

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 64278 / April 8, 2011

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3265 / April 8, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-14334

In the Matter of

JEFFERY Q. JOHNSON, CPA
and
STEVEN M. HANNI, CPA,

Respondents.

**ORDER INSTITUTING PUBLIC
ADMINISTRATIVE AND CEASE-
AND-DESIST PROCEEDINGS PURSUANT
TO SECTIONS 4C AND 21C OF THE
SECURITIES EXCHANGE ACT OF 1934
AND RULE 102(e) OF THE COMMISSION'S
RULES OF PRACTICE, MAKING
FINDINGS, AND IMPOSING REMEDIAL
SANCTIONS AND A CEASE-AND-DESIST
ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that public administrative and cease-and-desist proceedings be, and hereby are, instituted against Jeffery Q. Johnson, CPA (“Johnson”) and Steven M. Hanni, CPA (“Hanni”) (collectively “Respondents”) pursuant to Sections 4C¹ and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 102(e)(1)(iii) of the Commission’s Rules of Practice.²

¹ Section 4C provides, in relevant part, that:

The Commission may censure any person, or deny, temporarily or permanently, to any person the privilege of appearing or practicing before the Commission in any way, if that person is found . . . (1) not to possess the requisite qualifications to represent others . . . (2) to be lacking in character or integrity, or to have engaged in unethical or improper professional conduct; or (3) to have willfully violated, or willfully aided and abetted the violation of, any provision of the securities laws or the rules and regulations thereunder.

² Rule 102(e)(1)(iii) provides, in pertinent part, that:

II.

In anticipation of the institution of these proceedings, Respondents have submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over them, and the subject matter of these proceedings, which are admitted, Respondents consent to the entry of this Order Instituting Public Administrative and Cease-and-Desist Proceedings Pursuant to Sections 4C and 21C of the Securities Exchange Act of 1934 and Rule 102(e) of the Commission’s Rules of Practice, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondents’ Offer, the Commission finds³ that:

A. SUMMARY

1. From year-end 2004 through the first quarter of 2008, Powder River Petroleum International, Inc. (“Powder River”) improperly accounted for over \$43 million in proceeds from conveyances of fractional working interests in oil-and-gas leases to investors in Asia. In particular, Powder River immediately recognized revenue from the conveyances, despite the fact that it had promised the Asian working interest investors a guaranteed return until they recouped their initial investment. In addition, Powder River also improperly recorded assets it did not own or that were stated in excess of net realizable value. As a result, Powder River’s financial statements did not present fairly, in all material respects, the company’s financial position, operating results, and cash flows in conformity with generally accepted accounting principles. Powder River materially overstated its revenues by 7% to 2,417%, its pre-tax income by 18% to 441%, and its assets by 7% to 48% in its Commission filings during the applicable period.

2. Respondents incorrectly advised Powder River on how it should record financial items, including revenue from the working-interest conveyances from 2005 through August 2007. After August 2007, Johnson, as CFO, and Hanni, assisting Johnson as a *de facto* co-CFO, supervised and directed the company’s improper recording of its assets and its revenue from the working-interest conveyances. By mid-2007, Powder River used proceeds from current

The Commission may . . . deny, temporarily or permanently, the privilege of appearing or practicing before it . . . to any person who is found . . . to have willfully violated, or willfully aided and abetted the violation of any provision of the Federal securities laws or the rules and regulations thereunder.

³ The findings herein are made pursuant to Respondents’ Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

working interest conveyances to pay the guaranteed returns to earlier Asian investors. In mid-March 2008, Johnson authorized one of those payments, but failed to disclose in Powder River's first quarter 2008 Form 10-Q that the company was using later investor funds to pay earlier investors.

B. RESPONDENTS

3. Jeffery Q. Johnson is a certified public accountant licensed in the state of Utah and was employed at Stayner Bates & Jensen, PC ("Stayner Bates") from January 2006 until November 2010. Johnson provided bookkeeping, financial reporting, and other accounting services to Powder River from June 2006 until August 2007, when he contracted with Powder River to serve as Powder River's CFO on a part-time basis. Johnson resigned as Powder River's CFO in September 2008. While CFO, Johnson remained employed at Stayner Bates.

4. Steven M. Hanni is a certified public accountant licensed in the state of Utah and served as the engagement partner on Stayner Bates's engagement to provide bookkeeping, financial reporting, and other accounting services to Powder River from 2004 to August 2007. Pursuant to Johnson and Powder River's arrangement with NJS Management, LLC, Hanni assisted Johnson with his duties as Powder River's CFO.

