

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 72199 / May 20, 2014**

**ACCOUNTING AND AUDITING ENFORCEMENT**  
**Release No. 3555 / May 20, 2014**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-15877**

**In the Matter of**

**BRYCE WALKER, CA and**  
**SPENCE WALKER, CA, 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 Bryce Walker and Spence Walker, CPA (collectively “Respondents”) pursuant to Sections 4C<sup>1</sup> and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 102(e)(1)(ii) of the Commission’s Rules of Practice.<sup>2</sup>

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<sup>1</sup> 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.

<sup>2</sup> Rule 102(e)(1)(ii) provides, in pertinent part, that:

## II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) 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’ Offers, the Commission finds<sup>3</sup> that:

### A. SUMMARY

1. From 2007 until December 2010, DNTW Chartered Accountants, LLP (“DNTW”), an accounting firm based in Canada, and Bryce Walker and Spence Walker, two of its partners, served as the independent auditors of Subaye, Inc. (“Subaye”), a company whose stock is registered with the Commission and trades in the U.S. These proceedings arise out of the Respondents’ failure to comply with Public Company Accounting Oversight Board (“PCAOB”) Auditing Standards (“PCAOB Standards”) in their 2010 audit of Subaye. Among other failures, Bryce Walker failed to: (a) properly supervise assistants; (b) obtain sufficient competent evidence; (c) properly perform the confirmation process; and (d) act with due professional care. In his role as filing quality review partner, Spence Walker failed to act with due professional care because he should have been aware of audit deficiencies but did not address those deficiencies. Had Respondents properly conducted the audit, they might have uncovered that Subaye was a fraudulent company that lacked credible books and records.

### B. RESPONDENTS

2. Bryce Walker, age 36, is a Chartered Accountant (“CA”) licensed through the Institute of Chartered Accountants of Ontario (“ICAO”). Bryce Walker served as the engagement partner on the 2010 audit of Subaye. He was a partner of DNTW Chartered Accountants operating out of the Markham office. He is a resident of Markham, Ontario and a Canadian citizen.

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The Commission may . . . deny, temporarily or permanently, the privilege of appearing or practicing before it . . . to any person who is found . . . to have engaged in unethical or improper professional conduct.

<sup>3</sup> 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.

3. Spence Walker, age 38, is a CA licensed through the ICAO and a CPA licensed to practice in Illinois. Spence Walker served as the engagement partner on DNTW's audits and reviews of Subaye from 2007 through the third quarter of 2010 and the file quality review partner for DNTW's 2010 audit of Subaye. He was a partner of DNTW Chartered Accountants operating out of the Markham office. He is a resident of Markham, Ontario and a Canadian citizen.

#### **C. RELEVANT ENTITIES<sup>4</sup>**

4. Subaye, Inc., is a Delaware incorporated company that purported to have primary operations in the People's Republic of China. Subaye claimed to be a leading online services provider for small-to-medium sized businesses in China. Its stock was registered with the Commission, and DNTW served as its independent auditor between 2007 and 2010. Subaye's fiscal year ends on September 30.

5. DNTW Chartered Accountants, LLP (alternatively, "DNTW") was a Canadian partnership of Chartered Accounting firm that was registered with the PCAOB and operated in seven major Canadian cities, including Markham, Ontario. From 2008 until February 28, 2013, the Markham office of DNTW performed public company audits and was registered with the PCAOB.<sup>5</sup> DNTW served as the independent auditor for Subaye from 2007 through December 31, 2010. On February 28, 2013, the DNTW partnership was dissolved.

#### **D. FACTS**

##### Background

6. During at least 2010, Subaye promoted itself as "a leading online business services provider in China." These online services were initially said to include video advertising and entertainment media services, and subsequently a cloud computing business. Customers purportedly paid monthly for the service. Sales agents supposedly interacted with the customers and collected the monthly fees in cash.

7. In its public filings for fiscal year 2010 ending September 30, 2010, Subaye claimed approximately \$39 million in revenues and over 1,500 employees. In addition, the company claimed that, as of the end of calendar year 2010, it had more than 14,600 customers.

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<sup>4</sup> On May 8, 2013, the Commission filed a civil injunctive action against Subaye and its former Chief Financial Officer, James T. Crane ("Crane") alleging that Subaye and Crane violated the antifraud, books and records, internal controls and reporting provisions of the Exchange Act, and that Crane violated Section 105(c)(7)(B) of the Sarbanes-Oxley Act of 2002 ("SOX").

