

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

*In the Matter of Adeptus Partners LLC, and Howard  
S. Krant, CPA,*

**Respondents.**

PCAOB Release No. 105-2025-020

April 22, 2025

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

- (1) censuring Adeptus Partners LLC (“Adeptus” or the “Firm”), a registered public accounting firm, and Howard S. Krant, CPA (“Krant”) (collectively, “Respondents”);
- (2) suspending Krant from being an associated person of a registered public accounting firm for a period of one year from the date of this Order and imposing a \$50,000 civil money penalty on him;
- (3) imposing a \$75,000 civil money penalty on the Firm; and
- (4) requiring the Firm to engage an independent consultant to review and make recommendations concerning Adeptus’ system of quality control as specified in Section IV of this Order.

The Board is imposing these sanctions on the basis of its findings that: (a) Krant violated PCAOB rules and standards in connection with the audits of two issuers; and (b) Adeptus violated PCAOB rules and quality control standards.

**I.**

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

## II.

In anticipation of the institution of these proceedings, and pursuant to PCAOB Rule 5205, Respondents have each submitted an Offer of Settlement (collectively, “Offers”) that the Board has determined to accept. Solely for the purpose of these proceedings and any other proceeding 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>1</sup>

## III.

On the basis of Respondents’ Offers, the Board finds that:<sup>2</sup>

### A. Respondents

1. **Howard S. Krant** is a certified public accountant licensed by the state of New York (license no. 039908). Krant is, and at all relevant times 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). At all relevant times, Krant was the engagement partner in charge of the Firm’s audits of Blockchain of Things, Inc. (“Blockchain of Things”), and Applied UV, Inc. (“Applied UV”).

2. **Adeptus Partners LLC** is a public accounting firm headquartered in New York, New York. The Firm is licensed to practice public accounting by the New Jersey State Board of Accountancy (license no. 20CB00572700) and the Maryland Board of Public Accountancy (license no. 0041109). Adeptus is, and at all relevant times was, registered with the Board pursuant to Section 102 of the Act and PCAOB rules.

### B. Issuers

3. **Blockchain of Things, Inc.** was, at all relevant times, a Delaware corporation. Its public filings disclose that Blockchain of Things is a technology company established to develop

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<sup>1</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>2</sup> The Board finds that each Respondent’s 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 a 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.

and implement blockchain technology, specifically by providing a platform, or web services layer, designed to improve upon existing blockchain technology, including its security and ease of use. At all relevant times, Blockchain of Things was an “issuer,” as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

4. **Applied UV, Inc.** was, at all relevant times, a Delaware corporation. Its public filings disclose that Applied UV is focused on the development and acquisition of technology that addresses infection prevention in healthcare, hospitality, commercial, and residential industries. At all relevant times, Applied UV 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 Krant’s violation of PCAOB rules and standards in connection with the Firm’s audits of Blockchain of Things for the years ended December 31, 2020, and December 31, 2021, and the Firm’s audit of Applied UV for the year ended December 31, 2020. Specifically, Krant failed to adequately supervise the engagement teams on the 2020 Blockchain of Things and Applied UV audits (the “2020 Audits”), and Krant failed to properly review the engagement team’s work on deferred revenue for the Blockchain of Things 2021 audit to ensure that sufficient appropriate audit evidence was obtained.

6. Additionally, this matter concerns the Firm’s violations of PCAOB rules and quality control standards, as evidenced by multiple violations of PCAOB rules and standards during the Firm’s audits of Blockchain of Things and Applied UV. These audit deficiencies across multiple audits involving multiple Firm personnel demonstrate that the Firm failed to maintain a system of quality control sufficient to provide the Firm with reasonable assurance that engagement teams performed issuer audits in accordance with applicable professional standards and regulatory requirements.

### D. Respondents Violated PCAOB Rules and Standards in Connection with the Audits

7. In connection with the preparation or issuance of an audit report, PCAOB rules require that the associated persons of a registered public accounting firm comply with the Board’s auditing and related professional practice standards.<sup>3</sup>

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<sup>3</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 audit being discussed.