C. RELEVANT ENTITIES

5. Powder River Petroleum International, Inc. is an Oklahoma corporation headquartered in Calgary, Canada. The company's common stock is registered with the Commission pursuant to Exchange Act Section 12(g). Powder River's shares are currently quoted on Pink OTC Markets, Inc. In July 2008, an Oklahoma district court granted a temporary restraining order and appointed a receiver for Powder River in connection with a complaint filed by certain Asian investors.⁴ In December 2008, Powder River filed for bankruptcy.⁵ It has not restated its financial statements, other than a restatement of its 2007 quarterly financial statements included in its year-end 2007 financial statements, nor has it filed any reports with the Commission since September 17, 2008

6. Stayner Bates & Jensen, PC, a CPA firm located in Salt Lake City, Utah, became registered with the Public Company Accounting Oversight Board ("PCAOB") in 2009, and has no public company audit clients. From 2004 through August 2007, Powder River engaged Stayner Bates to provide bookkeeping, financial reporting, and other accounting services.

7. NJS Management, LLC ("NJS"), a Utah limited liability company, was formed by Johnson, Hanni, and another Stayner Bates partner to provide CFO services. Powder River had an agreement with Johnson through which Powder River paid NJS the money representing Johnson's salary from Powder River. That money was then split amongst Johnson,

⁴ See *Chang v. Powder River Petroleum Int'l, Inc.* (Okla. Dist. Ct. July 14, 2008) (No. CJ-2008-4855).

⁵ See *In re Powder River Petroleum Int'l, Inc.* (Bankr. W.D. Okla. Dec. 12, 2008) (No. 08-15613).

for services rendered as Powder River's CFO; Hanni, for assisting Johnson with his duties as Powder River's CFO; and another Stayner Bates partner, for increased assistance to Johnson in connection with other Stayner Bates engagements.

D. FACTS

Oil-and-Gas Working Interest Conveyances

8. From year-end 2004 through the first quarter of 2008, Powder River offered and sold working interests in its oil-and-gas leases through an independent sales agent to investors in Singapore, Malaysia and Indonesia. Powder River's contracts with Asian investors provided that they would receive guaranteed payments yielding an annual minimum of 9%, and in some cases more, beginning approximately six months after the date of investment until investors reached the "break-even" point, i.e. when their principal had been repaid (the "guaranteed payments"). Thereafter, investors received lease production payments based on their respective working interests. By the second quarter of 2007, Powder River's guaranteed payments exceeded not only the investors' share of oil-and-gas production revenues, but also Powder River's total production revenues. After that date, Powder River used proceeds from working interest conveyances to new investors to fund guaranteed payments to earlier investors.

9. From year-end 2004 through the first quarter of 2008, Powder River improperly recognized as revenue over \$33.5 million in proceeds from conveyances of the working interests to investors. These conveyances were in substance and should have been reported by Powder River as borrowings, not revenue (*see* Financial Accounting Standards No. 19, *Financial Accounting and Reporting by Oil and Gas Producing Companies*, paragraph 43). The investors' contractual right to receive guaranteed payments until their "break-even point" represented, in substance, a loan of capital to Powder River at a guaranteed 9% minimum rate of return. As a result of Powder River's improper accounting, the company materially overstated its revenues in its Forms 10-QSB, 10-Q, 10-KSB and 10-K for the year ended December 31, 2004 through the quarter ended March 31, 2008 by 7% to 2,417% and its net pre-tax income by 18% to 441%.

10. Beginning in 2005, Powder River hired Stayner Bates to provide bookkeeping, reporting and other accounting services. Hanni was the partner and oversaw the firm's engagement from 2005 through August 2007. Johnson joined Stayner Bates in January 2006 and began assisting Hanni on the Powder River engagement in June 2006. In connection with this engagement, Hanni and Johnson provided accounting and reporting advice with respect to acquisitions and conveyances of oil-and-gas interests and drafted Powder River's financial statements for inclusion in Powder River's SEC filings. Respondents advised the company regarding the appropriate accounting for the working-interest-conveyance proceeds without reviewing underlying documents, which reflected the guaranteed payments to investors. Instead, Respondents relied, without further inquiry, on Powder River management's representations and characterization of the working interest conveyances as "sales." As a result, Powder River: a) failed to disclose and account properly for the guaranteed payments; and b) improperly reported

the working interest conveyance proceeds as revenue in financial statements included in its Forms 10-K and Forms 10-Q for year-end 2005 through the second quarter of 2007.

