



April 27, 2010

Respondents.

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

ORDER

II.

In anticipation of institution of these proceedings, and pursuant to PCAOB Rule 5205, Respondents have each submitted an Offer of Settlement ("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, Respondents consent to entry of this Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions ("Order") as set forth below.

III.

On the basis of Respondents' Offers, the Board finds^{1/} that:

A. Respondents

1. Robert T. Taylor, CPA, is a public accounting firm located in Bothell, Washington. At all relevant times, the Firm was licensed by the Washington State Board of Accountancy (License No. 0404). The Firm, formed in 1997, is registered with the Board pursuant to Section 102 of the Act and Board Rules. Other than Robert T. Taylor, the Firm has no partners or employees engaging in public company auditing.

2. Robert T. Taylor, 69, is a certified public accountant licensed under the laws of Washington State (License No. 02810). He is the Firm's sole proprietor and, at

^{1/} 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. The sanctions that the Board is imposing on Respondents in this Order may be imposed only if a respondent's conduct meets one of the conditions set out in Section 105(c)(5) of the Act, 15 U.S.C. § 7215(c)(5). The Board finds that Respondents' conduct described in this Order meets the condition set out in Section 105(c)(5), which provides that such sanctions may be imposed in the event of: (A) intentional or knowing conduct, including reckless conduct, that results in violation of the applicable statutory, regulatory, or professional standard; or (B) repeated instances of negligent conduct, each resulting in a violation of the applicable statutory, regulatory, or professional standard.

ORDER

all times relevant to this matter, was an associated person of the 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 auditing standards in auditing the 2006, 2007 and 2008 financial statements of an issuer client, American Fiber Green Products, Inc. ("American Fiber"). As detailed below, Respondents failed to perform procedures to audit American Fiber's financial statements. In each audit year and in significant audit areas, Respondents failed to: (a) plan adequately for the audit; (b) perform audit procedures on the issuer's assets and liabilities; (c) consider whether certain assets still existed or were impaired; and (d) prepare and maintain sufficient audit documentation.

C. American Fiber

4. American Fiber is a Nevada corporation headquartered in Tampa, Florida. At all relevant times, its common stock was registered under Section 12(g) of the Securities Exchange Act of 1934 and, from April 2008, was quoted on the OTC Bulletin Board and the Pink Sheets. According to its public filings, the company reclaims fiberglass and produces fiberglass recreational products. At all relevant times, American Fiber was an "issuer" as defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

5. American Fiber initially engaged Respondents to audit its financial statements after the company was formed through a merger in 2004 of Amour Fiber Core, Inc. ("AFC") and American Leisure Products, Inc. ("ALP").^{2/} Thereafter, American Fiber renewed Respondents' engagement to audit the company's financial statements for the years ending December 31, 2006, December 31, 2007 and December 31, 2008.^{3/} In connection with the American Fiber engagements, Respondents issued audit

^{2/} AFC and ALP became wholly owned subsidiaries of American Fiber.

^{3/} On February 11, 2010, American Fiber filed a Form 8-K stating that it had dismissed the Firm as their outside auditor.

ORDER

reports on American Fiber's 2006, 2007 and 2008 financial statements.^{4/} Each report stated that the audit was conducted in accordance with PCAOB standards, expressed an unqualified audit opinion, and stated that, in the Firm's opinion, the company's financial statements were fairly presented in all material respects in conformity with U.S. Generally Accepted Accounting Principles ("GAAP").^{5/} The audit reports were dated January 20, 2007^{6/}, March 22, 2007, March 28, 2008, and April 1, 2009 and were included as part of the following American Fiber filings: (a) the Form 10SB12G and the amendments filed respectively on February 22, 2007, April 12, 2007, June 18, 2007, July 23, 2007 and August 10, 2007; (b) the Form 10-KSB and the amendments filed respectively on April 16, 2007, June 19, 2007, July 23, 2007, and August 10, 2007; (c) the Form 10-KSB filed on March 31, 2008; and (d) the Form 10-K filed on April 15, 2009.^{7/}

6. American Fiber reported in its financial statements filed with the Commission that its financial disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, were not effective.^{8/} American Fiber's financial statements for the period ended December 31,

^{4/} American Fiber's financial statements include its activities and those of its wholly owned subsidiaries, AFC and ALP.

^{5/} Each audit opinion included an explanatory paragraph indicating in substance that there is substantial doubt about the company's ability to continue as a going concern.

^{6/} Taylor's signature does not appear on the January 20, 2007 audit report. Taylor cannot recall if he signed the audit report or not.

^{7/} The Firm also issued an audit report dated January 20, 2007 included with American Fiber's Forms 10SB12G and 10SB12G/A filed with the Commission respectively on February 22, 2007, and April 12, 2007.

