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**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF UTAH**

UNITED STATES SECURITIES	*	
AND EXCHANGE COMMISSION,	*	COMPLAINT
Plaintiff,	*	
	*	
vs.	*	
	*	Case No. 1:13-cv-00163-BSJ
R. GORDON JONES, C.P.A.,	*	District Judge: Bruce S. Jenkins
Defendant.	*	
	*	

Plaintiff, Securities and Exchange Commission, alleges as follows:

I. SUMMARY

1. On May 4, 2001, the Commission issued an Order under Rule 102(e)(1)(ii) and (iii) [17 C.F.R. § 201.102(e)(1)(ii) and (iii)] (the "102(e) Order") barring defendant R. Gordon Jones from appearing or practicing before the Commission as an accountant.

2. Despite the 102(e) Order, defendant Jones, beginning in 2001, provided accounting and financial statement preparation work for public companies. Jones,

through his company J&J Consultants LLC, has, among other things, created, compiled, and edited financial statements, information and data incorporated into Forms 10-K, 10-Q and 8-K; drafted and edited footnotes to financial statements; drafted and edited Management Discussion and Analysis (“MD&A”) sections of public filings; drafted and edited responses to Commission comment letters on public filings; and provided issuers with accounting advice that was subsequently reflected in financial statements filed with the Commission (collectively, “financial statement preparation work”).

3. Through these actions, Jones has violated the 102(e) Order. Jones should be ordered pursuant to Section 21(e) of the Securities Exchange Act of 1934 [15 U.S.C. § 78u(e)] to comply with the Commission’s 102(e) Order and should be ordered to disgorge the ill-gotten gains he obtained as a result of his violations.

II. JURISDICTION AND VENUE

4. The Commission brings this action pursuant to authority conferred on it by Sections 21(d)(5) and 21(e) [15 U.S.C. §§ 78u (d)(5) and (e)] of the Exchange Act to enforce its 102(e) Order. The Commission seeks an Order requiring Jones to comply with the 102(e) Order and disgorgement of ill-gotten gains derived from his violation of the 102(e) Order plus prejudgment interest thereon.

5. This Court has jurisdiction of this action pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa].

6. Certain of the acts, practices, and courses of business constituting the violations of the 102(e) Order occurred within the District of Utah. In addition, Jones resides in Utah.

III. DEFENDANT AND RELATED ENTITY

7. R. Gordon Jones, age 58, is a resident of Farmington, Utah. Jones has been licensed as a Certified Public Accountant by the State of Utah since June 1980. He was an owner of J&J Consultants LLC until January 1, 2012. On May 4, 2001, Jones consented to a Commission Order pursuant to Rule 102(e) barring him from appearing or practicing before the Commission as an accountant. *In The Matter of R. Gordon Jones, CPA and Mark F. Jensen, CPA*, Exchange Act Rel. No. 44265, AP File No. 3-10210 (May 4, 2001).

8. J&J Consultants LLC, a Utah limited liability company located in Farmington, Utah, was formed by Jones in March 2001. J&J's primary business is accounting and financial statement preparation and income tax preparation. Beginning in 2011, J&J also began providing Edgarizing services to a handful of clients, using software to correctly format SEC filings. Most of the public company clients for which J&J provides financial statement preparation work are microcap companies (including numerous shell companies), which often do not have their own accounting personnel.

IV. FACTS

A. THE 102(e) ORDER

9. Rule 102(e)(1)(ii) and (iii), in relevant part, authorize the Commission to “censure a person or deny, temporarily or permanently, the privilege of appearing or practicing before it in any way to any person who is found by the Commission after notice and opportunity for hearing in the matter:... (ii) to be lacking in character or integrity or to have engaged in unethical or improper professional conduct; or (iii) 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.”

10. On May 25, 2000 a public administrative proceeding was instituted by the Commission against Jones pursuant to Rule 102(e)(1)((ii) and (iii) based on his role as the auditor of Dynamic American Corporation. In connection with the proceeding, the Commission found that Jones had engaged in improper professional conduct in that he intentionally, knowingly or recklessly violated applicable professional standards in performing the audit of Dynamic American’s financial statements for the year ended September 30, 1995, the audit was not conducted in accordance with Generally Accepted Auditing Standards, the financial statements were not prepared in conformity with Generally Accepted Accounting Principles, and there was insufficient evidence for Jones to express an opinion concerning Dynamic’s financial statements. Accordingly, the Commission issued a 102(e) Order barring Jones from appearing or practicing before it as an accountant.

11. The 102(e) Order included a provision providing Jones the right to apply for reinstatement as a practitioner before the Commission after three years. Jones never applied for reinstatement.

12. Rule 102(f) [17 C.F.R. § 201.102(f)] defines “practicing before the Commission” to include “the preparation of any statement, opinion or other paper by any...accountant...filed with the Commission in any registration statement, notification, application, report or other document with the consent of such...accountant.” The term “preparation” of a document encompasses the preparation of data to be included in a

document filed with the Commission. Practicing before the Commission includes computing the figures and supplying the data incorporated into Commission filings and consenting to their incorporation.

