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ORDER INSTITUTING DISCIPLINARY PROCEEDINGS, MAKING FINDINGS, AND IMPOSING SANCTIONS *In the Matter of Kyle L. Tingle, CPA, LLC and Kyle L. Tingle, CPA* *Respondents.*	PCAOB Release No. 105-2017-027 May 24, 2017

By this Order, the Public Company Accounting Oversight Board (the "Board" or "PCAOB") is censuring Kyle L. Tingle, CPA, LLC (the "Firm") and revoking the Firm's registration;[1] and censuring Kyle L. Tingle, CPA, ("Tingle") and barring him from being an associated person of a registered public accounting firm.[2] The Board is imposing these sanctions on the basis of its findings that the Firm and Tingle (collectively, "Respondents") violated PCAOB rules and standards in connection with the Firm's audits of two issuer clients.

I.

The Board deems it necessary and appropriate, for the protection of investors and to further the public interest in the preparation of informative, accurate and independent audit reports, that disciplinary proceedings be, and hereby are, instituted pursuant to Section 105(c) of the Sarbanes-Oxley Act of 2002, as amended (the "Act"), and PCAOB Rule 5200(a)(1) against Respondents.

II.

In anticipation of the institution of these proceedings, and pursuant to PCAOB Rule 5205, Respondents have each submitted an Offer of Settlement (the "Offers") that the Board has determined to accept. Solely for purposes of these proceedings and any other proceedings brought by or on behalf of the Board, or to which the Board is a party, and without admitting or denying the findings herein, except as to the Board's jurisdiction over them and the subject matter of these proceedings, which is admitted,

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1 The Firm may reapply for registration after two (2) years from the date of this Order.

2 Tingle may file a petition for Board consent to associate with a registered public accounting firm after two (2) years from the date of this Order.

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Respondents consent to the entry of this Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions (the "Order") as set forth below.[3]

III.

On the basis of Respondents' Offers, the Board finds[4] that:

A. Respondents

1. **Kyle L. Tingle, CPA, LLC** is a limited liability corporation organized under the laws of Nevada, and headquartered in Las Vegas, Nevada. The Firm is registered with the Board pursuant to Section 102 of the Act and PCAOB Rules. The Firm is licensed to practice public accountancy in Nevada (License No. LLC-0118). At all relevant times, the Firm has had one partner, Kyle L. Tingle, CPA, and no professional staff.

2. **Kyle L. Tingle, CPA,** 54, is a certified public accountant licensed by the State of Nevada (License No. CPA-1629R). Tingle is a resident of Henderson, Nevada. At all relevant times, Tingle was the President and sole employee of the Firm, and served as the engagement partner on the audits discussed below. Tingle is an associated person of a registered public accounting firm as that term is defined in Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(i).

B. Summary

3. This matter concerns Respondents' violations of PCAOB rules and standards in connection with the Firm's issuance of audit reports on the consolidated financial statements of IFAN Financial, Inc. ("IFAN") for the year ended August 31, 2014, and Galenfeha, Inc. ("Galenfeha") for the year ended December 31, 2014 (collectively, the "Audits"). As detailed below, Respondents failed to exercise due

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[3] The findings herein are made pursuant to the Respondents' Offers and are not binding on any other person or entity in this or any other proceeding.

[4] The Board finds that Respondents' conduct described in this Order meets the conditions set out in Section 105(c)(5) of the Act, 15 U.S.C. § 7215(c)(5), which provides that certain sanctions may be imposed in the event of (1) intentional or knowing conduct, including reckless conduct, that results in a violation of the applicable statutory, regulatory, or professional standard; or (2) repeated instances of negligent conduct, each resulting in a violation of the applicable statutory, regulatory, or professional standard.

professional care, including professional skepticism, and failed to perform audit procedures to obtain sufficient appropriate audit evidence in connection with the Audits to provide a reasonable basis for the opinions expressed in the Firm's audit reports.

