

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 11219 / August 7, 2023

SECURITIES EXCHANGE ACT OF 1934
Release No. 98065 / August 7, 2023

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 4435 / August 7, 2023

ADMINISTRATIVE PROCEEDING
File No. 3-21547

In the Matter of

LAWRENCE K. WHITE, CPA,

Respondent.

**ORDER INSTITUTING PUBLIC
ADMINISTRATIVE AND CEASE-AND-
DESIST PROCEEDINGS
PURSUANT TO SECTION 8A OF THE
SECURITIES ACT OF 1933, SECTION 4C
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 Lawrence K. White ("White" or "Respondent") pursuant to Section 8A of the Securities Act of 1933

(“Securities Act”), Section 4C¹ of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 102(e)(1)(iii) of the Commission’s Rules of Practice.²

II.

In anticipation of the institution of these proceedings, Respondent has 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 him and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V. Respondent consents to the entry of this Order Instituting Public Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Section 4C 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 Respondent’s Offer, the Commission finds³ that:

Summary

1. This matter involves violations of the federal securities laws by White, acting as the part-time CFO of Outstanding Real Estate Solutions, Inc. (“ORES”). ORES is a Texas-based company that claimed to specialize in fixing and flipping mobile homes on behalf of investors. Rather than spend investor funds on purchasing, refurbishing, and reselling mobile homes, ORES paid investor returns with other investors’ funds and misappropriated investor funds by paying undisclosed sales

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 issued thereunder.

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

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 Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

commissions and funding the personal expenses of ORES's CEO. Between May and July 2021, White prepared or signed false and misleading correspondence regarding ORES's use of investor funds and ability to repay investors that was distributed to investors in the offer or sale of ORES securities. White was negligent in making representations in the correspondence because he had not verified the information, and he knew or should have known the information contained within the correspondence was false or misleading because he had personal knowledge of red flags regarding ORES's ability to repay investors.

Respondent

2. **White**, age 58, resides in Scottsdale, Arizona. White is and has been a Certified Public Accountant licensed to practice in the State of Arizona and the State of Massachusetts. He is the CEO and Managing Member of LKW Consulting, Inc., a company that provides financial support services, accounting services, and part-time CFO services to private companies across various industries. White served as ORES's part-time CFO from March 2019 until November 2021. Early in his career, White worked as an auditor for a public accounting firm, and he served as the Vice President of Finance for one U.S. public company from 2000 to 2002.

Other Relevant Entity

3. **ORES** is a Texas corporation, formed in 2015, with its principal place of business in New Braunfels, Texas. ORES claimed to specialize in the purchase, refurbishment, and resale of mobile homes. ORES ceased operations in February 2022.

Facts

4. ORES claimed to have expertise in fixing, flipping, and reselling mobile homes to generate a guaranteed return for investors. ORES represented to prospective investors that it had successfully fixed and flipped over 450 mobile homes generating thousands of dollars in monthly cash flow for investors. However, from at least June 2018 to November 2021, ORES did not spend investor funds on fixing and flipping mobile homes. ORES did not even own the vast majority of mobile homes that it represented to investors that it would fix and flip. Instead, ORES paid investors from the funds raised from other investors. From at least January 2020 through November 2021, ORES began defaulting on or delaying its promised quarterly return payments to investors. To keep investors appeased, ORES, its CEO, and associated salespersons told existing investors false statements about the status of their payments and solicited new investors with misrepresentations or omissions about ORES's operations and payment status. Between at least May and July 2021, White drafted and signed letters to investors as ORES's part-time CFO or using his CPA designation. These letters contained false and misleading information concerning ORES and its investor payments for which White failed to confirm the accuracy.

False and Misleading Correspondence to Investors

5. In May 2021, White drafted an “Investor Comfort Letter” (at the request of ORES’s CEO and an associated salesperson) that he knew or should have known would be disseminated to existing and potential investors. White signed the letter using his CPA designation. This letter stated that (1) ORES and its CEO had a “100% repayment history to its vendors and its investors”; (2) ORES and its CEO were of the “highest integrity”; and (3) the investment funds ORES was seeking would be used “for a legitimate business purpose.” White had no factual basis to make these claims. White had no access to ORES’s bank accounts or books and records to determine whether ORES had used or would actually use investor funds for “a legitimate business purpose.” White did not verify whether ORES had a “100% repayment payment history.” In fact, during this time, White was aware of red flags indicating ORES’s CEO had a delayed repayment history.

6. Also in May 2021, White (at the request of ORES’s CEO) drafted a “Loan Confirmation Letter” that he knew or should have known would be disseminated to existing and potential investors. White signed the letter as ORES’s part-time CFO. The letter stated that ORES needed “\$900,000 in transactional funding” and that the funds would be used “for a legitimate purpose.” White had no access to the ORES bank accounts or books and records, so he did not know, nor did he verify, whether the information he conveyed to investors in the letter was truthful.

