

Order Making Findings and Imposing Sanctions

In the Matter of Kevin F. Pickard, CPA,

Respondent.

PCAOB Release No. 105-2022-011

June 22, 2022

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

(1) barring Kevin F. Pickard, CPA (“Pickard” or “Respondent”) from being an associated person of a registered public accounting firm, but allowing him, after two years, to file a petition for Board consent to associate with a registered firm;

(2) if the Board later consents to Pickard’s association with a registered firm, limiting his 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 an additional period of one year following the termination of the bar;

(3) imposing a civil money penalty in the amount of \$30,000 on Pickard; and

(4) requiring Pickard to complete 25 hours of continuing professional education (“CPE”), in addition to any CPE required in connection with any professional license, 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 Respondent violated PCAOB rules and standards in connection with two issuer audits.¹

¹ 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 discussed herein.

I.

On April 16, 2021, the Board instituted non-public disciplinary proceedings against Respondent.² Pursuant to PCAOB Rule 5205, Respondent has submitted an Offer of Settlement (“Offer”) that the Board has determined to accept. Solely for purposes of this proceeding 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 to the Board’s jurisdiction over Respondent and the subject matter of these proceedings, which is admitted, Respondent consents to entry of this Order as set forth below.³

II.

On the basis of Respondent’s Offer, the Board finds that:⁴

A. Respondent

1. **Kevin F. Pickard** was, at all relevant times, a certified public accountant, licensed by the state of California (license no. CPA 70205). Pickard served as the engagement quality reviewer for audits that a registered public accounting firm, AJ Robbins CPA, LLC, had performed with respect to the year-end April 30, 2017 financial statements of Soldino Group Corp (“Soldino” and the “Soldino Audit”) and the year-end November 30, 2017 financial statements of Vado Corp. (“Vado” and the “Vado Audit”). Pickard was, at all relevant times, 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 Section 105(c)(2) of the Act provides that litigated disciplinary proceedings shall not be public, “unless otherwise ordered by the Board for good cause shown, with the consent of the parties.” Although the Board found good cause for making the proceedings public, Respondent did not consent to making the hearing public, as permitted by Section 105(c)(2) of the Act and PCAOB Rule 5203.

³ The findings herein are made pursuant to Respondent’s Offer and are not binding on any other persons or entities in this or any other proceeding.

⁴ The Board finds that 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.

B. Relevant Entity

2. AJ Robbins CPA, LLC (“AJR” or “Firm”) is a professional corporation organized under the laws of the state of Colorado and headquartered in Denver, Colorado. It is licensed by the Colorado State Board of Accountancy (license no. FRM.5000243). The Firm was, at all relevant times, registered with the Board pursuant to Section 102 of the Act and PCAOB rules. The Firm performed the Soldino and Vado Audits as those issuers’ independent auditor.

C. Issuers

3. Soldino, at all relevant times, was a Nevada corporation headquartered in Treviso, Italy. Its public filings disclosed that, at the time of the Soldino Audit, it intended to commence operations in the business of work wear distribution, sewing and embroidery services. Soldino filed a Form S-1 registration statement with the U.S. Securities and Exchange Commission (“Commission”) on June 14, 2017, which contained AJR’s audit report for the Soldino Audit (dated May 31, 2017) and a consent from AJR (dated June 12, 2017) for that audit report to be included in the Form S-1 registration statement. With AJR’s consent, Soldino also included the audit report in amended Forms S-1, including an amended Form S-1 filed on August 21, 2017. From the time that it filed its Form S-1, and at all relevant times thereafter, Soldino was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

4. Vado, at all relevant times, was a Nevada corporation headquartered in Nitra, Slovakia. Its public filings disclosed that, at the time of the Vado Audit, it was developing an embroidery business. Vado filed a Form S-1 registration statement with the Commission on January 18, 2018, which contained AJR’s audit report for the Vado Audit (dated January 8, 2018) and a consent from AJR (dated January 16, 2018) for that audit report to be included in the Form S-1 registration statement. From the time that it filed its Form S-1, and at all relevant times thereafter, Vado was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

D. Summary

5. This matter concerns Respondent’s violations of PCAOB rules and standards in connection with the Soldino and Vado Audits. While serving as the engagement quality reviewer for those audits, Pickard failed to comply with AS 1220, *Engagement Quality Review*. Pickard also failed to document his engagement quality reviews (“EQRs”) as required by PCAOB standards.

