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STATE OF CONNECTICUT
BEFORE THE BOARD OF ACCOUNTANCY

In the Matter of
Stephen H. Jackson
CohnReznick LLP
350 Church Street
Hartford, CT 06103

Case No. 2022-89
CPAL.0006947
CPAC.0008023

CONSENT ORDER

This Consent Order ("Order"), by and between Stephen H. Jackson ("Respondent") and the authorized representative of the Commissioner of Consumer Protection, is entered into in accordance with the Chapter 389 of the Connecticut General Statutes ("C.G.S."). In accordance herewith, the parties agree that:

1. Respondent, at all times relevant herein, held a certified public accountant ("CPA") license # CPAL.0006947, which expires on December 31, 2023, and CPA certificate # CPAC.0008023.

2. Respondent admits to all jurisdictional facts alleged in the Hearing Notice and Complaint and agrees that this Order shall have the same force and effect as orders entered after a full administrative hearing.

3. Respondent waives the following:

    a. Any further procedural steps;

    b. The requirement that this Order contain a statement of findings of fact and conclusions of law;

    c. All rights to seek judicial review or otherwise challenge or contest the validity of this Order; and

    d. The right to an adjudicative hearing.

4. The Complaint may be used in construing the terms of this Order.

5. Respondent neither admits nor denies the allegations set forth hereinafter and agrees to this Order as a means of avoiding protracted proceedings and litigation.

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6. It is alleged that:

   a. At all times relevant herein, Respondent is a partner at CohnReznick LLP. CohnReznick LLP has an office located at 350 Church Street, Hartford, CT 06103 and holds the active Connecticut CPA Firm Permit # CPAP.0005155.

   b. As of December 16, 2021, Respondent was listed on CohnReznick LLP's firm permit renewal application as one of the firm's Persons in Charge of Attestation services rendered in Connecticut.

   c. On June 8, 2022, the Securities and Exchange Commission ("SEC") issued an 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 ("SEC Order") in Administrative Proceeding File No. 3-20892, In the Matter of Stephen M. Wyss, CPA, Stephen H. Jackson, CPA, and Robert G. Hilbert, CPA.

   d. The SEC Order contains the following findings, which Respondent neither admitted nor denied:

      i. Respondent served as the CohnReznick LLP engagement quality review ("EQR") partner for the third quarter 2017 review and 2017 annual audit of Sequential Brands Group, Inc. ("Sequential"), a Delaware corporation headquartered in New York. Sequential owned a portfolio of consumer brands and promoted, marketed, and licensed those brands through retailers, wholesalers and distributors in the United States and abroad;

      ii. Respondent's improper professional conduct, together with two other CohnReznick LLP partners, in connection with the firm's interim reviews and audits of the financial statements of Sequential – in particular, the goodwill impairment testing performed by the company in 2016 and 2017, led to auditing and interim review failures. During the course of the Sequential engagement, Respondent and the other two CohnReznick partners violated numerous professional standards, which were a cause of Sequential's filing of materially misstated financial statements with the SEC;

      iii. Respondent failed in his role as EQR. He was obligated by professional standards to affirmatively evaluate the significant judgments and related conclusions of the engagement team. However, despite the vigorous disagreements that arose between the viewpoint of the engagement partners, on the one hand, and the viewpoint of the assigned engagement quality control review ("EQCR") partner, the internal valuation specialists, and the National Director of SEC Services, on the other hand, Respondent failed to reasonably evaluate whether appropriate consultations had taken place on difficult and contentious matters;

      iv. Although present, and aware of the concerns and indicators of impairment, Respondent did not adequately participate in key discussions at important

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meetings and decision points. Although Sequential's goodwill accounting issue for the third quarter of 2017 generated emails raising substantive questions about the accounting, as well as a series of meetings in which there were ongoing concerns on the part of the EQCR partner and the National Director of SEC Services, Respondent failed to reasonably evaluate the engagement team's assessment of the company's annual goodwill impairment test, which the engagement team had identified as an area of significant risk. In so doing Respondent failed to exercise due professional care, including appropriate professional skepticism;

v. Respondent engaged in improper professional conduct pursuant to Sections 4C(a)(2) of the Exchange Act and Rule 102(e)(1)(ii);

vi. Respondent caused CohnReznick's violations of Rule 2-02(b)(1) of Regulation S-X; and

vii. Respondents caused Sequential's violations of Sections 13(a) and 13(b)(2)(A) of the Exchange Act and Rules 12b-20, 13a-1, 13a-11 and 13a-13 thereunder.

e. The SEC revoked Respondent's privilege of appearing or practicing before the SEC as an accountant. Respondent is authorized to apply for reinstatement with the SEC after one year from the date of the SEC Order.

f. The SEC ordered Respondent to pay a civil penalty of $20,000.

g. Because of the SEC Order, the American Institute of Certified Public Accountants ("AICPA") suspended Respondent's membership for one year, retroactive to June 8, 2022, the date of the SEC Order.

h. Respondent failed to notify the Department of Consumer Protection or the Connecticut Board of Accountancy of the SEC Order.

7. Respondent's failure to report the SEC Order was a violation of § 20-280-15d of the Regulations of Connecticut State Agencies. Respondent asserts that his failure to report the SEC Order was an inadvertent error based on the advice of counsel.

8. This Order shall not become part of the official record unless and until it is accepted and approved by the Board of Accountancy.

9. Respondent agrees that this order entered shall become final upon acceptance and approval by the Board of Accountancy without further notice to Respondent.

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ORDERS

IT IS HEREBY ORDERED that Respondent shall cease and desist from any future violations of C.G.S. Chapter 389 and regulations promulgated pursuant thereto, and it is further ORDERED that Respondent shall:

1. Be prohibited for a period of one year from the date of final execution of this Order from performing attest services, as defined under C.G.S. §20-279(13), for any company whose financial statements are to be filed with the SEC. Any attest services performed by Respondent during this one-year period shall be reviewed and approved by the CohnReznick National Office, and Respondent shall maintain documentation of such review and approvals for the duration of this Order and submit to the Board of Accountancy upon request;

2. By no later than June 30, 2024, submit to the Board of Accountancy certificates of completion of 20 credits of continuing professional education ("CPE") in the area of audit, which shall include a minimum of 10 credits in the area of goodwill; Respondent shall not use any such credits to fulfill any annual CPE requirements;

3. By no later than thirty (30) days after final execution of this Order, make a $1,000 civil penalty payment online at https://elicense.ct.gov by logging into Respondent's existing account using Respondent's personal login information, then clicking on "pay outstanding fees."

Respondent,

Dated: 1/25/23

By: _____
Stephen H. Jackson

State of Connecticut
Board of Accountancy,

Dated: 2/1/2023 | 3:53:23 PM EST

By: DocuSigned by: Karla Fox
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Karla Fox
Acting Chair