7. From June 2021 to July 2021, ORES and its associates falsely told investors that the company had been “locked out” of its bank account and could not timely pay any investor returns. During this time, White (at the request of ORES’s CEO) drafted a “Bank Transitional Letter” that he knew or should have known would be disseminated to investors in the offer or sale of ORES securities. White signed the letter as both CPA and ORES’s part-time CFO. This letter, which contained information provided by ORES’s CEO, falsely stated that (1) the ORES bank account was locked; (2) ORES had recently “transitioned its operating banking relationship”; and (3) the new bank was “performing a review of the prior account history” and had “put a temporary hold on all transactional activity.” White knew or should have known this information was false and misleading given his previous communications regarding ORES’s banking relationships. White had no access to the ORES bank accounts or books and records, and thus did not verify the factual accuracy of these claims.

Violations

8. Section 17(a)(3) of the Securities Act prohibits engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser in the offer or sale of securities. As a result of the conduct described above, the Commission finds that White willfully⁴ violated Section 17(a)(3) of the Securities Act.

4 “Willfully,” for purposes of imposing relief under Exchange Act Section 4C and Rule 102(e)(1)(iii) “means no more than 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)). There is no requirement that the actor “also be aware that he is violating one of the Rules or Acts.” *Tager v. SEC*, 344 F.2d 5, 8 (2d Cir. 1965).

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent White's Offer.

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

A. White shall cease and desist from committing or causing any violations and any future violations of Section 17(a)(3) of the Securities Act.

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

C. After three years from the date of the Order, White may request that the Commission consider White's reinstatement by submitting an application to the attention of the Office of the Chief Accountant.

D. In support of any application for reinstatement to appear and practice before the Commission as a preparer or reviewer, or a person responsible for the preparation or review, of financial statements of a public company to be filed with the Commission, other than as a member of an audit committee, as that term is defined in Section 3(a)(58) of the Exchange Act, Respondent shall submit a written statement attesting to an undertaking to have Respondent's work reviewed by the independent audit committee of any public company for which Respondent works or in some other manner acceptable to the Commission, as long as Respondent practices before the Commission in this capacity and will comply with any Commission or other requirements related to the appearance and practice before the Commission as an accountant.

E. In support of any application for reinstatement to appear and practice before the Commission as a member of an audit committee, as that term is defined in Section 3(a)(58) of the Exchange Act, as a preparer or reviewer, or as a person responsible for the preparation or review, of any public company's financial statements that are filed with the Commission, Respondent shall submit a statement prepared by the audit committee(s) with which Respondent will be associated, including the following information:

1. A summary of the responsibilities and duties of the specific audit committee(s) with which Respondent will be associated;
2. A description of Respondent's role on the specific audit committee(s) with which Respondent will be associated;
3. A description of any policies, procedures, or controls designed to mitigate any potential risk to the Commission by such service;
4. A description relating to the necessity of Respondent's service on the specific audit committee; and

5. A statement noting whether Respondent will be able to act unilaterally on behalf of the Audit Committee as a whole.

F. In support of any application for reinstatement to appear and practice before the Commission as an independent accountant (auditor) before the Commission, Respondent must be associated with a public accounting firm registered with the Public Company Accounting Oversight Board (the “PCAOB”) and Respondent shall submit the following additional information:

1. A statement from the public accounting firm (the “Firm”) with which Respondent is associated, stating that the firm is registered with the PCAOB in accordance with the Sarbanes-Oxley Act of 2002;
2. A statement from the Firm with which the Respondent is associated that the Firm has been inspected by the PCAOB and that the PCAOB did not identify any criticisms of or potential defects in the Firm’s quality control system that would indicate that Respondent will not receive appropriate supervision; and
3. A statement from Respondent indicating that the PCAOB has taken no disciplinary actions against Respondent since seven (7) years prior to the date of the Order other than for the conduct that was the basis for the Order.

G. In support of any application for reinstatement, Respondent shall provide documentation showing that Respondent is currently licensed as a certified public accountant (“CPA”) and that Respondent has resolved all other disciplinary issues with any applicable state boards of accountancy. If Respondent is not currently licensed as a CPA, Respondent shall provide documentation showing that Respondent’s licensure is dependent upon reinstatement by the Commission.