11. During the preparation of Powder River's financial statements for the year ended December 31, 2006, Respondents became aware of Powder River's 9% payments to the working interest investors. Yet, Hanni failed to analyze the significance of those payments and erroneously advised Powder River to net them against oil-and-gas production revenues. As a result, Powder River continued to record the working interest conveyance proceeds as revenue, failed to disclose the guaranteed payments, and improperly offset the guaranteed payments against the company's oil-and-gas production receipts in its 2006 Form 10-KSB and first quarter 2007 Form 10-QSB.

12. In the second quarter of 2007, when the guaranteed payments exceeded the company's total oil-and-gas receipts, Respondents erroneously advised the company to record the guaranteed payments on the company's balance sheet as an asset labeled as "pre-paid production payments." As a result, Powder River continued to record the working interest conveyance proceeds as revenue, failed to disclose the guaranteed payments, and mischaracterized those payments as an asset in its financial statements included in its second quarter 2007 Form 10-QSB.

13. In August 2007, Powder River named Johnson as Powder River's CFO and began paying NJS for his and Hanni's CFO services. It was understood between Powder River and NJS that Respondents would function together as Powder River's CFO, yet they failed to assess Powder River's revenue recognition policy for working interest conveyances and the appropriate accounting and reporting of the conveyances and related guaranteed payments to investors. As a result, Powder River continued to record the working interest conveyance proceeds as revenue in its financial statements filed in its third-quarter 2007 Form 10-QSB and first-quarter 2008 Form 10-Q, and in its 2007 Form 10-K.

14. While preparing for the audit of Powder River's 2007 financial statements, Respondents concluded that Powder River had improperly reported the guaranteed payments as an asset on Powder River's balance sheet in its second and third-quarter 2007 financial statements. As a result, on March 17, 2008, Powder River filed a Form 8-K in which it first publicly disclosed the guaranteed payments and indicated that the company's second and third quarter 2007 financial statements could not be relied upon. Respondents did not, however, change the company's recognition of revenue from the working interest conveyances in its year-end 2007 financial statements. Instead, in its 2007 Form 10-K, the company simply disclosed the guaranteed payments and identified them as a future commitment in a footnote to the year-end 2007 financial statements. As a result, Powder River continued to materially overstate its revenues and pre-tax income in financial statements included in its 2007 Form 10-K and its first quarter 2008 Form 10-Q. Johnson, as Powder River's principal accounting officer, certified Powder River's 2007 Form 10-K financial statements.

15. In early March 2008, Johnson authorized Powder River's independent sales agent to use new working interest investor funds the agent had collected to make guaranteed

payments to previous investors. Johnson subsequently supervised the preparation of financial statements for Powder River's first quarter 2008 Form 10-Q, which he certified as company principal accounting officer. In this filing and Powder River's March 17, 2008 Form 8-K, the company failed to disclose that the company was using proceeds from current working interest conveyances to fund guaranteed payments to earlier investors. Johnson failed to disclose to Powder River's auditor that he had authorized guaranteed payments to existing investors from new investors' funds.

Inflated Assets

16. Powder River reported assets that it did not own, that did not exist, or that it should have written in financial statements included in its 2005, 2006 and 2007 Forms 10-KSB and 10-K and for its Forms 10-QSB and 10-Q for the first, second and third quarters of 2005, 2006, and 2007 and the first quarter of 2008, thereby inflating its assets between 37% and 48%. After Johnson became CFO, he and Hanni failed to devise and maintain a system of accounting controls to validate the existence of the assets reported on the company's balance sheet, evaluate reported assets for potential impairment, or to ensure that Powder River's financial statements were prepared in accordance with generally accepted accounting principles. Accordingly, Hanni and Johnson were a cause of the misstatements in Powder River's financial statements.

17. In particular, Powder River improperly included as assets on its financial statements two oil-and-gas leases it had agreed, but failed, to acquire. Specifically, in 2005, Powder River made \$500,000 in nonrefundable payments as a part of an agreement to acquire a New Mexico oil-and-gas lease for \$5 million, but by August 2005 it had defaulted on the terms of the agreement and lost its rights to the lease. Nonetheless, Powder River continued to report the lease as an asset on its balance sheet from the third quarter of 2005 through the first quarter of 2008, which was its last quarterly report. Similarly, Powder River made nonrefundable payments totaling \$1.5 million in late 2006 and early 2007 as part of an agreement to acquire a Texas oil-and-gas lease for \$6.5 million. The company reported the lease, along with an associated note payable, as assets on its balance sheet from year-end 2006 onward. In reality, the agreement was never consummated, no note agreement was ever executed, and by the end of 2007 Powder River had forfeited its payments. Without verifying the CEO's characterization of these transactions, Johnson and Hanni allowed Powder River to report the leases as assets on its balance sheet.