C. Respondents Violated PCAOB Rules and Standards

4. In connection with the preparation or issuance of an audit report, PCAOB rules require that a registered public accounting firm and its associated persons comply with all applicable Board auditing and related professional practice standards.[5] An auditor may express an unqualified opinion on an issuer's financial statements only when the auditor has formed such an opinion on the basis of an audit performed in accordance with PCAOB standards.[6] Those standards require, among other things, that an auditor plan and perform the audit to obtain sufficient appropriate audit evidence to provide a reasonable basis for the auditor's opinion, in order to meet the objective of obtaining appropriate audit evidence that is sufficient to support the opinion expressed in the auditor's report.[7] PCAOB standards further require that an auditor exercise due professional care and professional skepticism in performing the audit.[8]

5. In addition, PCAOB standards require the auditor to obtain sufficient appropriate audit evidence to provide reasonable assurance that fair value measurements and disclosures are in conformity with Generally Accepted Accounting Principles ("GAAP").[9] The auditor is also required to evaluate whether the fair value

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[5] See PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*; PCAOB Rule 3200T, *Interim Auditing Standards*. All references to PCAOB standards are to the versions of those standards in effect at the time of the relevant audits. As of December 31, 2016, the PCAOB reorganized its auditing standards using a topical structure and a single, integrated numbering system. See *Reorganization of PCAOB Auditing Standards and Related Amendments to PCAOB Standards and Rules*, PCAOB Release No. 2015-002 (Mar. 31, 2015); see also *PCAOB Auditing Standards Reorganized and Pre-Reorganized Numbering* (January 2016), https://pcaobus.org/Standards/Auditing/Documents/PrintableReferenceTable.pdf.

[6] See AU § 508.07, *Reports on Audited Financial Statements*.

[7] See Auditing Standard No. 15 ("AS 15"), *Audit Evidence*, at ¶¶ 3-4.

[8] See AU § 150.02, *Generally Accepted Auditing Standards*; AU § 230, *Due Professional Care in the Performance of Work*; Auditing Standard No. 13 ("AS 13"), *The Auditor's Responses to the Risks of Material Misstatement*, ¶ 7.

[9] See AU § 328, *Auditing Fair Value Measurements and Disclosures,* at ¶ 3.

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measurements and disclosures in the financial statements are in conformity with GAAP.[10]

6. Observation of inventories is a generally accepted auditing procedure.[11] PCAOB standards require that when inventory quantities are determined solely by means of a physical count, and all counts are made as of the balance-sheet date or as of a single date within a reasonable time before or after the balance-sheet date, it is ordinarily necessary for the independent auditor to be present at the time of count and, by suitable observation, tests, and inquiries, satisfy himself respecting the effectiveness of the methods of inventory-taking and the measure of reliance which may be placed upon the client's representations about the quantities and physical condition of the inventories.[12]

7. When the independent auditor has not satisfied himself as to inventories in the possession of the client through such procedures, or other permissible procedures under PCAOB standards, tests of the accounting records alone will not be sufficient for him to become satisfied as to quantities; it will always be necessary for the auditor to make, or observe, some physical counts of the inventory and apply appropriate tests of intervening transactions, coupled with inspection of the records of any client's counts and procedures relating to the physical inventory on which the balance-sheet inventory is based.[13]

8. PCAOB standards further require that the auditor design and perform audit procedures in a manner that addresses the assessed risks of material misstatement for each relevant assertion of each significant account and disclosure.[14] For significant risks, the auditor should perform substantive procedures, including tests of details, that are specifically responsive to the assessed risks.[15] In the audit of financial statements, the auditor should perform substantive procedures, including tests

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[10] See id. at ¶ 15.

[11] See AU § 331, *Inventories,* at ¶ 1.

[12] See AU § 331.09.

[13] See id. at ¶ 12.

[14] See AS 13, at ¶ 8.

[15] See id. at ¶ 11.

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of details, that are specifically responsive to the assessed fraud risks.[16] PCAOB standards also require that the auditor evaluate whether the company's selection and application of accounting principles are appropriate for its business, and consistent with the applicable financial reporting framework and accounting principles used in its industry.[17]

9. PCAOB standards require the auditor to evaluate whether the financial statements are presented fairly, in all material respects, in conformity with GAAP when evaluating audit results.[18] As part of the evaluation of the presentation of the financial statements, the auditor should evaluate whether the financial statements contain the information essential for a fair presentation of the financial statements in conformity with the applicable financial reporting framework.[19]

10. When using information produced by the company as audit evidence, PCAOB standards require the auditor to evaluate whether the information is sufficient and appropriate for purposes of the audit by performing procedures to: test the accuracy and completeness of the information, or test the controls over the accuracy and completeness of that information; and evaluate whether the information is sufficiently precise and detailed for purposes of the audit.[20]

11. As described below, Respondents failed to comply with PCAOB rules and standards in connection with the Audits.

Audit of IFAN's FY2014 Financial Statements

12. IFAN is a Nevada corporation headquartered in San Diego, California. IFAN's public filings disclose that it designs, develops, and distributes software to enable mobile payments, and offers prepaid card programs for businesses and consumers and traditional financial services for merchants. Its common stock is registered under Section 12(g) of the Securities Exchange Act of 1934 ("Exchange

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[16] See id. at ¶ 13.

