

**PROCEEDINGS BEFORE THE  
WASHINGTON STATE BOARD OF ACCOUNTANCY**

In the Matter of the Certified Public  
Accountant (CPA) Certificate and/or  
Licenses to Practice Public Accounting of:

David Lee  
License No. 12242

Respondent.

No. ACB-1472

CONSENT AGREEMENT

The Washington State Board of Accountancy (Board) and David Lee (Respondent),  
stipulate and agree as follows:

**Section 1: Procedural Stipulations**

- 1.1 Respondent understands that the Board may issue a statement of charges in this matter and proceed to a hearing before the Board upon the merits of said charges. The Board has not done so in order to facilitate resolution of this matter in accordance with the legislative intent endorsed in RCW 34.05.060 and the provisions of WAC 4-30-140.
- 1.2 Respondent understands that should the Board prevail at hearing based on a statement of charges that the Board has the power and authority to deny, suspend, revoke, or refuse to renew the Respondent's CPA certificate or any individual or firm licenses to practice public accounting as a CPA or CPA firm in Washington and may impose a fine plus the Board's investigative and legal costs in bringing charges or impose conditions precedent to renewal of the certificate or license, or impose full restitution to injured parties.
- 1.3 Respondent has the right to defend against a statement of charges by demanding a hearing and presenting evidence on the Respondent's behalf. Respondent voluntarily waives the

right to a hearing and all other rights that may be accorded the Respondent by the Administrative Procedures Act, chapter 34.05 RCW, and the laws of Washington, including the right to petition the courts for judicial review.

- 1.4 Respondent wishes to expedite the resolution of this matter by means of this Consent Agreement and does not desire to proceed to a formal hearing based on the issuance of a statement of charges.
- 1.5 Respondent understands that the terms of this Consent Agreement are not binding unless approved by the Board and fully executed.
- 1.6 Should this Consent Agreement be rejected by the Board and the Board proceeds to issue a statement of charges, the Respondent waives any objection to the participation of any members of the Board at a hearing on this matter, other than the consulting Board member in this proceeding.

The parties further stipulate to the following Stipulated Facts, Conclusions of Law, and Agreed Order:

### **Section 2: Stipulated Facts**

- 2.1 Respondent holds a valid Certified Public Accountant (CPA) license to practice public accounting (License No. 12242, issued on May 20, 1988) in Washington State.
- 2.2 Respondent served as engagement partner for audits of a client by Peterson Sullivan LLP for the years ended June 30, 2011 and June 30, 2012; the six months ended December 31, 2012; and the years ended December 31, 2013 and December 31, 2014.
- 2.3 On December 20, 2016, the Public Company Accounting Oversight Board (PCAOB) entered an "Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions" against Respondent, PCAOB Release No. 105-2016-052 in which the PCAOB

found that Respondent “failed to exercise due care and professional skepticism, and failed to obtain sufficient appropriate audit evidence in connection with each of these audits.”

### **Section 3: Conclusions of Law**

- 3.1 The Board has jurisdiction over the Respondent and the subject matter of this proceeding.
- 3.2 The conduct described in Stipulated Facts 2.1 through 2.3 constitutes cause for Board discipline under RCW 18.04.295 and WAC 4-30-142. RCW 18.04.295(2) states that the Board shall have the power to impose discipline for dishonesty, fraud, or negligence while representing oneself as a licensee. WAC 4-30-142(6)(b) states that a PCAOB order finding that the licensee committed an act of negligence, fraud, or dishonesty or other act reflecting adversely on the person’s fitness to represent himself as a licensee shall be prima facie evidence that the licensee has engaged in such act.

### **Section 4: Agreed Order**

- 4.1 Respondent consents to the entry of this Consent Agreement and has waived any right to a hearing.
- 4.2 Pursuant to RCW 18.04.295, the Board has the power to impose discipline. Based on the preceding Stipulated Facts and Conclusions of Law, the Board and Respondent agree that:
  - 4.2.1 Respondent's individual license is suspended for two years.
  - 4.2.2 The suspension of Respondent's individual license shall be stayed. If it is determined, after due notice and opportunity for hearing, that during the stayed suspension period Respondent violates or fails to comply with the terms of this Consent Agreement, Chapter 18 RCW, or Title 4 WAC, the Board may vacate the stay and impose the original suspension.

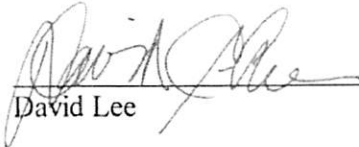
- 4.2.3 The suspension and stay of Respondent's individual license shall be automatically lifted two years after the effective date of this Consent Agreement so long as Respondent during those two years does not violate or fail to comply with any of its terms or with Chapter 18 RCW and Title 4 WAC.
- 4.2.4 Respondent shall each year after the effective date of this Consent Agreement, for two years, attest to whether Respondent has complied with the PCAOB order described in Paragraph 2.3, to include whether Respondent is an associated person of a registered public accounting firm as defined by the PCAOB.
- 4.2.5 Respondent shall complete eight (8) hours of Continuing Professional Education (CPE) in audit supervision. The CPE must be completed within 90 days of the effective date of this Consent Agreement, and a certificate of completion submitted to the Board within 30 days of course completion.
- 4.2.6 Respondent shall complete eight (8) hours of Continuing Professional Education (CPE) in audit quality control. The CPE must be completed within 90 days of the effective date of this Consent Agreement, and a certificate of completion submitted to the Board within 30 days of course completion.
- 4.2.7 Respondent shall pay the Board a fine in the amount of ten thousand dollars (\$10,000) within 90 days of the effective date of this Consent Agreement. Such fine shall be made payable to the Washington State Board of Accountancy and remitted to the Washington State Board of Accountancy at PO 41465, Olympia, WA, 98504-1465.
- 4.2.8 Respondent shall pay the Board the amount of two thousand five hundred dollars (\$2,500) to reimburse the Board's investigative and legal costs within 90 days of the effective date of this Consent Agreement. Such reimbursement shall be made payable

to the Washington State Board of Accountancy and remitted to the Washington State Board of Accountancy at PO 41465, Olympia, WA, 98504-1465.

I, David Lee, certify that I have read this Consent Agreement in its entirety, and that I fully understand and agree to all of it and that it may be presented to the Board without my appearance. If the Board accepts the Consent Agreement, I understand that I will receive a signed copy.

DATED this 29<sup>th</sup> day of June, 2017.

RESPONDENT

  
\_\_\_\_\_  
David Lee

The Board accepts and enters this Consent Agreement.

DATED this 6<sup>th</sup> day of July, 2017.

WASHINGTON STATE  
BOARD OF ACCOUNTANCY

  
\_\_\_\_\_  
Thomas G. Neill, CPA  
Chair