6. In July 2018, after the documentation completion date for both the Soldino and Vado Audits, Pickard documented his EQRs by completing and signing two work papers that the Firm sent to Pickard for each audit. Pickard completed that documentation at the request of the audits' engagement partner, because of an upcoming PCAOB inspection of the Firm. When documenting his EQRs, Pickard falsely indicated that he had performed all of the procedures required by AS 1220. Pickard also backdated his signature on the forms to dates during or near the time of his EQRs. Although Pickard completed the forms well after the documentation completion date for both audits, Pickard did not document in the forms the date that he added information to the forms, or the reason for doing so after the documentation completion date, as required by AS 1215, *Audit Documentation*, and AS 1220.

E. Pickard Violated PCAOB Rules and Standards in Connection with the Soldino and Vado Audits

7. PCAOB rules require that a registered public accounting firm and its associated persons comply with the Board's auditing and related professional practice standards.⁵ An EQR is required for all audits and reviews conducted pursuant to PCAOB standards.⁶ The EQR is intended to "serve as a meaningful check on the work performed by the engagement team."⁷

8. In an audit, the engagement quality reviewer is responsible for evaluating 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.⁸ Among other things, the engagement quality reviewer should: (1) evaluate the significant judgments that relate to engagement planning; (2) evaluate the engagement team's assessment of, and audit responses to, significant risks identified by the engagement team or the engagement quality reviewer; (3) review the engagement team's evaluation of the firm's independence in relation to the engagement; and (4) review the engagement completion document.⁹ AS 1220 further provides that the engagement quality reviewer should evaluate whether appropriate matters have been communicated, or identified for communication, to

⁵ See PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*; PCAOB Rule 3200, *Auditing Standards*.

⁶ See AS 1220.01.

⁷ PCAOB Rel. No. 2009-004 (July 28, 2009) at 2.

⁸ See AS 1220.09.

⁹ See AS 1220.10(a), (b), (d), (e).

the audit committee, management, and other parties, such as regulatory bodies.¹⁰ The engagement quality reviewer should also evaluate whether the engagement documentation that he or she reviewed 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.¹¹

9. The engagement quality reviewer 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.¹² “Due professional care requires the auditor to exercise professional skepticism. Professional skepticism is an attitude that includes a questioning mind and a critical assessment of audit evidence.”¹³

10. Documentation of an EQR should be included in the engagement documentation.¹⁴ That documentation should contain sufficient information to enable an experienced auditor, having no previous connection with the engagement, to understand the procedures performed by the engagement quality reviewer, including, but not limited to, the documents reviewed by the engagement quality reviewer.¹⁵

11. AS 1215’s requirements related to retention of, and subsequent changes to, audit documentation apply to documentation of the engagement quality review.¹⁶ For an audit, 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 (*i.e.*, the “documentation completion date”).¹⁷ “Audit documentation must not be deleted or discarded after the documentation completion date, however, 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.”¹⁸

¹⁰ See AS 1220.10(i).

¹¹ See AS 1220.11.

¹² See AS 1220.12.

¹³ AS 1015.07, *Due Professional Care in the Performance of Work*.

¹⁴ See AS 1220.20.

¹⁵ See AS 1220.19.

¹⁶ See AS 1220.21.

¹⁷ See AS 1215.15.

¹⁸ AS 1215.16.

12. As described below, Pickard failed to comply with the foregoing rules and standards in connection with the Soldino and Vado Audits.

i. Soldino Audit

13. The Firm engaged Pickard to perform the EQR for the Soldino Audit on or about August 1, 2017—almost seven weeks after the Firm issued its audit report and permitted Soldino to include that report in a Form S-1 that it filed with the Commission on June 14, 2017. By the time Pickard performed the EQR on August 1, Soldino had already included the Firm’s audit report in three Form S-1 registration statements and amendments filed with the Commission.

14. When performing his EQR in August 2017, Pickard received and reviewed only a draft copy of Soldino’s financial statements and a signed copy of the audit report dated May 31, 2017. He did not receive any other documents related to the Soldino Audit.