<sup>5</sup> A public company audit is defined as an engagement to audit the financial statements of an "issuer" as that term is defined in Section 3(a)(8) of the Securities Exchange Act of 1934.

8. On December 23, 2010, the same day Subaye filed its 2010 Form 10-K, Subaye dismissed DNTW as its independent auditor and hired PricewaterhouseCoopers Hong Kong (“PwC HK”) as Subaye’s new independent auditor. This set in motion a chain of events that, by mid-2011 had exposed Subaye to be a fraud, without the infrastructure to support its claimed cloud computing and other online business, few paying customers, few, if any, employees, no real revenues and no cash in bank accounts.

#### Accounting for Subaye’s Fraud

9. In its Form 10-K and corresponding earnings press release for the period ended September 30, 2010, Subaye reported that \$22.1 million of revenues collected by its sales agents had been reinvested into “growth orientated marketing expenses to help us penetrate attractive new markets.” In reality, Subaye had almost no paying customers for its online membership business and claimed to have reinvested in marketing expenses so as to conceal the fact that the money did not exist. During the fourth quarter of 2010, Subaye had recorded an \$18.8 million asset called “Cash Held in Trust” on its balance sheet. In discussions with Respondents, Subaye’s management claimed that the cash was being held by Subaye’s third-party sales agents to be used for marketing and promotional expenses, as directed by the company. During the 2010 audit, Subaye provided DNTW with general ledger and journal entries showing funds recorded as “development” in various provinces, with an offset to accounts receivable from third party sales agents. But when DNTW asked for documents to support the existence of this cash, said to be held by sales agents for development, Subaye’s management could not produce any bank account statements, receipts, or other direct proof. In reality, Subaye’s offset of the accounts receivable balances purportedly in exchange for marketing by its sales agents was a device used to hide the fact that those receivables would never be converted to cash, because the sales had never occurred.

10. Similarly, Subaye’s financial statements reported “Deposits for Purchases of Inventoriable Assets” as an asset on its balance sheet beginning in 2009. In its Form 10-K for the period ended September 30, 2009, Subaye reported \$8.1 million in Deposits for Purchases of Inventoriable Assets. Subaye’s management told the Respondents that the deposits were related to Subaye’s future launch of its online 3D mall. Like the reinvestment in “marketing promotions” scheme, the general ledger and journal entries provided to DNTW during the 2009 audit showed amounts being recorded as “deposits” for various types of purchases with an offset to accounts receivable due from third-party sales agents.

11. By the fourth quarter of fiscal year 2010, the \$8.1 million in deposits had been reduced to \$2.8 million on Subaye’s books after a series of write-offs and a purported refund. At the insistence of DNTW, Subaye expensed the remaining \$2.8 million in the 2010 Form 10-K for the period ended September 30, 2010. This write-off was another device used by Subaye to cover the fact that it had collected no cash for its outstanding receivables.

12. In its 2010 financial statements, Subaye should not have recognized over \$21 million in revenues or the corresponding expenses related to the reinvestment of those revenues into “marketing” or “deposits” because the company never had cash or a claim to cash for the

purported revenues. In fact, Subaye had almost no customers and its representations of earning more than \$39 million in revenues for fiscal year 2010 were false and misleading.

13. Subaye made numerous false and misleading statements in its Form 10-K for fiscal year 2010. Among other things, the Form 10-K overstated Subaye's revenues, falsified marketing expenses, overstated the number of employees, and failed to disclose material related party transactions. For fiscal year 2010, Subaye's income statement was overstated by at least \$21.6 million for the period ended September 30, 2010. In addition, Subaye's 2009 balance sheet, as reported in the Form 10-K for the period ended September 30, 2010, overstated the Deposits for Purchases of Inventoriable Assets by \$8.1 million. The effects of Subaye's false and misleading statements were material to Subaye's reported results.

#### Respondents Failed to Conduct the 2010 Audit in Accordance with PCAOB Standards

14. Respondents performed the fiscal year 2010 audit of Subaye's financial statements and issued an unqualified audit report. The Respondents failed to ensure that the fiscal year 2010 Subaye audit was conducted in accordance with PCAOB standards. As set forth below, Bryce Walker failed to: (a) properly supervise assistants; (b) obtain sufficient competent evidence; (c) properly perform the confirmation process; and (d) act with due professional care. Further, in his role as file quality review partner, Spence Walker failed to act with due professional care because he should have been aware of audit deficiencies but did not address those deficiencies.

