

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 52813 / November 21, 2005

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 2347 / November 21, 2005

ADMINISTRATIVE PROCEEDING
File No. 3-10335

In the Matter of _____ : ORDER GRANTING APPLICATION FOR
: REINSTATEMENT TO APPEAR AND PRACTICE
Donald C. Yount, Jr., CPA : BEFORE THE COMMISSION AS AN ACCOUNTANT
: RESPONSIBLE FOR THE PREPARATION OR
: REVIEW OF FINANCIAL STATEMENTS REQUIRED
: TO BE FILED WITH THE COMMISSION

On September 19, 2000, the Commission filed a complaint against Donald C. Yount, Jr., (“Yount”) and others in SEC v. Charnock, et al., Civil Action No. 00 2239. On September 27, 2000, a final judgment was entered by the United States District Court for the District of Columbia permanently enjoining Yount from violating Section 17(a) of the Securities Act of 1933 (“Securities Act”) and Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rules 10b-5, 13b2-1 and 13b2-2 thereunder and from aiding and abetting violations of Section 13(b)(2)(B) of the Exchange Act. Yount consented to the entry of the final judgment without admitting or denying the allegations of the Commission's complaint. On September 29, 2000, Yount was suspended from appearing or practicing as an accountant before the Commission pursuant to Rule 102(e) of the Commission's Rules of Practice.¹

In the above referenced civil matter the Commission’s complaint alleged, among other things, that (1) from at least May 1996 through December 1997, Yount, as Senior Vice President and Chief Financial Officer of Versatility, Inc. (“Versatility”), knowingly or recklessly participated in the material overstatement of Versatility's assets, revenues and earnings in its financial statements included in periodic reports and registration statements filed with the Commission; (2) Yount aided and abetted Versatility's failure to devise and maintain a system of internal accounting controls; and (3) Yount provided false or misleading management representation letters to Versatility's auditors in connection with Versatility's audit for fiscal year 1997 and in connection with registration statements Versatility filed in December 1996 and March 1997.

¹ See Accounting and Auditing Enforcement Release No. 1323, dated September 29, 2000. Yount was permitted, pursuant to the order, to apply for reinstatement after three years upon making certain showings.

This order is issued in response to Yount's application for reinstatement to practice before the Commission as an accountant responsible for the preparation or review of financial statements required to be filed with the Commission.

In any future capacity as a preparer or reviewer, or a person responsible for the preparation or review of financial statements required to be filed with the Commission, Yount has stated that he will have his work reviewed by the independent audit committee of any company for which he works, or in some other manner acceptable to the Commission, while practicing before the Commission in this capacity. Yount is not, at this time, seeking to appear or practice before the Commission as an independent accountant. If he should wish to resume appearing and practicing before the Commission as an independent accountant, he will be required to submit an application to the Commission showing that he has complied and will comply with the terms of the original suspension order in this regard. Therefore, Yount's suspension from practice before the Commission as an independent accountant continues in effect until the Commission determines that a sufficient showing has been made in this regard in accordance with the terms of the original suspension order.

Rule 102(e)(5) of the Commission's Rules of Practice governs applications for reinstatement, and provides that the Commission may reinstate the privilege to appear and practice before the Commission "for good cause shown."² This "good cause" determination is necessarily highly fact specific.

On the basis of information supplied, representations made, and undertakings agreed to by Yount, it appears that he has complied with the terms of the September 29, 2000, order suspending him from practice before the Commission as an accountant, that no information has come to the attention of the Commission relating to his character, integrity, professional conduct or qualifications to practice before the Commission that would be a basis for adverse action against him pursuant to Rule 102(e) of the Commission's Rules of Practice, and that Yount, by undertaking to have his work reviewed by the independent audit committee of any company for which he works, or in some other manner acceptable to the Commission, in his practice before the Commission as a preparer or reviewer of financial statements required to be filed with the Commission, has shown good cause for reinstatement. Therefore, it is accordingly,

² Rule 102(e)(5)(i) provides:

"An application for reinstatement of a person permanently suspended or disqualified under paragraph (e)(1) or (e)(3) of this section may be made at any time, and the applicant may, in the Commission's discretion, be afforded a hearing; however, the suspension or disqualification shall continue unless and until the applicant has been reinstated by the Commission for good cause shown." 17 C.F.R. § 201.102(e)(5)(i).

ORDERED pursuant to Rule 102(e)(5)(i) of the Commission's Rules of Practice that Donald C. Yount, CPA is hereby reinstated to appear and practice before the Commission as an accountant responsible for the preparation or review of financial statements required to be filed with the Commission.

By the Commission.

Jonathan G. Katz
Secretary