18. In addition, Powder River listed a \$1.2 million item as a "loan receivable" on the company's balance sheet in its 2007 Form 10-K financial statements. In prior periods, this item was reported as a cash or cash equivalent. In its financial statements included in its 2007 Form 10-K, Powder River reclassified a \$1.2 item from "cash," where it had been improperly classified since year-end 2006, to "loan receivable" on its balance sheet. This item represented a loan receivable from a related party, yet had not been previously disclosed as required by Statement of Financial Accounting Standard No. 57, *Related Party Disclosures*. Although the loan was uncollectible and the company never received any loan payments, Respondents failed to evaluate the collectability of the loan receivable at year end 2007, thereby causing the company to overstate its assets in financial statements included in its 2007 Form 10-K.

E. VIOLATIONS

19. Section 10(b) of the Exchange Act and Rule 10b-5 thereunder prohibit a person, in connection with the purchase or sale of a security, from making an untrue statement of a material fact or from omitting to state a material fact necessary to make statements made, in light of the circumstances under which they were made, not misleading. To violate Section 10(b) or Rule 10b-5, a defendant must act with *scienter*, *Aaron v. SEC*, 446 U.S. 680, 695, 701-02 (1980), which the Supreme Court has defined as "a mental state embracing intent to deceive, manipulate, or defraud," *Ernst & Ernst v. Hochfelder*, 425 U.S. 185, 193 n.12 (1976). *Scienter* may be established by showing that the respondents acted intentionally or with severe recklessness. *See, e.g., Broad v. Rockwell Int'l Corp.*, 642 F.2d 929, 961-62 (5th Cir.), *cert. denied*, 454 U.S. 965 (1981). During March 2008, Johnson authorized guaranteed payments to existing investors from new investor funds. He failed, however, to disclose those payments in the first quarter 2008 Form 10-Q, which he signed and certified. As a result of his severely reckless conduct, Johnson willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.⁶

20. Section 13(a) of the Exchange Act and Rules 13a-1, 13a-11, 13a-13, and 12b-20 thereunder, require every issuer of a security registered pursuant to Section 12 of the Exchange Act to file with the Commission information, documents, and annual and quarterly reports as the Commission may require, and mandate that periodic reports contain such further material information as may be necessary to make the required statements not misleading. The obligation to file such reports embodies the requirement that they be true and correct. *See, e.g., SEC v. Savoy Indus., Inc.*, 587 F.2d 1149, 1165 (D.C. Cir. 1978), *cert. denied*, 440 U.S. 913 (1979). As discussed above, Johnson caused Powder River's false and misleading quarterly and annual Commission reports for third-quarter 2007, year-end 2007, and first-quarter 2008. Hanni caused Powder River's false and misleading quarterly and annual Commission reports from year-end 2005 through the first quarter of 2008. Johnson caused Powder River's false and misleading Form 8-K dated March 17, 2008. Accordingly, Johnson and Hanni willfully aided and abetted and caused Powder River's violations of Section 13(a) of the Exchange Act and Rules 13a-1, 13a-13, and 12b-20 thereunder, and Johnson willfully aided and abetted and caused Powder River's violations of Rule 13a-11.

21. Rule 13a-14 promulgated under the Exchange Act requires an issuer's principal executive and financial officer to certify in each quarterly and annual report filed or submitted by the issuer under Exchange Act Section 13(a), that: (1) they have reviewed the report; and (2) based on their knowledge, the report does not contain any untrue statement of material fact, or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by the report. As discussed above, Johnson certified Powder River's periodic reports from

⁶ A willful violation of the securities laws means merely "that the person charged with the duty knows what he is doing." *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). "Willfulness" does not require that the actor "also be aware that he is violating one of the Rules or Acts." *Id.* (quoting *Gearhart & Otis, Inc. v. SEC*, 348 F.2d 798, 803 (D.C. Cir. 1965)).

the third quarter of 2007 through the first quarter of 2008, which misstated Powder River's revenue, net income and assets, and omitted to state that Powder River was using new investor proceeds to pay previous investors. Accordingly, Johnson willfully violated Exchange Act Rule 13a-14.