##### a. Failure to properly supervise assistants

15. Supervision involves directing the efforts of assistants who are involved in accomplishing the objectives of the audit and determining whether those objectives were accomplished. [AU§311, *Planning and Supervision*, at .11]<sup>6</sup> DNTW, under Bryce Walker's direction, failed to appropriately supervise China-based assistants engaged to perform the audit fieldwork for the 2010 audit of Subaye.

16. No employee of DNTW ever traveled to Subaye's offices in China. Instead, DNTW contracted with a China-based firm to employ assistants to conduct the audit fieldwork. During the 2010 audit, Bryce Walker did not know the scope of the procedures being performed by the China-based assistants. Furthermore, DNTW's work papers are unclear as to chain of custody of the accounts receivable confirmations or what, if any, role the China-based assistants had in the process. By failing to understand what procedures the China-based assistants performed during the audit, and how they performed them, Bryce Walker failed to properly supervise assistants as required under PCAOB Standards.

##### b. Failure to obtain sufficient competent evidence

17. Under PCAOB Standards, auditors are required to obtain sufficient competent evidential matter by performing audit procedures to afford a reasonable basis for an opinion

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<sup>6</sup> References in this Order are to the PCAOB standards in effect at the time of the relevant conduct.

regarding the financial statements under audit. [AU§326, *Evidential Matter*, at .01] DNTW failed to obtain sufficient competent evidence regarding Subaye’s claims about cash, marketing expenses, and deposits for purchases of Inventoriable Assets.

i. Cash

18. Despite the materiality of the cash balance, DNTW, under Bryce Walker’s direction, failed to gather sufficient competent evidence of its existence by relying solely on bank statements obtained from Subaye’s management. As of September 30, 2010, Subaye’s financial statements showed a balance of \$7.1 million. Beginning with the 2009 audit, DNTW stopped testing cash through confirmations to banks because in prior year audits there had not been any exceptions with bank confirmations.

19. Instead, DNTW relied solely on bank statements provided to DNTW’s China-based audit assistants by Subaye’s management. Under PCAOB Standards, audit evidence is more reliable when it is obtained from independent sources outside the entity than from solely within the entity. [AU§326, *Evidential Matter*, at .21] During the 2010 audit, DNTW, under Bryce Walker’s direction, failed to obtain sufficient competent evidence in its testing of Subaye’s cash balances because it relied solely on information provided by Subaye’s management despite the materiality of the balance and the lack of evidence gathered from an independent source.

ii. Marketing expenses

20. DNTW failed to obtain sufficient competent evidence regarding the purported marketing and promotional expenses Subaye reported in its 2010 financial statements.

21. During the fourth quarter of fiscal year 2010 Subaye had recorded an \$18.8 million asset called “Cash Held in Trust” on its balance sheet. Subaye’s management informed both Bryce and Spence Walker that the cash was held by Subaye’s various third-party sales agents to be used at the company’s direction for development costs related to marketing and promotional expenses. When DNTW requested documentation to support the existence of the cash and marketing expenses, Subaye’s management was unable to produce any reliable evidence. Instead, Subaye’s management suggested the amount remain an asset but instead be labeled, “advances to third party agents for business development.”

22. Bryce Walker and Spence Walker ultimately determined that there was not sufficient evidence to account for the \$18.8 million as an asset and insisted that it instead be booked as a marketing expense. However, DNTW did not obtain sufficient competent evidence to verify that the cash had ever existed or that the purported cash provided to sales agents for marketing was, or would be, used for marketing expenses.

iii. Deposits for purchase of Inventoriable Assets

23. DNTW failed to obtain sufficient competent evidence regarding the purported deposits for Inventoriable Assets. As stated in DNTW’s own work papers, no “third party

evidence of the existence of this cash, either by examining bank accounts or similar documents” was provided to the auditors. DNTW failed to obtain sufficient competent evidence that the cash purportedly provided to vendors for future inventory had ever existed. In 2010, Subaye wrote off the remaining \$2.8 million balance for Deposits for Purchase of Inventoriable Assets despite Subaye’s inability to produce sufficient competent evidence to support the amounts recorded.