[17] See Auditing Standard No 12 ("AS 12"), *Identifying and Assessing Risks of Material Misstatement*, at ¶ 12.

[18] See Auditing Standard No. 14 ("AS 14"), *Evaluating Audit Results,* ¶ 30.

[19] See id. at ¶ 31.

[20] See AS 15, at ¶ 10.

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Act"), and is quoted on the OTC Pink Market under the symbol "IFAN." At all relevant times, IFAN was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

13. Tingle, as the engagement partner, authorized the Firm's issuance of an audit report, dated December 2, 2014, expressing an unqualified opinion on IFAN's financial statements for the year ended August 31, 2014 ("FY2014"). The audit report was included in IFAN's Form 10-K filed with the U.S. Securities and Exchange Commission on December 16, 2014.

14. During FY2014, IFAN issued 900,000 shares of convertible stock to two of its officers. The Firm's audit documentation indicated that each preferred share was convertible at any time, at the option of the holder, into 700 shares of the issuer's common stock. The Firm's work papers indicated that there was a discount associated with the preferred shares.

15. IFAN reported in its FY2014 statement of operations the discount, totaling $1.75 million, as a deemed dividend for the beneficial conversion of the preferred shares. The $1.75 million represented 98% of the net loss attributable to common shareholders for the year under audit.

16. Respondents failed to obtain an understanding of the rationale or support for IFAN's accounting treatment sufficient to evaluate whether the company's selection and application of accounting principles were appropriate for its business and consistent with the applicable financial reporting framework and accounting principles used in the industry.[21] In addition, Respondents failed to evaluate whether the accounting for the convertible preferred stock was appropriate under U.S. GAAP.[22]

17. IFAN also disclosed in its FY2014 financial statements that it had entered into a license agreement with an unaffiliated entity for the use and distribution of electronic payment processing technology, and had made cash payments to the unaffiliated entity based on the entity's achievement of certain benchmarks.

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[21] See AS 12, at ¶ 12.

[22] See AS 14, at ¶ 30; see also Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 470, *Debt*.

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18. Under the agreement, IFAN agreed to issue a specified number of shares of its common stock to the entity in exchange for a specified number of shares of the entity's restricted common stock ("restricted shares"). IFAN disclosed that it had received the restricted shares as of year-end, but had not issued shares of IFAN's common stock to the entity. IFAN's financial statements reported an investment for the restricted shares received from the entity, and an intangible asset for the payments made to the entity under the agreement. IFAN reported that the investment and intangible asset represented approximately 59% and 11%, respectively, of its total assets at year-end.

19. Respondents failed to perform procedures to evaluate whether the accounting for the agreement was appropriate under U.S. GAAP.[23] For example, Respondents failed to evaluate: which, if any, of the benchmarks specified in the agreement had actually been achieved by the entity; whether completion of the first contractual benchmark, or the execution of the license agreement itself, met the criteria for capitalization as an intangible asset;[24] or whether the payments should have been expensed. Further, Respondents failed to evaluate whether the provision in the agreement requiring the issuance of shares of IFAN's common stock created an obligation as of year-end that should have been reported by the issuer as a liability. Finally, Respondents also failed to evaluate whether the par value of the entity's shares, which IFAN used to value the restricted shares and record the investment, was an appropriate and reasonable measure of fair value, particularly when Respondents obtained audit evidence of actual stock sales at varying prices.