22. Section 13(b)(2)(A) of the Exchange Act requires Section 12 registrants to make and keep books, records, and accounts that accurately and fairly reflect the transactions and dispositions of their assets. As described above, Respondents' conduct from the third quarter of 2007 through the first quarter of 2008 was a cause of Powder River's improper recording of transactions in its books and records. Accordingly, Johnson and Hanni willfully aided and abetted and caused Powder River's violations of Section 13(b)(2)(A) of the Exchange Act.

23. Section 13(b)(2)(B) requires all reporting companies to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles. As discussed above, after August 2007, Respondents were responsible for Powder River's failure to devise and maintain a system of internal accounting controls to properly record the company's financial information, including its assets. As a result, Respondents willfully aided and abetted and caused Powder River's violations of Section 13(b)(2)(B) of the Exchange Act.

24. Section 13(b)(5) of the Exchange Act provides that no person shall knowingly falsify any such book, record, or account or circumvent internal controls. Rule 13b2-1 also prohibits the falsification of any book, record, or account subject to Section 13(b)(2)(A). Rule 13b2-2(a) prohibits an officer or director of an issuer from, directly or indirectly: (1) making, or causing to be made, a materially false or misleading statement; or (2) omitting, or causing to be omitted, a statement of a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading to an accountant in connection with a required audit, or the preparation or filing of a required document or report. As discussed above, Johnson authorized payments to existing investors from new investor funds that he failed to properly record or disclose to auditors or in Powder River's first quarter of 2008 Form 10-Q. Therefore, Johnson willfully violated Section 13(b)(5) of the Exchange Act and Rules 13b2-1 and 13b2-2 thereunder.

F. FINDINGS

25. Based on the foregoing, the Commission finds that:

a. Johnson willfully violated Sections 10(b) and 13(b)(5) of the Exchange Act and Rules 10b-5, 13a-14, 13b2-1 and 13b2-2 promulgated thereunder, and willfully aided and abetted and caused Powder River's violations of Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act, and Rules 13a-1, 13a-11, 13a-13, and 12b-20 promulgated thereunder;

b. Hanni willfully aided and abetted and caused Powder River's violations of Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act, and Rules 13a-1, 13a-13, and 12b-20 promulgated thereunder; and

c. Johnson willfully violated Sections 10(b) and 13(b)(5) of the Exchange Act and Rules 10b-5, 13a-14, 13b2-1 and 13b2-2 promulgated thereunder, and he and Hanni willfully aided and abetted Powder River's violations of Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act, and Rules 13a-1, 13a-11, 13a-13, and 12b-20 promulgated thereunder, within the meaning of Exchange Act Section 4C and Rule 102(e)(1)(iii) of the Commission's Rules of Practice.

G. UNDERTAKINGS

26. Cooperation. Respondents undertake to cooperate fully with the Commission with respect to any matter relating to the Commission's investigation of Powder River or its current or former officers, directors, employees, or auditors, including but not limited to any litigation or other proceeding related to or resulting from that investigation. Such cooperation shall include, but is not limited to, upon reasonable notice, and without subpoena:

a. Producing any document, record, or other tangible evidence reasonably requested by Commission staff in connection with the Commission's investigation, litigation or other proceedings;

b. Providing all information reasonably requested by Commission staff in connection with the Commission's investigation; and

c. Attending and providing truthful statements at any meeting, interview, testimony, deposition, trial, or other legal proceeding reasonably requested by the Commission staff.

27. In determining whether to accept the Offer, the Commission has considered these undertakings.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondents' Offer.

Accordingly, it is hereby ORDERED, effective immediately, that:

A. JOHNSON

Johnson shall cease and desist from committing or causing any violations and any future violations of Sections 10(b), 13(a), 13(b)(2)(A), 13(b)(2)(B) and 13(b)(5) of the Exchange Act

and Rules 10b-5, 13a-1, 13a-11, 13a-13, 12b-20, 13a-14, 13b2-1 and 13b2-2 promulgated thereunder.

Pursuant to Section 21C(f) of the Exchange Act, Johnson is prohibited, for a period of five years from the date of this Order, from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act, or that is required to file reports pursuant to Section 15(d) of the Exchange Act.

Johnson is denied the privilege of appearing or practicing before the Commission as an accountant.