24. In addition, DNTW failed to recognize that, if sufficient competent evidence was not available in 2010 to support the deposits, then sufficient competent evidence of the 2009 balance of \$8.1 million in deposits may not have been obtained in the prior year. PCAOB Standards require an auditor who subsequently becomes aware of facts that may have existed as of the date of a previously issued audit report to, among other things, take action to determine the effect of the information on previously issued audit reports. [AU§561, *Subsequent Discovery of Facts Existing at the Date of the Auditor’s Report*] After learning that there was not sufficient competent evidence to support the Deposits for Purchases of Inventoriable Assets, DNTW failed to take any action to determine the effect of that information on Subaye’s 2009 financial statements and DNTW’s corresponding audit report.

c. Failure to properly perform the confirmation process

25. During the performance of confirmation procedures for items like accounts receivable, the auditor should maintain control over the confirmation requests and responses. Maintaining control means that the auditor establishes direct communications between the intended recipient and the auditor so as to minimize the possibility that the results will be biased because of interception and alteration of the confirmation requests or responses. [AU§330, *The Confirmation Process*, at .28] There is no evidence that DNTW established direct contact with the independent parties. Therefore, DNTW failed to maintain control over the accounts receivable confirmation process.

26. DNTW’s work papers contain copies of the returned accounts receivable confirmations. However, there is insufficient documentation or evidence of how those confirmations were sent and received by the auditors. Bryce Walker and his junior associate on the engagement testified that DNTW’s China-based audit assistants had handled the sending and receipt of the confirmations. However, an employee of the China-based audit assistants said that they had no role in the accounts receivable confirmation process. In addition, one of the returned confirmations in DNTW’s work papers includes a handwritten note at the top that indicates four of the confirmations were faxed from Subaye’s bookkeeper to the DNTW offices. By allowing Subaye to gain control over the confirmations, DNTW failed to maintain control of the process and increased the likelihood that the results were biased based on interception and alteration.

d. Failure to act with due professional care

27. The auditor must exercise due professional care in the performance of the audit and the preparation of the audit report. [AU§230, *Due Professional Care in the Performance of Work*, at .01] Due professional care requires the auditor to exercise professional skepticism. Professional skepticism is an attitude that includes a questioning mind and a critical assessment

of audit evidence. [AU§230, *Due Professional Care in the Performance of Work*, at .07] It also requires that the auditor not be satisfied with less than persuasive evidence because of a belief that management is honest. [AU§230, *Due Professional Care in the Performance of Work*, at .09] During the 2010 audit of Subaye, there were multiple instances where DNTW failed to exercise professional skepticism.

28. Respondents did not probe Subaye's management about the company's inability to produce any evidence to support the over \$18 million in purported cash that was later reclassified as a marketing expense. Additionally, a Subaye officer emailed both Bryce and Spence Walker regarding the marketing expenses - "There is no control over the bank accounts. That was something I suggested they [Subaye] do but confirmed yesterday that it was not agreed to by the agents." Despite receiving an email from the Subaye officer stating that there were no controls over the cash, Respondents made no further inquiries and conducted no additional procedures.

29. In another example, Subaye's initial position had been that the deposit contracts for "inventoriable assets" were fully refundable, and yet by the end of fiscal 2010, two of the contracts had been canceled and Subaye reported that it had only been refunded for \$1.9 million of the \$5.9 million in outstanding deposits. Despite being aware of this disparity, Respondents failed to probe the inconsistencies in a Subaye officer's representations that the deposits were fully refundable. Respondents should have been attentive to evidence about the Subaye officer's credibility because he was their sole point of contact at Subaye. As such, any questions about the Subaye officer's credibility required Respondents to exercise professional skepticism and to seek additional evidence.

30. Additionally, even though bank statements were the only evidence obtained to verify Subaye's cash balances, Respondents failed to question suspicious transfers on those statements. For example, \$6.7 million of Subaye's \$7.1 million cash balance as of September 30, 2010 resulted from deposits into Subaye's accounts during the last seven days of September. Despite this suspicious timing, Respondents performed no testing to ascertain the basis for the cash infusion during the final week of fiscal year 2010

31. In addition to Respondents' failing to maintain control over the accounts receivable confirmation process, they also failed to address questions raised by the return of those confirmations to the audit team. DNTW's work papers indicate that 10 confirmations for accounts receivable were purportedly sent out to independent parties on November 19, 2010 and all were returned without exception by November 30, 2010. Despite the fact that DNTW personnel, including Bryce Walker, recognized that it was very unusual for all audit confirmations to be returned so quickly, Respondents never performed additional procedures to address the unusual timing, once again failing to exercise the adequate level of professional skepticism that was required based on the circumstances.