8. PCAOB standards require that an auditor exercise due professional care and skepticism in planning and performing an audit.<sup>4</sup> Auditors are required to plan and perform audit procedures to obtain sufficient appropriate audit evidence to provide a reasonable basis for the auditor's opinion.<sup>5</sup> To be appropriate, audit evidence must be both relevant and reliable in providing support for the conclusions on which the auditor's opinion is based.<sup>6</sup> Audit evidence consists of both information that supports and corroborates management's assertions regarding the financial statements or internal control over financial reporting and information that contradicts such assertions.<sup>7</sup> 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>8</sup>

9. When an auditor uses information produced by a company as audit evidence, the auditor should evaluate whether the information is sufficient and appropriate for purposes of the audit by performing procedures to, among other things, test the accuracy and completeness of the information, or test the controls over the accuracy and completeness of that information.<sup>9</sup>

10. An auditor should design and perform audit procedures in a manner that addresses the assessed risks of material misstatement for each relevant assertion of each significant account and disclosure.<sup>10</sup> PCAOB standards further require an auditor to evaluate whether the financial statements are presented fairly, in all material respects, in conformity with the applicable financial reporting framework.<sup>11</sup> Evaluation of the information disclosed in the financial statements includes consideration of the form, arrangement, and content of the financial statements (including the accompanying notes), encompassing matters such as the classification of items in the statements, and the bases of amounts set forth.<sup>12</sup>

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<sup>4</sup> AS 1015.01 and .07, *Due Professional Care in the Performance of Work*.

<sup>5</sup> AS 1105.04, *Audit Evidence*.

<sup>6</sup> *Id.* at .06.

<sup>7</sup> *Id.* at .02.

<sup>8</sup> *Id.* at .29.

<sup>9</sup> *Id.* at .10.

<sup>10</sup> AS 2301.08, *The Auditor's Responses to the Risks of Material Misstatement*.

<sup>11</sup> AS 2810.30, *Evaluating Audit Results*.

<sup>12</sup> *Id.* at .31.

11. In addition, the engagement partner is responsible for the engagement and its performance. Accordingly, the engagement partner is responsible for proper supervision of the work of engagement team members and for compliance with PCAOB standards.<sup>13</sup> AS 1201.05c requires the engagement partner to “[r]eview the work of engagement team members to evaluate whether: (1) The work was performed and documented; (2) The objectives of the procedures were achieved; and (3) The results of the work support the conclusions reached.”

### **i. The 2020 Blockchain of Things and Applied UV Audits**

12. Adeptus audited the financial statements of Blockchain of Things as of and for the year ended December 31, 2020, and issued an audit report dated March 29, 2021, which was included in Blockchain of Things’ financial statements filed with the U.S. Securities and Exchange Commission (“SEC”) on March 31, 2021. Adeptus audited the financial statements of Applied UV as of and for the year ended December 31, 2020, and issued an audit report dated March 30, 2021, which was included in Applied UV’s financial statements filed with the SEC on the same day.

13. Krant was the engagement partner for both of the 2020 Audits. Despite his role as engagement partner, Krant did not review a single work paper for the 2020 Audits, nor did he obtain computer access to review the work papers for the audits.<sup>14</sup> He signed the Firm’s audit reports for the 2020 Audits, authorizing their release, based solely on discussions with the engagement team and the engagement quality review (“EQR”) partner.

14. As a result, Krant failed to fulfill his responsibilities as the engagement partner on the 2020 Audits to ensure the work was performed and documented, the objectives of the procedures were achieved, and the results of the work supported the conclusions reached, in violation of PCAOB standards.<sup>15</sup>

### **ii. The 2021 Blockchain of Things Audit**

#### **1. Blockchain of Things’ Digital Tokens**

15. According to its public filings, Blockchain of Things was a technology company established to develop and implement blockchain technology, specifically by providing a platform designed to improve upon existing blockchain technology. From December 2017 through July 2018, Blockchain of Things offered and sold digital tokens (“tokens” or the

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<sup>13</sup> AS 1201.03, *Supervision of the Audit Engagement*.