Audit of Galenfeha's 2014 Financial Statements

20. Galenfeha is a Nevada corporation headquartered in Fort Worth, Texas. Galenfeha's public filings disclose that it provides engineering services and alternative power products to natural gas producers and various industries in Texas and Louisiana; offers contractual engineering services; produces injections pumps; and develops and manufactures products to reduce customer costs associated with energy production, including carbon footprint, hazardous waste, and other non-sustainable aspects of producing energy. Its common stock is registered under Section 12(g) of the Exchange Act, and is quoted on the OTC Pink Market under the symbol "GLFH." At all relevant times, Galenfeha was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

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[23] See AS 14, at ¶¶ 30-31; AU § 328, at ¶ 3.

[24] See FASB ASC Topic 350, *Intangibles - Goodwill and Other*.

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21. Tingle, as the engagement partner, authorized the Firm's issuance of an audit report, dated April 15, 2015, expressing an unqualified opinion on Galenfeha's financial statements for the year ended December 31, 2014. The audit report was included in Galenfeha's Form 10-K filed with the U.S. Securities and Exchange Commission on April 16, 2015.

22. Galenfeha's year ended December 31, 2014 ("FY2014") financial statements reported inventory of approximately $138,000 at year-end, which represented approximately 23% of its total assets. The financial statements did not, however, include required inventory-related disclosures.[25] Respondents failed to evaluate whether Galenfeha's lack of inventory-related disclosures was appropriate under U.S. GAAP.[26]

23. Additionally, during the FY2014 audit, the Firm identified a fraud risk related to inventory, and assessed inherent risk, control risk, and the risk of material misstatement as moderate. To test inventory, Respondents relied on information prepared by the client, including information concerning parts purchased, parts sold, and parts used in build assemblies.

24. Respondents failed to perform sufficient procedures to test the existence, completeness, and valuation of inventory. In particular, Respondents relied on certain summary inventory schedules produced by the issuer without testing the accuracy and completeness of the information, or testing the controls over the accuracy and completeness of that information.[27]

25. During the year under audit, Galenfeha disclosed in its financial statements that revenue was recognized when products and services were delivered to customers. Respondents identified a fraud risk related to improper revenue recognition and assessed inherent risk, control risk, and the risk of material misstatement as moderate.

26. Respondents failed, however, to perform sufficient procedures to test revenue, and failed to perform adequate substantive procedures that were responsive to the assessed fraud risk.[28] Specifically, Respondents failed to perform sufficient

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[25] See FASB ASC Topic 330, *Inventory*.

[26] See AS 14, at ¶¶ 30-31.

[27] See AS 15, at ¶ 10.

[28] See AS 13, at ¶¶ 13-15.

procedures to evaluate whether relevant revenue recognition criteria had been met, including whether delivery of services or products had occurred, whether the price was fixed or determinable, and whether revenue had been recognized in the appropriate period based on the terms of the sale.[29]

IV.

In view of the foregoing, and to protect the interests of investors and further the public interest in the preparation of informative, accurate, and independent audit reports, the Board determines it appropriate to impose the sanctions agreed to in the Respondents' Offers. Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 105(c)(4)(E) of the Act and PCAOB Rule 5300(a)(5), Kyle L. Tingle, CPA, LLC and Kyle L. Tingle, CPA are hereby censured;

B. Pursuant to Section 105(c)(4)(A) of the Act and PCAOB Rule 5300(a)(1), the registration of Kyle L. Tingle, CPA, LLC is revoked;

C. Pursuant to Rule 5302(a), after two (2) years from the date of the Order, Kyle L. Tingle, CPA, LLC may reapply for registration by filing an application pursuant to PCAOB Rule 2101;

D. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), Kyle L. Tingle, CPA is barred from being an associated person of a registered public accounting firm, as that term is defined in Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(i);[30] and

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[29] See FASB ASC Topic 605, *Revenue Recognition*.

[30] As a consequence of the bar, the provisions of Section 105(c)(7)(B) of the Act will apply with respect to Kyle L. Tingle, CPA. Section 105(c)(7)(B) of the Act provides that "[i]t shall be unlawful for any person that is suspended or barred from being associated with a registered public accounting firm under this subsection willfully to become or remain associated with any issuer, broker, or dealer in an accountancy or a financial management capacity, and for any issuer, broker, or dealer that knew, or in the exercise of reasonable care should have known, of such suspension or bar, to permit such an association, without the consent of the Board or the Commission."

ORDER

E. After two (2) years from the date of this Order, Kyle L. Tingle, CPA may file a petition, pursuant to PCAOB Rule 5302(b), for Board consent to associate with a registered public accounting firm.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

May 24, 2017