32. Finally, in accordance with DNTW's audit quality control process, Spence Walker was designated as the file quality review partner who had responsibility for reviewing the audit work of DNTW for the 2010 year-end audit of Subaye. Spence Walker failed in this role because



he should have been aware of the shortcomings of the audit in obtaining sufficient competent evidence regarding cash, the marketing expenses, and deposits for Inventoriable Assets, yet did not assure that these deficiencies were appropriately addressed before completion of the audit. He also failed to exercise due professional care in evaluating numerous significant risks during the 2010 audit, including that Subaye was unable to produce sufficient competent evidence to support a purported \$21 million asset during the 2010 audit.

## **E. VIOLATIONS**

### Improper Professional Conduct Under Rule 102(e)(1)(ii)

33. Rule 102(e)(1)(ii) of the Commission's Rules of Practice provides that the Commission may deny to any person the privilege of practicing before it, if that person is found to have engaged in improper professional conduct. Section 4C(a)(2) of the Exchange Act provides for the same authority. Improper professional conduct may be intentional or reckless; it can also be one of two types of negligent conduct: a single instance of highly unreasonable conduct in circumstances for which heightened scrutiny is warranted; or repeated instances of unreasonable conduct that indicate a lack of competence.

34. Bryce Walker, the engagement partner, was responsible for ensuring that DNTW's audit of Subaye's 2010 financial statements met applicable professional standards. He failed in this regard, as DNTW's audit of Subaye was not conducted in accordance with PCAOB Standards. DNTW's audit failures demonstrate that Bryce Walker's conduct was unreasonable and support an action against him under Rule 102(e)(1)(ii).

35. Spence Walker, in his role as file quality review partner, took on certain responsibilities to ensure DNTW's audits were conducted in accordance with PCAOB Standards. As discussed herein, upon assuming this responsibility, Spence Walker should have become aware of audit deficiencies in multiple areas but did not address those deficiencies. These failures demonstrate that Spence Walker's conduct was unreasonable and support an action against him under Rule 102(e)(1)(ii).

### Respondents Caused Subaye's Violation of Exchange Act Section 13(a) and Rule 13a-1 Thereunder

36. Section 13(a) of the Exchange Act and Rule 13a-1 thereunder, require that every issuer of a security registered pursuant to Section 12 of the Exchange Act file with the Commission annual 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.

37. Included in Subaye's annual report for the fiscal year ended 2010 was an audit report from DNTW that stated DNTW's audit was conducted "in accordance with the standards of the Public Company Accounting Oversight Board (United States)." The statement in

DNTW's audit report was false, because Respondents failed to conduct their audit of Subaye in accordance with PCAOB Standards. Accordingly, Respondents were a cause of Subaye's violations of Section 13(a) of the Exchange Act and Rule 13a-1 thereunder.

Spence Walker and Bryce Walker caused DNTW's direct violation of Rule 2-02 of Regulation S-X

38. Rule 2-02(b)(1) of Regulation S-X requires an accountant's report to state "whether the audit was made in accordance with generally accepted auditing standards." "[R]eferences in Commission rules and staff guidance and in the federal securities laws to GAAS ("Generally Accepted Auditing Standards") or to specific standards under GAAS, as they relate to issuers, should be understood to mean the standards of the PCAOB plus any applicable rules of the Commission." (See SEC Release No. 34-49708 (May 14, 2004)). Thus, an auditor violates Regulation S-X Rule 2-02(b)(1) if it issues a report stating that it had conducted its audit in accordance with PCAOB Standards when it had not. See In re Andrew Sims, CPA, Rel. No.34-59584, AAER No. 2950 (Mar. 17, 2009).

39. DNTW issued an audit report on Subaye's 2010 financial statements stating that it had conducted its audit in accordance with PCAOB Standards. DNTW's audit, however, was not conducted in accordance with PCAOB Standards. As such, DNTW directly violated Rule 2-02(b)(1) of Regulation S-X. Bryce Walker, as engagement partner, and Spence Walker, as file quality review partner, should have known that DNTW had not conducted its audit in accordance with PCAOB Standards. Accordingly, Bryce Walker and Spence Walker caused DNTW's violation of Rule 2-02(b)(1).

## **F. FINDINGS**

Based on the foregoing, the Commission finds that the Respondents engaged in improper professional conduct pursuant to Section 4C(a)(2) of the Exchange Act and Rule 102(e)(1)(ii) of the Commission's Rules of Practice.

