

BOARD OF PUBLIC ACCOUNTANCY * BEFORE THE MARYLAND BOARD OF
 v. * PUBLIC ACCOUNTANCY
 SANTOS, POSTAL & COMPANY, P.C., *
 Respondent * CASE NO.: CPAS 16-0045
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* * * * *

CONSENT ORDER

RECITALS:

WHEREAS, at all times relevant to the matters set forth in this Consent Order, Santos, Postal & Company, P.C. ("SPC") was the holder of a permit issued by the Maryland Board of Public Accountancy (the "Board") to practice public accountancy as a firm in the State and the Board had jurisdiction over the subject matter; and

WHEREAS, the Board issued a Notice of Charges in this matter, dated December 5, 2016, to SPC; and

WHEREAS, the Notice of Charges in this matter is based solely upon an Order Imposing Sanctions and a Cease-and-Desist Order entered by the U.S. Securities and Exchange Commission ("SEC"), on or about April 29, 2016 in SEC Administrative Proceeding No. 3-17238 ("the SEC Order"); and

WHEREAS, the SEC Order was the result of an agreement between the SEC and SPC, in which SPC neither admitted nor denied the SEC findings that are stated in the Order, except as to the jurisdiction of the SEC over the parties and the subject matter; and

WHEREAS, the Notice of Charges in this matter was issued by the Board for the purpose of determining whether SPC engaged in violations of the Maryland Public Accountancy Act or related Regulations, and whether to impose sanctions on SPC as a result of the SEC Order; and

WHEREAS, in lieu of further proceedings and a full hearing in this contested matter, the Board hereby enters this order, with the consent of SPC, in accordance with Md. Ann. Code, State Government Article, § 10-210, with terms as follows:

THE PARTIES AGREE AND STIPULATE:

- 1) The Recitals, stated above, are incorporated by reference in this Agreement as though fully stated herein.
- 2) Without any admission by SPC of any violation of professional standards or provision of

Maryland law, SPC acknowledges and agrees that the Board has authority under the following statutes to impose sanctions in this matter based on the circumstances of this case:

a. Md. Ann. Code, Business Occupations and Professions Article ("BOP"), Section 2-410(a)(1), wherein the Board has the authority to take action against a permit holder for any applicable ground under BOP, Section 2-315; and

b. BOP, Section 2-315(a)(1)(x), wherein the Board has the authority to take action if a permit holder has had the right to practice as a certified public accountant before any unit of the State or federal government revoked or suspended.

3) The sanctions previously imposed by the SEC under the SEC Order are the basis for the Board to impose sanctions against SPC in this matter. The Board has not taken any testimony, nor has it conducted a full deliberation on the merits of the findings in the SEC Order. By entering into this Consent Order, SPC expressly waives the right to an administrative hearing on the charges and the making of Findings of Fact and Conclusions of Law, any and all further proceedings before the Board to which it may otherwise be entitled in this matter, and any rights to appeal from this Order.

4) SPC agrees that it will no longer permit Joseph Scolaro, CPA, of SPC, to be part of the engagement team on any attest engagements.

5) SPC has drafted a "Memo to All Staff", which will be circulated no later than 10 days after the effective date of this Order to all SPC staff, reminding all staff of certain requirements of the SPC Quality Control Document ("the QCD"), and implementing new procedures which will be incorporated into the QCD, including the following new and enhanced procedures:

a) Audit and Attest New Engagement Acceptance: All new audit and attest engagements must have second partner approval, prior to client acceptance.

b) Audit and Attest Engagement Continuation: All audit and attest engagements after the first year must have an Engagement and Continuation form completed, and a concurring partner must sign off, agreeing to continue the work, after discussion of any unusual issues encountered in the prior year.

6) For the next four years (other than the year in which the tri-annual peer review process of SPC is conducted), SPC will hire an outside, independent CPA or CPA firm with peer review experience, instead of the normal process of using SPC personnel, to conduct the annual inspection of the firm's quality control system and report thereon, which are the steps described in paragraphs 1, 2 and 5 of the Monitoring Section of the QCD; and for those four years, SPC shall submit written reports to the Board, within 30 days of the date of the required annual inspection or peer review, documenting the final results of the inspection of the firm's quality control system or peer review.

7) SPC agrees that it will not accept any engagements under the auspices of the SEC unless

and until SPC is reinstated as required by the SEC.

8) SPC will pay a civil penalty in the amount of \$1000.00 (One Thousand Dollars) to the Board within 14 days of the date of delivery to SPC of an executed copy of this Consent Order.

9) SPC acknowledges and agrees that, if SPC fails to comply with the requirement in paragraph 8 of this Consent Order regarding the payment of the civil penalty, SPC's permit to practice public accountancy as a firm in the State shall be immediately and automatically suspended until such time as compliance occurs.

10) SPC further acknowledges and agrees that, if SPC fails to comply with this Consent Order in any manner other than a failure to pay the civil penalty in accordance with the provisions of paragraph 8, upon the mailing by the Board of written notice of non-compliance to SPC, SPC will have 15 days to come into compliance with the provisions of this Consent Order and provide written notification of the same to the Board. If SPC fails to come into compliance within 15 days of written notice of non-compliance by the Board, the Board shall take such action as is reasonable and necessary to ensure compliance, including but not limited to, suspension of SPC's permit to practice public accountancy as a firm in the State.

11) SPC enters into this Consent Order freely, knowingly and voluntarily, and SPC is represented by counsel.

12) The parties agree that this Consent Order shall constitute a Final Order of the Board and shall be enforceable as such.

BASED ON THESE STIPULATIONS, IT IS, THIS 15th DAY OF March, 2017, BY THE BOARD OF PUBLIC ACCOUNTANCY:

ORDERED that the Board has determined that it has authority to impose sanctions in this matter pursuant to BOP Sections 2-315(a)(1)(x) and 2-410(a)(1);

AND IT IS FURTHER ORDERED that the Respondent shall pay a civil penalty in the amount of \$1000.00 to the Board in accordance with the provisions set forth in paragraph 8 of this Consent Order;

AND IT IS FURTHER ORDERED that, if SPC fails to comply with the requirement in paragraph 8 of this Consent Order regarding the payment of the civil penalty, SPC's permit to practice public accountancy as a firm in the State shall be immediately and automatically suspended until such time as compliance occurs;

AND IT IS FURTHER ORDERED that this matter shall be resolved in accordance with the terms of this Consent Order, and that the same shall be reflected among the records of the Board;

AND IT IS FURTHER ORDERED that this Consent Order shall constitute a Final Order of the Board.

A. Smith Dr

(RESPONDENT'S SIGNATURE APPEARS ON ORIGINAL DOCUMENT)

(BOARD CHAIR'S SIGNATURE APPEARS ON ORIGINAL DOCUMENT)

Maryland Board of Public Accountancy

by: *[Handwritten Signature]*

Date 3/7/17

3/15/17
Date

AEF/kmk