B. JONES' VIOLATION OF THE 102(e) ORDER

i. Jones Performed Financial Statement Preparation Work for Public Companies

13. Since May 4, 2001, Jones has performed financial statement preparation work for public company clients. This work includes:

- a. Setting up and formatting Quickbooks databases for public company clients, the formatting of which ultimately determines how entries are recorded and reflected in financial statements;
- b. Making journal entries and adjusted journal entries in Quickbooks for public company clients, based on the raw data provided by the clients (bank statements, invoices, etc.);
- c. Checking journal entries in Quickbooks (or whatever general ledger system the client uses) for accuracy and completeness;
- d. Once journal entries are made and finalized, running the necessary Quickbooks reports to generate financial statements for public company clients;
- e. Drafting and generating schedules supporting certain financial statement calculations;
- f. Ensuring the financial statements are accurately incorporated in SEC filings by public company clients;

- g. Drafting and editing footnotes to the financial statements for incorporation in Commission filings by public company clients;
- h. Drafting and editing MD&A narrative related to financial information, for incorporation into companies' Forms 10-K and 10-Q;
- i. Reviewing, revising, commenting on, and approving financial statements and other financial information in Forms 10-K, 10-Q, 8-K and other SEC filings;
- j. Drafting and editing responses to comments of the staff of the Commission's Division of Corporation Finance related to accounting and financial statement issues in connection with various filings made with the Commission by public company clients; and
- k. Communicating with the public company clients' independent auditors, including answering questions and providing information as the auditors review or audit the clients' financial statements.

14. Jones provided public company clients with accounting advice that was reflected in their SEC filings, including advice on complex accounting issues such as derivative liabilities, reverse mergers, and stock compensation expense.

15. As only one example, in September 2008, Jones advised a public company that he had "restated the attached financial statements to reflect the amount formerly classified as goodwill as patents and trademarks. Amortization of these assets will begin in the second quarter of the 2009 FY" and provided the public company with the reclassification journal entry. In August 2009, Jones also advised that same public

company how to account for stock that had been issued as collateral for a promissory note, instructing it to “record the debit as [] an asset-prepaid expense. Once the note is paid then we can cancel the shares and reverse the prepaid amount.” In both of these instances, Jones provided the public company with accounting advice that was ultimately reflected in the public company’s financial statements and SEC filings.

16. Jones, through J& J, has provided financial statement preparation services to approximately 200 public company clients since 2001.

ii. Jones Indirectly Performed Financial Statement Preparation Work

17. To conceal his own role in financial statement preparation work, since approximately July 2004, Jones, through J&J, has employed at least eight other employees to perform financial statement preparation work, with two or three working at any one time.

18. No J&J employee other than Jones has or had his CPA license – Jones is and has been the only person at J&J who is a CPA.

19. In addition to continuing to directly provide to some clients the financial statement preparation work outlined above, after 2004 Jones supervised the financial statement preparation work for public company clients by J&J employees before the work was sent back to the public company and/or on to auditors of public companies. This work includes:

- a. Reviewing and finalizing financial statements, information and data incorporated into Forms 10-K, 10-Q and 8-K;
- b. Reviewing and finalizing footnotes to financial statements;

c. Reviewing and finalizing numbers and narrative related to financial information contained in the MD&A section; and

d. Reviewing and finalizing Commission comment response letters related to accounting and financial statement issues.

20. Jones was intrinsically involved in and had the final sign off on the financial statement preparation work performed by the other J&J employees. All J&J employees sent everything to Jones prior to sending it to a client and Jones would review and either provide comments to the employee or confirm his approval to send it to the client.

21. In 2007, 2008 and early 2009, certain J&J employees were contracted to auditing firm Moore & Associates Chartered (“M&A”) to work on independent audits conducted by M&A. Jones reviewed, commented on, and finalized the work that J&J employees did on the M&A audits.

22. Two J&J employees served as chief financial officers of J&J public company clients. Jones supervised the J&J employees in those roles, including their preparation of financial statements incorporated in public filings, and J&J billed the companies for the employees’ services.

C. JONES OBTAINED ILL-GOTTEN GAINS FROM HIS VIOLATIONS

23. Since 2001, Jones has received approximately \$2.8 million in compensation from J&J in the form of a yearly salary and non-salary disbursements.

24. Approximately 50 to 75 percent of Jones’ compensation has been connected to work in violation of the 2001 102(e) Order.

25. By reason of the foregoing, defendant Jones is in violation of the Commission's 102(e) Order against him.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court:

I.

Find that Defendant Jones violated the Commission's 102(e) Order;

II.

Issue an Order pursuant to Section 21(e) of the Securities Exchange Act of 1934 directing Jones to comply with the Commission's May 25, 2001 102(e) Order

III.

Order Jones to disgorge all ill-gotten gains obtained from his violations of the 102(e) Order, together with pre-judgment interest thereon;

IV.

Grant such further equitable relief as this Court deems appropriate and necessary.

DATED: November 21, 2013

Respectfully submitted,

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