. No. 105-2016-040 (Dec. 5, 2016) (same).

32. PCAOB ethics standards provide, in part, that an associated person “shall maintain objectivity and integrity” and “shall not knowingly misrepresent facts” in the performance of professional services.⁴² An associated person knowingly misrepresents facts in violation of ET § 102 when, for example, he or she knowingly: (a) makes, or permits or directs another to make, materially false and misleading entries in an entity’s records; or (b) signs, or permits or directs another to sign, a document containing materially false and misleading information.⁴³

ii. Uhlman Violated PCAOB Audit Documentation and Ethics Standards and Failed to Cooperate with the Board’s 2020 and 2022 Inspections

33. Raines & Fischer personnel prepared and assembled the work papers for the Drexel Engagements and Hold Brothers Engagements in electronic form as part of an audit software database. Though the software database had a feature that, when activated, made an audit file “read-only”—allowing it to be opened and viewed, but not modified—Uhlman and other Raines & Fischer personnel did not routinely use that software feature, and did not activate that feature for the work papers assembled for the Drexel Engagements and Hold Brothers Engagements.

34. Uhlman failed to timely assemble complete and final sets of audit documentation for four engagements—the 2020 Drexel Engagement, the 2022 Drexel Engagement, the 2020 Hold Brothers Engagement, and the 2022 Hold Brothers Engagement. Certain assembled work papers for those engagements lack signoffs indicating who prepared the documentation and when, as well as who reviewed the documentation and when. In addition, Uhlman and the engagement teams failed to include multiple work papers necessary to evidence the Firm’s compliance with auditing and attestation standards in the Firm’s assembled set of audit documentation with respect to each of the four engagements. For example, each of the assembled sets of audit documentation failed to contain work papers relating to the Firm’s planning of the engagements, including risk assessment procedures, or an engagement completion document.⁴⁴

35. Furthermore, Uhlman failed to cooperate with, and violated PCAOB ethics standards in connection with, two separate PCAOB inspections. As the engagement partner for the 2021 Drexel Engagement, Uhlman authorized the issuance of Raines & Fischer’s audit and review reports dated March 1, 2022. Additionally, as the engagement partner for the Firm’s 2021 Hold Brothers Engagement, Uhlman authorized the issuance of Raines & Fischer’s audit and examination reports, which were also dated March 1, 2022. Therefore, the documentation

⁴² See ET § 102.01.

⁴³ *Id.* at .02(a), (c).

⁴⁴ See AS 2101.10, *Audit Planning*; AS 1215.13.

completion date for both of those engagements was no later than April 15, 2022 (45 days after the release date of the Firm's reports). However, Uhlman failed to assemble a complete and final set of audit documentation for both engagements by that date.

36. On September 13, 2022, DRI informed the Firm that the 2021 Drexel Engagement and 2021 Hold Brothers Engagement had been selected for review during DRI's impending inspection, for which fieldwork was expected to start on November 14, 2022. After learning that DRI would be reviewing the 2021 Drexel Engagement and 2021 Hold Brothers Engagement, Uhlman contacted Drexel and Hold Brothers to obtain information that he and those working at his direction used to perform additional audit procedures.

37. Uhlman, and junior Firm staff, improperly created or modified over 100 work papers for the 2021 Drexel Engagement and 2021 Hold Brothers Engagement—including to document the additional procedures they performed after learning of DRI's impending inspection—and added the newly created or modified work papers to the corresponding audit file. When doing so, they backdated signoffs and applied other individuals' signoffs, both within certain work papers themselves as well as in the signoff fields in the Firm's audit documentation software, to make it appear that the work papers had been prepared and reviewed at the time of each engagement.

38. Notwithstanding those modifications to the work papers after the applicable documentation completion dates, Uhlman failed to properly document who added the information to the work papers, as well as when and why the information was added.

39. As Uhlman knew, the newly created and modified work papers were included in the sets of work papers for the 2021 Drexel Engagement and 2021 Hold Brothers Engagement that Raines & Fischer provided to DRI. As Uhlman further knew, Raines & Fischer also provided to DRI a work paper index printed from the Firm's audit software for each engagement that contained backdated signoffs.