^{8/} See American Fiber's Form 10-KSB and its amendments filed respectively on April 16, 2007, June 19, 2007, July 23, 2007, and August 10, 2007; Forms 10-QSB and its amendments filed respectively on May 21, 2007, June 19, 2007, July 23, 2007, August 10, 2007, August 20, 2007 and November 19, 2007; the Form 10-KSB filed on

ORDER

2006 stated that its disclosure controls and procedures were not effective due to limited internal resources and the lack of multiple levels of transaction review.^{9/} In addition, the company's financial statements for the periods ended December 31, 2007 and December 31, 2008 continued to report that the disclosure controls and procedures were not effective.^{10/}

D. Respondents Violated PCAOB Rules and Auditing Standards

7. 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 the Board's auditing standards and related professional practice standards.^{11/} 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.^{12/} Among other things, those standards require that an auditor exercise due professional care, exercise professional skepticism, and obtain sufficient competent evidence to afford a reasonable basis for an opinion regarding the financial statements.^{13/} An auditor must also prepare audit documentation in sufficient detail to provide a clear understanding of its purpose, source and the

March 31, 2008; the Form 10-QSB filed on May 15, 2008; the Form 10-Q filed on August 19, 2008 and November 20, 2008; and the Form 10-K filed on April 15, 2009.

^{9/} See American Fiber's Form 10-KSB and its amendments filed respectively on April 16, 2007, June 19, 2007, July 23, 2007, and August 10, 2007.

^{10/} See American Fiber's Forms 10-QSB and its amendments filed respectively on May 21, 2007, June 19, 2007, July 23, 2007, August 10, 2007, August 20, 2007 and November 19, 2007, Form 10-KSB filed on March 31, 2008; the Form 10-QSB filed on May 15, 2008; the Form 10-Q filed on August 19, 2008 and November 20, 2008; and the Form 10-K filed on April 15, 2009.

^{11/} See PCAOB Rules 3100, 3200T.

^{12/} See AU § 508.07, *Reports on Audited Financial Statements*.

^{13/} See AU § 150.02, *Generally Accepted Auditing Standards*; AU § 230, *Due Professional Care in the Performance of Work*; and AU § 326, *Evidential Matter*.

ORDER

conclusions reached.^{14/} In addition, the auditor must document the procedures performed, evidence obtained, conclusions reached with respect to relevant financial statement assertions, and clearly demonstrate that the work was in fact performed.^{15/}

8. Audit work should be adequately planned.^{16/} In planning an audit, an auditor should consider the nature, extent and timing of work to be performed and should prepare a written audit program.^{17/} The audit program should set forth in reasonable detail the audit procedures that the auditor believes are necessary to accomplish the objectives of the audit.

9. Auditing standards require an auditor to obtain written representations from management for all financial statements and periods covered by the auditor's report as part of the auditing procedures.^{18/} Specific management representations should include, among others, the completeness of the information provided, management's acknowledgment of its responsibility for the design and implementation of programs and control to prevent and detect fraud, and management's knowledge of fraud and allegations or suspicions of fraud.^{19/} Moreover, restrictions on the scope of the audit, including a lack of sufficient competent evidential matter, may require the auditor to qualify or disclaim his audit opinion.^{20/} As detailed below, Respondents failed to meet the aforementioned standards in connection with the audits of American Fiber's 2006, 2007 and 2008 financial statements.

^{14/} See PCAOB Auditing Standard No. 3, paragraph 4, *Audit Documentation* ("AS3").

^{15/} See AS3, paragraph 6.

^{16/} See AU §150.02; AU §311, *Planning and Supervision*.

^{17/} See AU §311.05.

^{18/} See AU §333.05, *Management Representations*.

^{19/} See AU §333.06.

^{20/} See AU §508.22-26.

ORDER

The 2006, 2007, and 2008 Audits

10. In each of the three audit years, Respondents' audit plan was a disclosure checklist for non-public companies. Respondents failed to plan for the risk of material error or fraud, failed to consider related party transactions to be an area of risk, and failed to adequately document the planning procedures.^{21/}

11. Respondents also failed to obtain any written management representation for the financial statements and periods covered by the audit opinions in each of the three audit years.^{22/}

12. Despite American Fiber's conclusion that its disclosure controls and procedures were not effective, Respondents did not assess how that disclosure impacted their audit procedures. For each of the three audit years, Respondents did not test the company's internal controls and did not document how that determination was reached^{23/} or how the assessment of internal controls impacted the planning of the audit to determine the nature, timing and extent of the tests to be performed.^{24/}

13. Respondents have acknowledged to the Division of Enforcement and Investigations ("Division") staff that they performed very few audit procedures in conducting the 2006, 2007 and 2008 audits of American Fiber and failed to comply with PCAOB standards. Respondents described the engagement with American Fiber as "review[ing] the changes in receivables and payables, conversions from debt to common stock, computation of interest on debt instruments, or in other words, a simple balance sheet review either on an interim basis and at year end with a review of notes to financial statements." In addition, Taylor stated that he "relied on ... the previous years' audit figures and made inquiries as to the changes...other than that, I did

^{21/} See AU §§311.03; 311.05

^{22/} See AU §333.05.