<sup>14</sup> Another partner of the Firm also served on the 2020 Audits and provided some guidance and supervision for the staff.

<sup>15</sup> AS 1201.03, .05c; AS 1015.

“Offering”) to raise money to develop and implement its business plan, which included developing and maintaining its blockchain platform and technology.

16. Blockchain of Things raised more than \$12 million worth of cryptocurrency assets through the Offering. According to a December 18, 2019 SEC Order (“SEC Order”), Blockchain of Things did not register its Offering pursuant to the federal securities laws, nor did it qualify for an exemption to the registration requirements.<sup>16</sup> Under the SEC Order, Blockchain of Things was required to pay amounts due under Section 12(a) of the Securities Act of 1933 to persons and entities who purchased tokens before and including July 31, 2018 and who submitted a claim form by a deadline determined in accordance with the SEC Order. In SEC filings, Blockchain of Things identified the deadline as February 21, 2021.<sup>17</sup>

17. As of December 31, 2020, Blockchain of Things’ Form 10-K disclosed \$12.4 million in cryptocurrency-related liabilities, which was 95% of total liabilities. This cryptocurrency-related liability, called the “Token Refund Liability,” was the result of claims made pursuant to the SEC Order.

18. As of December 31, 2021, the time for making a claim pursuant to the SEC Order had ended, and Blockchain of Things reclassified the Token Refund Liability as a “Deferred Revenue” liability of \$12.2 million (\$226,258 had been issued in claims), which represented 99% of Blockchain of Things’ total liabilities. In its 2021 Form 10-K, Blockchain of Things discussed that it treated the Token Refund Liability as deferred revenue because it was “akin to prepayments of future services” the company would provide.<sup>18</sup>

## **2. Krant Failed to Obtain Sufficient Appropriate Audit Evidence Concerning Deferred Revenue**

19. Krant served as the engagement partner on the Firm’s 2021 audit of Blockchain of Things, and he signed off as a reviewer on the engagement team’s deferred revenue work. However, Krant failed to test the amount of the reported liability and failed to adequately evaluate whether the liability was appropriately reclassified as deferred revenue.

20. First, with respect to the amount of the liability, Krant and the engagement team merely agreed the reported \$12.2 million to the SEC Order less the claims the company had paid. However, Krant and the engagement team never obtained written agreements or other evidence to establish that persons and entities had purchased \$12.4 million in tokens (the

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<sup>16</sup> See *In the Matter of Blockchain of Things*, SEC Rel. No. 33-10736 (Dec. 18, 2019).

<sup>17</sup> See, e.g., Blockchain of Things’ Form 10-K for fiscal year ended December 31, 2020, at F-14.

<sup>18</sup> See *id.* at F-7.

cryptocurrency received for these tokens represented 98% of Blockchain of Things' total assets for 2020 and 2021).

21. Second, in violation of PCAOB standards, Krant and the engagement team relied exclusively on management representations in concluding that the Token Refund Liability had been appropriately reclassified as deferred revenue.<sup>19</sup> Further, Krant accepted management's representations despite evidence that appeared to contradict those representations.

22. Specifically, although management characterized the deferred revenue liability as "akin to prepayments of future services" and represented that the company would be able to provide those services, Krant was aware of evidence that called into question whether Blockchain of Things would ever be able to do so. For example, Blockchain of Things' software platform was its only product and had been in development since 2017, but the company had never recognized any revenue from the platform, including through December 31, 2021. Moreover, the Company disclosed in its 2020 and 2021 Form 10-Ks that it was "uncertain whether this [software platform] business line will ever be successfully implemented." The Company also never reported capitalized software costs related to the software platform, which indicated that the software platform had not yet reached technological feasibility in 2021.