15. Pickard failed to perform the EQR for the Soldino Audit with due professional care.¹⁹ When performing his EQR, Pickard:

- a. did not receive or review any planning documentation, and he failed to evaluate the significant judgments that related to engagement planning;²⁰
- b. did not receive or review any risk assessment documentation relating to the audit, and failed to evaluate the engagement team’s assessment of, and responses to, significant risks identified by the engagement team;²¹
- c. did not receive or review any documentation concerning the engagement team’s evaluation of the Firm’s independence, and failed to review the engagement team’s evaluation of the Firm’s independence;²²

¹⁹ See AS 1220.12; AS 1015.01.

²⁰ See AS 1220.10(a).

²¹ See AS 1220.10(b).

²² See AS 1220.10(d).

- d. did not receive or review the engagement completion document, and failed to confirm with the engagement partner that there were no significant unresolved matters;²³ and
- e. did not receive or review documentation of any audit communications, and failed to evaluate whether appropriate matters were communicated, or identified for communication, to the audit committee, management, and other parties.²⁴

16. Nevertheless, on August 1, 2017, Pickard provided concurring approval of issuance of the audit report for the Soldino Audit. On August 21, 2017, Soldino filed an amended Form S-1 registration statement containing the Firm’s audit report for the Soldino Audit.

ii. Vado Audit

17. Pickard performed the EQR for the Vado Audit on or about January 16, 2018.

18. When performing his EQR for the Vado Audit, Pickard received a draft copy of Vado’s financial statements. Pickard also received a general ledger document with some brief annotations from the audit engagement team, indicating that the engagement team had “traced” the transactions in that document to client-provided bank statements. Pickard did not receive any other documents related to the Vado Audit.

19. Pickard failed to perform the EQR for the Vado Audit with due professional care.²⁵ When performing his EQR for the Vado Audit, Pickard:

- a. did not receive or review any planning documentation, and he failed to evaluate the significant judgments that related to engagement planning;²⁶

²³ See AS 1220.10(e).

²⁴ See AS 1220.10(i).

²⁵ See AS 1220.12; AS 1015.01.

²⁶ See AS 1220.10(a).

- b. did not receive or review any risk assessment documentation relating to the audit, and failed to evaluate the engagement team's assessment of, and responses to, significant risks identified by the engagement team;²⁷
- c. did not receive or review any documentation concerning the engagement team's evaluation of the Firm's independence, and failed to review the engagement team's evaluation of the Firm's independence;²⁸
- d. did not receive or review the engagement completion document, and failed to understand the significant findings and issues from the audit or confirm with the engagement partner that there were no significant unresolved matters;²⁹
- e. did not review the audit report;³⁰ and
- f. did not receive or review documentation of any audit communications, and failed to evaluate whether appropriate matters were communicated, or identified for communication, to the audit committee, management, and other parties.³¹

20. Nevertheless, on or about January 16, 2018, Pickard provided concurring approval of issuance of the audit report for the Vado Audit. On January 18, 2018, Vado filed a Form S-1 registration statement containing the Firm's audit report for the Vado Audit.

iii. Documentation of the Soldino and Vado Audits

21. Pickard failed to document his EQRs for the Soldino and Vado Audits as required by AS 1220 before the documentation completion date.³² Although Pickard sent comments on the issuers' financial statements to the Firm via email at the time he performed the EQRs, he failed to document the EQRs with sufficient information to enable an experienced auditor, having no previous connection with the engagement, to understand the procedures he

²⁷ See AS 1220.10(b).

²⁸ See AS 1220.10(d).

²⁹ See AS 1220.10(e).

³⁰ See AS 1220.10(f).

³¹ See AS 1220.10(i).

³² See AS 1220.19-.21.

performed to comply with AS 1220, including the documents he reviewed and the date he provided concurring approval of issuance.³³

22. On July 14, 2018, Allan Jeffrie Robbins, CPA (“Robbins”) the engagement partner for the Soldino and Vado Audits, sent Pickard an email, asking Pickard to document his EQRs for those audits. In his email to Pickard, Robbins explained that he needed the documentation for an upcoming inspection of the Firm by the PCAOB, which was scheduled for early August 2018. Pickard knew that he was being asked to document his EQRs several months after the documentation completion dates for both audits.