^{23/} See AS3, paragraph 4.

^{24/} See AU §319.01, *Consideration of Internal Control in a Financial Statement Audit*.

ORDER

nothing." While Respondents generally inquired of management about an item on the balance sheet if there was a change of 10% or greater from year-to-year for that item and performed limited procedures on that item, if the year-to-year difference for a balance sheet item was less than 10%, Respondents performed no audit procedures to test that item.

14. As described in detail below, Respondents failed to test significant balances and transactions reported in the financial statements of American Fiber. Specifically, Respondents failed to test the balances of notes receivable, accounts payable and deferred wages in the current periods. In addition, Respondents failed to test an asset purchase transaction as well as transactions involving stock issued for services.

15. In its 2006, 2007 and 2008 financial statements, American Fiber reported notes receivables of \$78,605, \$98,405 and \$98,405, respectively. The notes receivable balances represented 52%, 63% and 61% of the total assets at the end of each of the respective years. The notes receivable balances consisted of related party notes all of which were past maturity. The notes earned interest which was recorded as a receivable. As reflected on the balance sheets, the interest receivable continued to increase during the relevant periods. Respondents did not assess whether the notes or the corresponding interest receivable were collectible or impaired. Respondents failed to test the existence of the notes during the current periods and failed to determine whether the values of the notes receivables included in the financial statements were appropriate.^{25/}

16. In its 2006, 2007 and 2008 financial statements, American Fiber reported accounts payable of \$284,499, \$347,788 and \$350,308, respectively. The accounts payable balances represented 15%, 17% and 16% of the total liabilities at the end of each of the respective years. Other than relying on management's representations, Respondents failed to test the balances of accounts payable, during the current periods. Respondents also failed to: (a) test the existence of the accounts payable; (b) test whether the company had the obligations for these liabilities; and (c) determine whether the values included in the financial statements were appropriate.

^{25/} Respondents testified that they had reviewed the notes and obtained third party confirmation in a previous audit, but failed to perform additional audit procedures for the 2006, 2007 and 2008 audits.

ORDER

17. In its 2006, 2007 and 2008 financial statements, American Fiber reported deferred wages of \$534,097, \$608,397 and \$682,697, respectively. The balances of deferred wages represented 29%, 29% and 32% of the total liabilities at the end of each of the respective years. Other than relying on management's representations, Respondents failed to verify the existence and completeness of the deferred wages balance and failed to determine whether the balances of deferred wages were appropriately valued.

18. American Fiber reported in its 2006 financial statements that the assets of ALP (Tooling) were added to the assets of AFC in a purchase transaction with a corresponding \$50,000 capital contribution recorded as additional paid-in capital.^{26/} Respondents acknowledged that they did not understand the transaction or assure that the transaction was recorded accurately, did not know what assets were added, did not test the transaction, and did not determine the adequacy of the disclosure.

19. In its 2007 and 2008 financial statements, American Fiber reported that it had issued stock for cash, services or debt. In 2007, American Fiber issued 20,400 shares of the company's common stock valued at \$13,260 for cash and 30,000 shares valued at \$25,500 for services.^{27/} In 2008, American Fiber issued 2,120,188 shares of the company's common stock to reduce \$107,009 of debt.^{28/} During the 2007 and 2008 audits, Respondents relied on management's representations and failed to perform audit procedures to test these transactions. Respondents also failed to determine that these transactions existed and were appropriately valued. Additionally, they failed to determine the completeness of the stock transactions and whether other such similar transactions occurred. Respondents also failed to assess whether disclosure was required for these transactions in the company's financial statements.

^{26/} See American Fiber's Form 10-KSB/A filed with the Commission on June 19, 2007.

^{27/} See American Fiber's Form 10-KSB, filed with the Commission on March 31, 2008.

^{28/} See American Fiber's Form 10-K filed with the Commission on April 15, 2009.

ORDER

20. In each of the three audit years, Respondents failed to document the audit procedures performed, the evidence obtained, and the conclusions reached with respect to relevant financial statement assertions.^{29/} Respondents failed to document discussions with management and third parties, and failed to prepare and maintain adequate documentation of the audit procedures performed to show the evidence obtained and the conclusions reached.^{30/}

IV.

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

- A. Pursuant to Section 105(c)(4)(A) of the Act and PCAOB Rule 5300(a)(1), the registration of Robert T. Taylor, CPA is revoked; and
- B. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), Robert T. Taylor 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).

ISSUED BY THE BOARD.

/s/ J. Gordon Seymour

J. Gordon Seymour
Secretary

April 27, 2010

^{29/} See AS3, paragraph 6.

^{30/} See AS3, paragraphs 4 and 6.