23. Additionally, no person or entity ever used the tokens the company had sold because the product never went live; indeed, not a single person or entity was ever able to redeem a token to access the software platform.<sup>20</sup>

24. Accordingly, Krant failed to plan and perform appropriate audit procedures to obtain sufficient appropriate audit evidence regarding the deferred revenue balance, failed to evaluate whether the balance was appropriately recorded as deferred revenue, and failed to resolve inconsistent audit evidence.<sup>21</sup>

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<sup>19</sup> See AS 2805.02, *Management Representations* ("[R]epresentations from management are part of the evidential matter the independent auditor obtains, but they 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>20</sup> On January 26, 2023, Blockchain of Things moved its software platform to an open-source repository. Blockchain of Things ultimately went out of business on February 28, 2023, less than a year after issuance of the 2021 audit report.

<sup>21</sup> See AS 1105.04, .29; AS 2810.33; and AS 1015.07-.09.

## E. The Firm Violated PCAOB Rules and Quality Control Standards

25. PCAOB rules require a registered public accounting firm and its associated persons to comply with PCAOB quality control standards.<sup>22</sup> These standards require that a registered public accounting firm have a system of quality control for its accounting and auditing practice.<sup>23</sup> A firm's system of quality control encompasses the firm's organizational structure and the policies adopted and procedures established to provide the firm with reasonable assurance of complying with professional standards.<sup>24</sup> 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.<sup>25</sup> A firm's "policies and procedures should cover planning, performing, supervising, reviewing, documenting, and communicating the results of each engagement."<sup>26</sup>

26. The Firm failed to establish policies and procedures to provide it with reasonable assurance that engagement personnel would comply with AS 1215, *Audit Documentation*, in violation of QC 20.17 and .18.

27. For example, it was the regular practice of one audit partner (not Krant) on the 2020 Audits and the 2021 Blockchain of Things audit to sign off on work papers as a reviewer to remove error messages in order to archive the binder, even though he had not actually reviewed the corresponding work papers. As a result, it was unclear who actually reviewed the work papers, or if significant changes were made to the work papers after they had been reviewed.

28. For the 2020 Audits, there was also inadequate control over signatures evidencing review within work papers. Krant's signature appeared as a reviewer within multiple audit work papers, despite Krant never having electronic access to the work papers. In addition, no one on the engagement teams or at the Firm, including Krant himself, was aware of how his electronic signature and date of his signature appeared within these documents.

29. For the 2020 Audits and the 2021 Blockchain of Things audit, there also was incomplete audit documentation: the EQR sections of the supervision, review, and approval forms were blank, unsigned, and undated. The EQR partners who completed these sections did

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<sup>22</sup> See PCAOB Rule 3100; PCAOB Rule 3400T, *Interim Quality Control Standards*.

<sup>23</sup> See QC 20.01, *System of Quality Control for a CPA Firm's Accounting and Auditing Practice*.

<sup>24</sup> *Id.* at .04.

<sup>25</sup> *Id.* at .17.

<sup>26</sup> *Id.* at .18.

not know why they were blank in the complete and final set of audit documentation for the audits.

30. Additionally, for the 2020 Audits and the 2021 Blockchain of Things audit, there was inadequate documentation of journal entry testing, which the engagement team identified as a response to address the significant risk and fraud risk related to management override of controls. The journal entry testing documentation consisted of a short one-page memo, which did not accurately reflect the entirety of the journal entry testing performed.

31. These failures illustrate that the Firm violated QC 20 by failing to establish policies and procedures sufficient to provide it with reasonable assurance that the work performed by Firm personnel met the requirements of AS 1215.

#### 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 Rules 5300(a)(5), Adeptus Partners LLC and Howard S. Krant, CPA are hereby censured.
- B. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), Howard S. Krant, CPA is suspended, for one year from the date of this Order, 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>27</sup>
- C. Pursuant to Section 105(c)(4)(D) of the Act and PCAOB Rule 5300(a)(4), the Board imposes the following civil money penalties:

- 1. Adeptus Partners LLC: \$75,000; and

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<sup>27</sup> As a consequence of the suspension, the provisions of Section 105(c)(7)(B) of the Act will apply with respect to Krant. 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."