23. For each audit, Robbins sent Pickard two forms to complete to document his EQRs. The first was a “Supervision, Review and Approval Form,” which contained a checklist for the engagement quality reviewer to complete, indicating whether he or she performed various steps required by AS 1220, and containing a space for the engagement quality reviewer’s signature. The second was the “Engagement Completion Document,” which also contained a space for the engagement quality reviewer’s signature. Pickard had not previously received those forms from the Firm or completed them for either EQR.

24. Pickard knew that PCAOB standards required that audit documentation indicate the procedures performed and the date that they were completed.³⁴ Pickard also knew that, when adding information to audit documentation after the documentation completion date for an audit, PCAOB standards required that the documentation reflect the date the information was added, the name of the person who prepared the additional documentation, and the reason for adding it.³⁵

25. On July 26, 2018, Pickard completed the forms that Robbins had sent to him to document his EQRs, and returned those forms to the Firm via email. When completing the forms, Pickard backdated his signatures on the completed forms to dates contemporaneous with his EQRs (August 1, 2017 for the Soldino Audit, and January 21, 2018, for the Vado Audit), and failed to include any indication in the forms of the date he added his information to the forms or why the information was added. Pickard also falsely indicated in the forms that, at the time of the Soldino and Vado Audits, he had performed various procedures that he, in fact, had not performed, including:

³³ See AS 1220.19.

³⁴ See AS 1215.06.

³⁵ See AS 1215.16; AS 1220.21.

- a. evaluating the engagement team’s assessment of, and responses to, significant risks, including fraud risks;
- b. reviewing the engagement team’s evaluation of the Firm’s independence in relation to the audit engagements;
- c. reviewing the engagement completion documents; and
- d. evaluating whether appropriate matters had been communicated on a timely basis (or identified for communication) prior to the issuance of the audit reports to the audit committee, management, and other parties such as regulatory bodies.

Pickard also falsely documented that, for the Vado Audit, he had reviewed the audit report.

26. As a result of the foregoing, Pickard violated AS 1220 and AS 1215.

III.

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)(B) of the Act and PCAOB Rule 5300(a)(2), Kevin F. Pickard, CPA, 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);³⁶

³⁶ As a consequence of the bar, the provisions of Section 105(c)(7)(B) of the Act will apply with respect to Pickard. 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.”

- B. After two years from the date of this Order, Kevin F. Pickard may file a petition, pursuant to PCAOB Rule 5302(b), for Board consent to associate with a registered public accounting firm;
- C. If Kevin F. Pickard is permitted to associate again with a registered public accounting firm, 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 his bar is terminated, his 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: Pickard 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, as a member of an engagement team; (4) serve, or supervise the work of another person serving, in any role that is equivalent to engagement partner, engagement quality reviewer, or engagement team member, but differently denominated (such as “lead partner,” “practitioner-in-charge,” “concurring partner,” or “staff”); (5) 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; (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*; or (7) serve, or supervise the work of another individual serving, as a professional practice director;
- D. Pursuant to Section 105(c)(4)(D) of the Act and PCAOB Rule 5300(a)(4), civil money penalty in the amount of \$30,000 is imposed on Kevin F. Pickard. 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. Respondent shall pay the foregoing civil money penalty as follows: Respondent shall pay \$10,000 within ten days of the issuance of this Order, an additional \$6,667 by December 31, 2022, an additional \$6,667 by June 30, 2023, and the remaining \$6,666 by December 31, 2023, making each payment 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 entity or

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. *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;* and

- E. Pursuant to Section 105(c)(4)(F) of the Act and PCAOB Rule 5300(a)(6), Kevin F. Pickard is required to complete, before filing a petition for Board consent to associate with a registered firm, 25 hours of professional education and training relating to PCAOB auditing standards and covering, among other topics, professional ethics, audit documentation in accordance with AS 1215, *Audit Documentation*, and the performance of engagement quality reviews in accordance with AS 1220, *Engagement Quality Review* (such hours shall be in addition to, and shall not be counted in, the continuing professional education he is required to obtain in connection with any professional license).

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

June 22, 2022