H. In support of any application for reinstatement, Respondent shall also submit a signed affidavit truthfully stating, under penalty of perjury:

1. That Respondent has complied with the Commission suspension Order, and with any related orders and undertakings, including any orders in In the Matter of Lawrence K. White, CPA, or any related Commission proceedings, including any orders requiring payment of disgorgement or penalties;
2. That Respondent undertakes to notify the Commission immediately in writing if any information submitted in support of the application for reinstatement becomes materially false or misleading or otherwise changes in any material way while the application is pending;
3. That Respondent, since the entry of the Order, has not been convicted of a felony or a misdemeanor involving moral turpitude that would constitute a basis

for a forthwith suspension from appearing or practicing before the Commission pursuant to Rule 102(e)(2);

4. That Respondent, since the entry of the Order:
 - (a) has not been charged with a felony or a misdemeanor involving moral turpitude as set forth in Rule 102(e)(2) of the Commission's Rules of Practice, except for any charge concerning the conduct that was the basis for the Order;
 - (b) has not been found by the Commission or a court of the United States to have committed a violation of the federal securities laws, and has not been enjoined from violating the federal securities laws, except for any finding or injunction concerning the conduct that was the basis for the Order;
 - (c) has not been charged by the Commission or the United States with a violation of the federal securities laws, except for any charge concerning the conduct that was the basis for the Order;
 - (d) has not been found by a court of the United States (or any agency of the United States) or any state, territory, district, commonwealth, or possession, or any bar thereof to have committed an offense (civil or criminal) involving moral turpitude, except for any finding concerning the conduct that was the basis for the Order; and
 - (e) has not been charged by the United States (or any agency of the United States) or any state, territory, district, commonwealth, or possession, civilly or criminally, with having committed an act of moral turpitude, except for any charge concerning the conduct that was the basis for the Order.
 5. That Respondent's conduct is not at issue in any pending investigation of the Commission's Division of Enforcement, the PCAOB's Division of Enforcement and Investigations, any criminal law enforcement investigation, or any pending proceeding of a State Board of Accountancy, except to the extent that such conduct concerns that which was the basis for the Order.
 6. That Respondent has complied with any and all orders, undertakings, or other remedial, disciplinary, or punitive sanctions resulting from any action taken by any State Board of Accountancy, or other regulatory body.
- I. Respondent shall also provide a detailed description of:

1. Respondent's professional history since the imposition of the Order, including
 - (a) all job titles, responsibilities and role at any employer;
 - (b) the identification and description of any work performed for entities regulated by the Commission, and the persons to whom Respondent reported for such work; and
2. Respondent's plans for any future appearance or practice before the Commission.

J. The Commission may conduct its own investigation to determine if the foregoing attestations are accurate.

K. If Respondent provides the documentation and attestations required in this Order and the Commission (1) discovers no contrary information therein, and (2) determines that Respondent truthfully and accurately attested to each of the items required in Respondent's affidavit, and the Commission discovers no information, including under Paragraph J, indicating that Respondent has violated a federal securities law, rule or regulation or rule of professional conduct applicable to Respondent since entry of the Order (other than by conduct underlying Respondent's original Rule 102(e) suspension), then, unless the Commission determines that reinstatement would not be in the public interest, the Commission shall reinstate the respondent for cause shown.

L. If Respondent is not able to provide the documentation and truthful and accurate attestations required in this Order or if the Commission has discovered contrary information, including under Paragraph J, the burden shall be on the Respondent to provide an explanation as to the facts and circumstances pertaining to the matter setting forth why Respondent believes cause for reinstatement nonetheless exists and reinstatement would not be contrary to the public interest. The Commission may then, in its discretion, reinstate the Respondent for cause shown.

M. If the Commission declines to reinstate Respondent pursuant to Paragraphs K and L, it may, at Respondent's request, hold a hearing to determine whether cause has been shown to permit Respondent to resume appearing and practicing before the Commission as an accountant.

N. Respondent shall, within 30 days of the entry of this Order, pay a civil money penalty in the amount of \$60,000 to the Securities and Exchange Commission. The Commission may distribute civil money penalties collected in this proceeding if, in its discretion, the Commission orders the establishment of a Fair Fund pursuant to 15 U.S.C. § 7246, Section 308(a) of the Sarbanes-Oxley Act of 2002. The Commission will hold funds paid pursuant to this paragraph in an account at the United States Treasury pending a decision whether the Commission, in its discretion, will seek to distribute funds or, subject to Exchange Act Section 21F(g)(3), transfer them to the general fund of the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying White as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to: Eric Werner, Division of Enforcement, Securities and Exchange Commission, 801 Cherry Street, Suite 1900, Fort Worth, Texas 76102.

O. Regardless of whether the Commission in its discretion orders the creation of a Fair Fund for the penalties ordered in this proceeding, amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree

or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Vanessa A. Countryman
Secretary