Based on the foregoing, the Commission finds that Respondents caused Subaye's violations of Section 13(a) of the Exchange Act and Rule 13a-1 thereunder. Additionally, the Commission finds that DNTW directly violated Regulation S-X Rule 2-02(b)(1) and that Spence Walker and Bryce Walker caused DNTW's violation of Regulation S-X Rule 2-02(b)(1).

## **G. UNDERTAKINGS**

Respondents Bryce Walker and Spence Walker undertake the following:

Cooperation

A. Respondents Bryce Walker and Spence Walker agree that each shall cooperate fully with the Commission with respect to any matter relating to the Commission's investigation of Subaye or its current or former officers, directors or employees, including but not limited to

any litigation or other proceeding related to or resulting from that investigation, including litigation in *SEC v. Subaye, Inc. and James T. Crane*, Civil Action No. 13 CIV 3114 (S.D.N.Y.).

- 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 or testimony at any meeting, interview, testimony, deposition, trial, or other legal proceeding reasonably requested by the Commission staff.

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' Offers.

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

- A. Respondents Bryce Walker and Spence Walker shall cease and desist from committing or causing any violations and any future violations of Section 13(a) of the Exchange Act and Rule 13a-1 promulgated thereunder and Regulation S-X Rule 2-02(b)(1).
- B. Respondent Bryce Walker is denied the privilege of appearing or practicing before the Commission as an accountant.
- C. After three (3) years from the date of this order, Respondent Bryce Walker 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 Respondent Bryce Walker'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) Respondent Bryce Walker, or the public accounting firm with which he is associated, is registered with the Public Company Accounting Oversight Board (“Board”) in accordance with the Sarbanes-Oxley Act of 2002, and such registration continues to be effective;
- (b) Respondent Bryce Walker, or the registered public accounting firm with which he is associated, has been inspected by the Board and that inspection did not identify any criticisms of or potential defects in Respondent Bryce Walker’s or the firm’s quality control system that would indicate that Respondent Bryce Walker will not receive appropriate supervision;
- (c) Respondent Bryce Walker has resolved all disciplinary issues with the Board, and has complied with all terms and conditions of any sanctions imposed by the Board (other than reinstatement by the Commission); and
- (d) Respondent Bryce Walker acknowledges his responsibility, as long as Bryce Walker appears or practices before the Commission as an independent accountant, to comply with all requirements of the Commission and the Board, including, but not limited to, all requirements relating to registration, inspections, concurring partner reviews and quality control standards.

D. The Commission will consider an application by Respondent Bryce Walker 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 Respondent Bryce Walker’s character, integrity, professional conduct, or qualifications to appear or practice before the Commission.

E. Respondent Spence Walker is denied the privilege of appearing or practicing before the Commission as an accountant.

F. After one (1) year from the date of this order, Respondent Spence Walker 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 Respondent Spence Walker’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) Respondent Spence Walker, or the public accounting firm with which he is associated, is registered with the Public Company Accounting Oversight Board (“Board”) in accordance with the Sarbanes-Oxley Act of 2002, and such registration continues to be effective;
  - (b) Respondent Spence Walker, or the registered public accounting firm with which he is associated, has been inspected by the Board and that inspection did not identify any criticisms of or potential defects in Spence Walker’s or the firm’s quality control system that would indicate that Spence Walker will not receive appropriate supervision;
  - (c) Respondent Spence Walker has resolved all disciplinary issues with the Board, and has complied with all terms and conditions of any sanctions imposed by the Board (other than reinstatement by the Commission); and
  - (d) Respondent Spence Walker acknowledges his responsibility, as long as Respondent Spence Walker appears or practices before the Commission as an independent accountant, to comply with all requirements of the Commission and the Board, including, but not limited to, all requirements relating to registration, inspections, concurring partner reviews and quality control standards.

G. The Commission will consider an application by Respondent Spence Walker 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 Respondent Spence Walker’s character, integrity, professional conduct, or qualifications to appear or practice before the Commission.

H. Respondents Bryce Walker and Spence Walker, jointly and severally, shall, within ten (10) days of the entry of this Order, pay disgorgement of \$128,000 and prejudgment interest of \$10,954 to the Securities and Exchange Commission. Payment shall be made in the following installments: \$38,954 to be paid with the entry of this Order and \$100,000 to be paid

within one-year from the date of the Order. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. 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 Spence Walker or Bryce Walker 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 John T. Dugan, Division of Enforcement, Securities and Exchange Commission, 33 Arch Street, 23<sup>rd</sup> Floor, Boston, MA 02110.

By the Commission.

Jill M. Peterson  
Assistant Secretary