40. Uhlman was the Firm's primary contact with DRI for the 2022 inspection and participated in multiple meetings with DRI staff, including meetings about the 2021 Drexel Engagement and the 2021 Hold Brothers Engagement. However, he failed to disclose to inspectors that numerous work papers for the 2021 Drexel Engagement and 2021 Hold Brothers Engagement had been created or modified after the documentation completion dates.

41. During the 2022 inspection, DRI staff noted that three audit programs in the 2021 Hold Brothers work papers provided to them by Uhlman contained tracked changes indicating that the audit programs had been prepared or modified after the documentation completion date. When asked about these audit programs, Uhlman denied being aware of any modifications, even though some of the tracked changes reflected revisions Uhlman had made just days prior to providing the work papers to the inspectors. In a subsequent conversation,

Uhlman continued to mislead inspectors by indicating that the edits were made by Firm staff in preparation for the following year's audit. Uhlman then provided inspectors with PDF versions of the audit programs that he claimed were from the archived work papers finalized at the time of the 2021 Hold Brothers Engagement. However, they too contained the improper modifications reflected in the Word versions that were made shortly before the inspection.

42. Similarly, during an earlier 2020 PCAOB inspection of Raines & Fischer, Uhlman knew that Sarrel, and Firm personnel acting under Sarrel's direction, improperly created and modified work papers relating to the 2019 Third Seven Engagement and that the improperly altered documentation was provided to DRI. Uhlman served as Raines & Fischer's primary contact with DRI for the 2020 inspection, and attended at least two meetings with Sarrel and DRI staff during which there were discussions based upon the altered documentation. But Uhlman failed to disclose to DRI during those meetings—or at any other time—that work papers for the 2019 Third Seven Engagement had been created and modified in advance of the 2020 inspection.

43. Accordingly, Uhlman repeatedly violated AS 1215, PCAOB Rule 4006, and ET § 102.

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), Brian Uhlman is hereby censured.
- B. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), Brian Uhlman 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).⁴⁵

⁴⁵ As a consequence of the bar, the provisions of Section 105(c)(7)(B) of the Act, 15 U.S.C. § 7215(c)(7)(B), will apply with respect to Uhlman. 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."

- C. Pursuant to PCAOB Rule 5302(b), Uhlman may file a petition for Board consent to associate with a registered public accounting firm after the expiration of five years from the date of this Order.
- D. Pursuant to Section 105(c)(4)(F) of the Act and PCAOB 5300(a)(6), Uhlman is required to complete, before petitioning to reassociate with the Board, forty hours of CPE, including on topics related to PCAOB standards concerning audit documentation and audits, examinations, and reviews of broker-dealers (such hours shall be in addition to, and shall not be counted in, any CPE Uhlman is required to obtain in connection with any professional license).
- E. Pursuant to Section 105(c)(4)(D) of the Act and PCAOB Rule 5300(a)(4), a civil money penalty in the amount of \$125,000 is imposed upon Brian Uhlman.
 - 1. All funds collected by the Board as a result of the assessment of this civil money penalty will be used in accordance with Section 109(c)(2) of the Act.
 - 2. Respondent shall pay this civil money penalty within ten (10) days of the issuance of this Order by: (1) wire transfer pursuant to instructions provided by Board staff, or (2) United States Postal Service money order, bank money order, certified check, or bank cashier's check (a) made payable to the Public Company Accounting Oversight Board, (b) delivered to the Office of Finance, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington D.C. 20006, and (c) submitted under a cover letter, which identifies Brian Uhlman as the respondent in these proceedings, sets forth the title and PCAOB release number of these proceedings, and states that payment is made pursuant to this Order, a copy of which cover letter and money order or check shall be sent to the Office of the Secretary, Attention: Phoebe W. Brown, Secretary, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington, D.C. 20006.
 - 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. Respondent 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 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.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

December 3, 2024