

## Order Making Findings and Disapproving Registration Application

*In re Registration Application of Scott W. Smith  
CPA's, Inc.*

PCAOB Release No. 102-2022-001

June 22, 2022

### I.

On April 19, 2022, the Public Company Accounting Oversight Board (“PCAOB” or “Board”), pursuant to PCAOB Rule 2106(b)(2)(ii), issued a Notice of Hearing on the Registration Application of Scott W. Smith CPA’s, Inc. (“Applicant”). The Notice of Hearing afforded Applicant an opportunity for a hearing under PCAOB Rule 5500 to determine whether to approve or disapprove Applicant’s application for registration with the PCAOB. The Board received from Applicant a timely request for a hearing on the registration application.

### II.

Pursuant to PCAOB Rule 5205, Applicant has submitted an Offer of Settlement that the Board has determined to accept. Solely for the purpose 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 as to the findings described in III.A below, which are admitted, Applicant consents to the entry of this Order Making Findings and Disapproving Registration Application as set forth below.

### III.

On the basis of information obtained by the Board in connection with consideration of Applicant’s registration application, the Board finds<sup>1</sup> that:

- A. Applicant is a public accounting firm headquartered in Murrieta, California.
- B. Sandefer, Smith & Associates (“Sandefer”) is a public accounting firm that was registered with the Board from January 25, 2011 to December 17, 2013.

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<sup>1</sup> The findings herein are made pursuant to Applicant’s Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

Applicant's owner and president, Scott Smith, was a co-owner, partner, and primary contact of Sandefer at the time Sandefer was registered with the Board. Mr. Smith was responsible for Sandefer's compliance with PCAOB reporting and payment requirements.

- C. As a registered firm, Sandefer was obligated to file periodic reports and pay annual fees. As Sandefer's co-owner and the primary contact listed in Sandefer's annual reports filed with the Board on Form 2, Smith was responsible for ensuring that Sandefer complied with PCAOB reporting requirements and paid its annual fees.
- D. The annual and special reporting requirements keep the Board's records current, facilitate analysis and planning relating to the Board's inspection responsibilities, and inform other Board functions. The annual fee permits the Board to recover the costs of processing and reviewing annual reports.
- E. Sandefer ceased operations effective December 31, 2011 and Mr. Smith established a new legal entity named Scott W. Smith CPA's, Inc. (the Applicant in this proceeding) effective January 1, 2012. On July 10, 2012, Mr. Smith filed an annual report on Form 2 for Sandefer (which had not withdrawn from registration despite having ceased operations) that erroneously disclosed that Sandefer's legal name was "Scott W. Smith CPA's, Inc." (the Applicant). Sandefer did not file an annual report on Form 2 or pay an annual fee for the 2013 reporting year. On November 11, 2013, Mr. Smith filed, on behalf of Sandefer, a request to withdraw from registration on Form 1-WD, which again erroneously disclosed that Sandefer's legal name was "Scott W. Smith CPA's, Inc." (the Applicant).
- F. Applicant's owner and president, Mr. Smith, directly and substantially contributed to the following violations:
  - a. Sandefer's violations of Section 102(d) of the Sarbanes-Oxley Act of 2002 ("the Act") and PCAOB Rule 2200 by filing an inaccurate annual report with the Board for the reporting period ending in 2012 that disclosed that Sandefer's legal name was "Scott W. Smith CPA's, Inc."
  - b. Sandefer's violation of PCAOB Rule 2201 by failing to file a timely annual report with the Board for the reporting period ending in 2012 by the relevant deadline.

- c. Sandefer's violation of Section 102(d) of the Act and PCAOB Rule 2200 by failing to file an annual report with the Board for the reporting period ending in 2013.
  - d. Sandefer's violation of PCAOB Rule 2202 by failing to pay its annual fee for 2012 timely.
  - e. Sandefer's violation of PCAOB Rule 2202 by failing to pay its annual fee for 2013.
  - f. Sandefer's violation of PCAOB Rule 2203 by failing to file a special report on Form 3 to report Sandefer's loss of its authorization to engage in the business of accounting or auditing in a particular jurisdiction.
- G. The violations described above resulted from Mr. Smith's failure to exercise the degree of care that the Board would expect of a principal of a registered public accounting firm under the circumstances.

#### 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, it is hereby ORDERED:

That Applicant's application for registration with the PCAOB is disapproved, provided, however, that with respect to any new application for registration submitted by Applicant after April 19, 2023, the Board will not issue a Notice of Hearing to determine whether to approve or disapprove such application based solely on the violations that are the subject of the findings contained in this Order.

ISSUED BY THE BOARD.



Phoebe W. Brown  
Secretary

June 22, 2022