

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 70557 / September 30, 2013

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3498 / September 30, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-13739

In the Matter of	:	ORDER GRANTING APPLICATION FOR
	:	REINSTATEMENT TO APPEAR AND PRACTICE
John W. Jacobsen, CPA	:	BEFORE THE COMMISSION AS AN ACCOUNTANT
	:	
	:	

On January 7, 2010, John W. Jacobsen, CPA (“Jacobsen”) was denied the privilege of appearing or practicing as an accountant before the Commission as a result of settled public administrative proceedings instituted by the Commission against Jacobsen pursuant to Section 4C of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 102(e)(1)(ii) of the Commission's Rules of Practice.¹ This order is issued in response to Jacobsen’s application for reinstatement to practice before the Commission as an accountant.

Jacobsen served as the engagement partner for Eide Bailly LLP’s (“Eide”) review of Quest Resource Corporation (“Quest Resource”) and Quest Energy Partners, L.P.’s (“Quest Energy” and, together with Quest Resource”, “Quest”) financial statements for the quarter ended June 30, 2008. The Commission alleged that while performing these professional services, Jacobsen learned that Quest had engaged in a circular series of funds transfers to and from a company controlled by the CEO of Quest Resource and general partner of Quest Energy. As a result of these transfers, \$10 million was outstanding at the time of Eide’s review of Quest’s second quarter financial statements. Jacobsen failed to undertake adequate procedures to determine whether the transfers were properly recorded in Quest’s financial statements and properly disclosed in its Forms 10-Q for the second quarter of 2008. Specifically, Jacobsen failed to undertake adequate procedures to ascertain the terms and other details of the transactions; to determine whether the transactions were authorized by Quest’s board of directors; or whether Quest had properly accounted for the transactions, including whether it had

¹ See Accounting and Auditing Enforcement Release No. 3098 dated January 7, 2010. Jacobsen was permitted, pursuant to the order, to apply for reinstatement after three years upon making certain showings.

established appropriate reserves. Moreover, Jacobsen failed to adequately consider whether the transfers might constitute fraud or an illegal act and whether the transfers violated Section 13(k) of the Exchange Act which prohibits any issuer to make “personal loans” to any executive officer.

Jacobsen has met all of the conditions set forth in the original order and, in his capacity as an independent accountant, has stated that he will comply with all requirements of the Commission and the Public Company Accounting Oversight Board, including, but not limited to all requirements relating to registration, inspections, concurring partner reviews and quality control standards. In his capacity as a preparer or reviewer, or as a person responsible for the preparation or review, of financial statements of a public company to be filed with the Commission, Jacobsen attests that he will undertake 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, while practicing before the Commission in this capacity.

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 the information supplied, representations made, and undertakings agreed to by Jacobsen, it appears that he has complied with the terms of the January 7, 2010 order denying him the privilege of appearing or practicing 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 Jacobsen, 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, and that Jacobsen, by undertaking to comply with all requirements of the Commission and the Public Company Accounting Oversight Board, including, but not limited to, all requirements relating to registration, inspections, concurring partner reviews and quality control standards, in his practice before the Commission as an independent accountant 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 John W. Jacobsen, CPA is hereby reinstated to appear and practice before the Commission as an accountant.

By the Commission.

Elizabeth M. Murphy
Secretary