After five years from the date of this Order, Johnson may request that the Commission consider his reinstatement by submitting an application (attention: Office of the Chief Accountant) to resume appearing or practicing before the Commission as:

1. a preparer or reviewer, or a person responsible for the preparation or review, of any public company's financial statements that are filed with the Commission. Such an application must satisfy the Commission that Johnson's work in his practice before the Commission will be reviewed either by the independent audit committee of the public company for which he works or in some other acceptable manner, as long as he practices before the Commission in this capacity; and/or

2. an independent accountant. Such an application must satisfy the Commission that:

a. Johnson, or the public accounting firm with which he is associated, is registered with the PCAOB in accordance with the Sarbanes-Oxley Act of 2002, and such registration continues to be effective;

b. Johnson, or the registered public accounting firm with which he is associated, has been inspected by the PCAOB and that inspection did not identify any criticisms of or potential defects in Johnson's or the firm's quality control system that would indicate that the respondent will not receive appropriate supervision;

c. Johnson has resolved all disciplinary issues with the PCAOB, and has complied with all terms and conditions of any sanctions imposed by the PCAOB (other than reinstatement by the Commission); and

d. Johnson acknowledges his responsibility, as long as Johnson appears or practices before the Commission as an independent accountant, to comply with all requirements of the Commission and the PCAOB, including, but not limited to, all requirements relating to registration, inspections, concurring partner reviews and quality control standards.

The Commission will consider an application by Johnson to resume appearing or practicing before the Commission provided that his state CPA license is current and he has resolved all other disciplinary issues with the applicable state boards of accountancy. However, if state licensure is dependent on reinstatement by the Commission, the Commission will consider an application on its other merits. The Commission's review may include consideration of, in addition to the matters referenced above, any other matters relating to Johnson's character, integrity, professional conduct, or qualifications to appear or practice before the Commission.

B. HANNI

Hanni shall cease and desist from committing or causing any violations and any future violations of Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act, and Rules 13a-1, 13a-13, and 12b-20 promulgated thereunder.

Hanni is denied the privilege of appearing or practicing before the Commission as an accountant.

After two years from the date of this Order, Hanni may request that the Commission consider his reinstatement by submitting an application (attention: Office of the Chief Accountant) to resume appearing or practicing before the Commission as:

1. a preparer or reviewer, or a person responsible for the preparation or review, of any public company's financial statements that are filed with the Commission. Such an application must satisfy the Commission that Hanni's work in his practice before the Commission will be reviewed either by the independent audit committee of the public company for which he works or in some other acceptable manner, as long as he practices before the Commission in this capacity; and/or

2. an independent accountant. Such an application must satisfy the Commission that:

a. Hanni, or the public accounting firm with which he is associated, is registered with the PCAOB in accordance with the Sarbanes-Oxley Act of 2002, and such registration continues to be effective;

b. Hanni, or the registered public accounting firm with which he is associated, has been inspected by the PCAOB and that inspection did not identify any criticisms of or potential defects in Hanni's or the firm's quality control system that would indicate that the respondent will not receive appropriate supervision;

c. Hanni has resolved all disciplinary issues with the PCAOB, and has complied with all terms and conditions of any sanctions imposed by the PCAOB (other than reinstatement by the Commission); and

d. Hanni acknowledges his responsibility, as long as Hanni appears or practices before the Commission as an independent accountant, to comply with all requirements of the Commission and the PCAOB, including, but not limited to, all requirements relating to registration, inspections, concurring partner reviews and quality control standards.

The Commission will consider an application by Hanni to resume appearing or practicing before the Commission provided that his state CPA license is current and he has resolved all other disciplinary issues with the applicable state boards of accountancy. However, if state licensure is dependent on reinstatement by the Commission, the Commission will consider an application on its other merits. The Commission's review may include consideration of, in addition to the matters referenced above, any other matters relating to Hanni's character, integrity, professional conduct, or qualifications to appear or practice before the Commission.

By the Commission.

Elizabeth M. Murphy
Secretary

Service List

Rule 141 of the Commission's Rules of Practice provides that the Secretary, or another duly authorized officer of the Commission, shall serve a copy of the Order Instituting Public Administrative and Cease-and-Desist Proceedings Pursuant to Sections 4C and 21C of the Securities Exchange Act of 1934 and Rule 102(e) of the Commission's Rules of Practice, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order"), on the Respondents and their legal agent.

The attached Order has been sent to the following parties and other persons entitled to notice:

Honorable Brenda P. Murray
Chief Administrative Law Judge
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