2. Howard S. Krant, CPA: \$50,000;

- a. All funds collected by the Board as a result of the assessment of these civil money penalties will be used in accordance with Section 109(c)(2) of the Act.
- b. Respondents shall pay these civil money penalties within ten (10) days of the issuance of this Order by (1) wire transfer in accordance with instructions furnished 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 the firm or the person 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.
- c. Respondent Adeptus Partners LLC 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 Respondent Adeptus Partners LLC at the address on file with the PCAOB at the time of the issuance of this Order.
- d. 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 interest.

D. Pursuant to Section 105(c)(4)(G) of the Act and PCAOB Rules 5300(a)(8) and (9), the Board orders that:

1. Independent Consultant

- a. Adeptus Partners LLC shall retain and pay for an independent consultant ("Independent Consultant"), not unacceptable to the PCAOB staff, to review and make recommendations regarding

Adeptus Partners LLC's quality control policies and procedures applicable to audits and reviews conducted pursuant to PCAOB standards. The Independent Consultant must have experience with, and be knowledgeable concerning, PCAOB quality control and auditing standards. Within thirty days after the entry of this Order, Adeptus Partners LLC shall submit to the PCAOB staff a proposal setting forth the identity, qualifications, and proposed terms of retention of the Independent Consultant. Adeptus Partners LLC may not hire as the Independent Consultant any individual who has provided legal, auditing, or other services to, or has had any affiliation with, Adeptus Partners LLC during the two years prior to entry of this Order.

- b. To ensure the independence of the Independent Consultant, Adeptus Partners LLC: (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 the PCAOB 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. Adeptus Partners LLC 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.
- d. If Adeptus Partners LLC, despite its best, good faith efforts, is unable to identify an Independent Consultant candidate that meets all of the above-listed criteria, it may seek approval from the PCAOB staff of alternative candidates or alternative terms that Adeptus Partners LLC believes to be otherwise suitable.
- e. Within 90 days of this Order, Adeptus Partners LLC will review, evaluate, and implement, under the supervision of the Independent Consultant, any necessary enhancements to Adeptus Partners LLC's quality control policies and procedures applicable to audits and reviews conducted pursuant to PCAOB standards. If, as a result of that review and evaluation, it appears to the Independent Consultant that any further enhancements to the

system of quality control are necessary, it shall recommend such enhancements to Adeptus Partners LLC.

- f. Within 120 days of this Order, Adeptus Partners LLC shall (1) implement any recommendations received from the Independent Consultant, pursuant to Paragraph IV.D.1.e, and (2) require the Independent Consultant to review a sample of the Firm's most recent public company audits to ensure those audits comply with PCAOB auditing standards and that those audits were conducted in accordance with PCAOB quality control standards and the Firm's enhanced quality control policies and procedures. If Adeptus Partners LLC does not implement recommendations received from the Independent Consultant pursuant to Paragraph IV.D.1.e, it shall communicate to the Director of the Division of Enforcement and Investigations the recommendations of the Independent Consultant it did not implement and the reasons for not doing so.

## 2. Firm Certification

- a. Within 270 days of the date of this Order, Adeptus Partners LLC shall certify in writing to the Director of the Division of Enforcement and Investigations, PCAOB, 1666 K Street N.W., Washington, DC 20006, the Firm's compliance with the above paragraphs ("Final Certification"). The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The certification shall include a description of the specific enhancements implemented to Adeptus Partners LLC's system of quality control from the time of the conduct described in this Order. Adeptus Partners LLC shall also submit such additional evidence of and information concerning compliance as the staff of the Division of Enforcement and Investigations may reasonably request.
- b. For good cause shown, the 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 the last day.

- E. The Firm understands that the failure to satisfy the above conditions and undertakings may constitute a violation of PCAOB Rule 5000 that could provide a basis for the imposition of additional sanctions in a subsequent disciplinary proceeding.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

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Phoebe W. Brown  
Secretary

April 22, 2025