

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA :  
                                  :   
          - v. -                  :   
TERRY JOHNSON,                  :   
                                  :   
                                  : Defendant. :  
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INFORMATION

18 Cr.

**18 CRIM 383**

COUNT ONE

(Falsifying Records In an Investigation Of a Matter Within  
The Jurisdiction Of A Federal Agency)

The United States Attorney charges:

**The United States Securities and Exchange Commission and  
the Auditing of Publicly Traded Companies**

1. The United States Securities and Exchange Commission (the "SEC") is an agency of the United States. The SEC is vested with the responsibility and authority, inter alia, to implement and enforce securities-related laws, including provisions of the Sarbanes-Oxley Act of 2002 ("SOX"), and to protect investors by ensuring that they receive accurate audited financial information with respect to publicly traded companies ("Issuers").

2. In general, in order to register securities with the SEC, Issuers must disclose annual audited financial statements. These financial statements are audited by accounting firms ("Auditors") that examine an Issuer's financial

statements and other documentation in order to ascertain whether the financial statements are accurate, truthful, and complete in accordance with Generally Accepted Accounting Principles ("GAAP"). After completing an examination of an Issuer's financial statements, an Auditor issues a written audit report, opining as to whether the financial statements are fairly stated and comply in all material respects with GAAP.

**The Public Company Accounting Oversight Board and  
the Auditor Inspection Process**

3. Typically, Auditors of Issuers are registered with the Public Company Accounting Oversight Board ("PCAOB"). The PCAOB is a nonprofit corporation created by SOX and modelled after self-regulatory organizations in the securities industry that regulate and discipline their own members. Among other responsibilities, the PCAOB conducts a continuing program of inspections of Auditors in order to ensure that such firms comply with SOX, SEC and PCAOB rules, and professional standards, in connection with their performance of audits and the issuance of audit reports of Issuers. These inspections usually entail the PCAOB examining the work that the Auditor has performed with respect to particular audits of particular Issuers.

4. Among the PCAOB's requirements is that an Auditor must complete its review of the financial statements prior to issuing its audit report, but may document previously completed work within the 45-day period following the issuance of the audit report (the "Documentation Period"). After the conclusion of the Documentation Period, an Auditor is generally prohibited from altering or adding to its work papers for a given audit. In the event that an Auditor must perform additional audit work following the issuance of the audit report, an Auditor is required to clearly document the date and nature of any such additional work.

**The Defendant and His Auditing Company**

5. At all times relevant to this Information, TERRY JOHNSON, the defendant, was a Florida-based certified public accountant ("CPA") whose business included performing audits and quarterly reviews of certain Issuer clients. On December 17, 2013, JOHNSON's accounting firm, "Terry L. Johnson, CPA" (the "Johnson Firm") was registered with the PCAOB. That registration remained in effect until July 7, 2015.

6. Through the Johnson Firm, TERRY JOHNSON, the defendant, issued audit reports for several publicly-traded clients, including two specific companies (hereinafter, "Issuer-1" and "Issuer-2," and collectively, the "Named Issuers"). On

or about April 14, 2014, JOHNSON issued an audit report concerning the December 31, 2013 fiscal year-end financial statements of Issuer-1. That audit report was included in Issuer 1's 2013 Form 10-K annual report filed with the SEC. On or about April 15, 2014, JOHNSON issued an audit report concerning the December 31, 2013 fiscal year-end financial statements of Issuer-2. That audit report was included in Issuer 2's 2013 Form 10-K annual report filed with the SEC.

**The SEC's Investigation of the Defendant**

7. On or about August 26, 2014, the SEC's Division of Enforcement sent a letter (the "Voluntary Document Request") to TERRY JOHNSON, the defendant. The Voluntary Document Request stated that the SEC was conducting a "non-public fact-finding inquiry," and requested that JOHNSON voluntarily provide certain categories of documents as part of that inquiry. Among the documents listed were all work papers supporting the audit or review work performed for both of the Named Issuers, and documents sufficient to show the amount of time spent on each of those audits and reviews.

8. On or about October 24, 2014, the SEC's Division of Enforcement issued a subpoena for documents (the "Subpoena") to TERRY JOHNSON, the defendant. The Subpoena, like the Voluntary Document Request before it, sought certain categories

of documents, including all work papers supporting the audit or review work performed for each of the Named Issuers, and documents sufficient to show the amount of time spent on each of those audits and reviews.

9. On or about September 16, 2014 and September 26, 2014, TERRY JOHNSON, the defendant, provided documents responsive to the Voluntary Document Request to the SEC. On or about November 17, 2014, JOHNSON provided additional documents responsive to the Voluntary Document Request and the Subpoena to the SEC. Among these documents were items critical to the audit process, including:

a. A "Management Inquiries" questionnaire, completed and purportedly signed by the president of Issuer-1 on or about February 15, 2014, indicating, inter alia, the absence of fraud risks and transactions involving related parties;

b. A form entitled "Documentation of Client Fraud Questions," purportedly dated on or about February 5, 2014 and signed by the president of Issuer-1, indicating, inter alia, the absence of known fraud, suspected fraud, or fraud allegations concerning or affecting Issuer-1 and the existence of certain internal controls;

c. A letter, purportedly signed on or about April 11, 2014 by the president of Issuer-1, to JOHNSON

confirming representations made to JOHNSON during the course of his audit; and

d. A purportedly complete "Management Inquiries" questionnaire, of the same form as the "Management Inquiries" questionnaire concerning Issuer-1 referenced above, undated and signed by the Chief Executive Officer of Issuer-2.

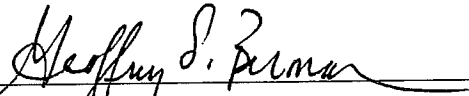
10. In truth and in fact, TERRY JOHNSON, the defendant, caused the documents set forth above in paragraphs 9(a)-(d) of this Information to be created and signed only after the SEC sought documents from JOHNSON. Subsequent to his receipt of the Voluntary Document Request, JOHNSON sent unsigned copies of these documents to officials at the Named Issuers and requested that the documents be signed with dates that predated his request. When JOHNSON received the signed and backdated documents, JOHNSON submitted them to the SEC as though they were authentic.

11. On or about March 31, 2015, TERRY JOHNSON, the defendant, during sworn testimony before the SEC, lied under oath to the SEC concerning the circumstances that led to the submission of the backdated documents, including denying he had contacted anyone at the Named Issuers while assembling documents responsive to the Voluntary Document Request and the Subpoena.

Statutory Allegation

12. Between on or about September 16, 2014 and on or about November 17, 2014, in the District of Columbia and elsewhere, TERRY JOHNSON, the defendant, knowingly altered, destroyed, mutilated, concealed, covered up, falsified, and made a false entry in a record, document, and tangible object with the intent to impede, obstruct, and influence the investigation and proper administration of a matter within the jurisdiction of a department and agency of the United States, to wit, JOHNSON submitted false and fraudulent supporting paperwork to the SEC concerning audit work he had performed in response to voluntary requests and compulsory process issued by the SEC as part of its investigation into JOHNSON's audit work.

(Title 18, United States Code, Section 1519.)

  
GEOFFREY S. BERMAN  
United States Attorney

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