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Respondents.

August 2, 2017

11.

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. Respondents admit the facts, findings, and violations

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set forth below, and consent to entry of this Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions ("Order") as set forth below.¹

III.

On the basis of Respondents' Offers, the Board finds that:²

A. Respondents

1. Enterprise CPAs, Ltd. is, and at all relevant times was, a limited liability partnership organized under the laws of the state of Illinois and headquartered in Chicago, Illinois. Enterprise is registered with the Board pursuant to Section 102 of the Act and PCAOB rules. Enterprise is licensed to practice public accountancy by the Illinois State Board of Accountancy (license no. 066003832). At all relevant times, the Firm was the external auditor for the issuer identified below.

2. David (Xiaobo) Liu, CPA, 54, of Chicago, Illinois is a certified public accountant licensed by the Illinois Board of Accountancy (license no. 065025331). At all relevant times, Liu was the sole owner of the Firm and was the Firm's sole partner. At all relevant times, he was, 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 the Firm's failure to comply with Auditing Standard No. 7, *Engagement Quality Review* ("AS 7"), with respect to two issuer clients.³ In the

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.

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

³ All references to PCAOB rules and standards are to the versions of those rules and 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

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audits of each client, the Firm failed to obtain an engagement quality review of each audit before issuing an audit opinion even though an engagement quality review was required under AS 7.

4. This matter also concerns Liu's failure to comply with PCAOB Rule 3502, *Responsibility Not to Knowingly or Recklessly Contribute to Violations*, with respect to the Firm's audits of two clients. Liu took or omitted to take actions knowing, or recklessly not knowing, that his acts and omissions would directly and substantially contribute to the Firm's violations of PCAOB standards.

C. Respondents Violated PCAOB Rules and Standards

5. 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 and related professional practice standards.⁴

6. AS 7 requires that an engagement quality review be performed on audits, interim reviews, and certain attestation engagements conducted pursuant to PCAOB standards.⁵ AS 7 also provides that, in an audit, a firm may grant permission to a client to use the engagement report only after an engagement quality reviewer provides concurring approval of issuance of the report.⁶

7. In addition, PCAOB Rule 3502 prohibits an associated person of a registered public accounting firm from taking or omitting to take an action knowing, or recklessly not knowing, that the act or omission would directly and substantially contribute to a violation by that firm of the Act, the rules of the Board, the provisions of the securities laws relating to the preparation and issuance of audit reports and the

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 (Jan. 2016) <https://pcaobus.org/Standards/Auditing/Documents/PrintableReferenceTable.pdf>

⁴ PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*; PCAOB Rule 3200T, *Interim Auditing Standards*.

⁵ See AS 7 ¶ 1.

⁶ Id. at ¶ 13.

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obligations and liabilities of accountants with respect thereto, including the rules of the U.S. Securities and Exchange Commission ("Commission") issued under the Act, or professional standards.

8. As described below, the Firm failed to obtain an engagement quality review for each of the audits described below even though an engagement quality review was required to be performed and Liu directly and substantially contributed to those violations.

The Firm Failed to Obtain Engagement Quality Reviews Even After the PCAOB's Inspection Staff Informed The Firm of Possible AS 7 Violations

9. In connection with an April 2013 inspection of the Firm, the PCAOB Inspections staff found apparent failures by the Firm to comply with AS 7 for all audits and interim reviews performed by the Firm. The Firm responded, in part, by representing that it had implemented a revised process for compliance with AS 7 requirements. Liu was responsible for the Firm's adherence to the revised AS 7 compliance process.

10. Despite the Firm's representations that it had put into place a revised AS 7 compliance process, the Firm failed to comply with AS 7 requirements in connection with subsequent audits of two issuer clients.

Audit of Liberated Energy's Financial Statements

11. Liberated Energy Inc. ("Liberated") is a Nevada corporation headquartered in Chester, New York. Public filings disclose that it was in the business of developing new alternative energy products and bringing them to the market place. At all relevant times, Liberated was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

12. The Firm was engaged as Liberated's external auditor for fiscal year ended September 30, 2015. On February 12, 2016, Liberated filed a Form 10-K/A for fiscal year ended September 30, 2015 with the Commission. The Firm improperly permitted issuance of its engagement report dated February 12, 2016, which was included in Liberated's Form 10-K filing, without first obtaining an engagement quality review and concurring approval of issuance. Although the Firm retained an Engagement Quality Reviewer ("EQR") prior to the Firm's issuance of its engagement report, the EQR did not provide a concurring approval of issuance of the report until after the Firm issued its engagement report. As a result, the Firm violated AS 7.

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13. Liu knew, or was reckless in not knowing, that he was directly and substantially contributing to the Firm's violations of AS 7 when he caused the Firm to grant permission to the client to use the engagement report without first obtaining an engagement quality review and concurring approval of issuance. As a result, Liu violated PCAOB Rule 3502.

Audit of Flurida's Financial Statements

14. Flurida Group Inc. ("Flurida") is a Nevada corporation headquartered in El Paso, Texas. Public filings disclosed that it was engaged in sourcing, distribution and marketing of appliance components and assemblies in Asia, Europe, Australia, North and South America. At all relevant times, Flurida was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

15. The Firm was engaged as Flurida's external auditor for fiscal year ended December 31, 2016. On March 30, 2016, Flurida filed a Form 10-K for fiscal year ended December 31, 2015 with the Commission. The Firm improperly permitted issuance of its engagement report dated March 28, 2016, which was included in Flurida's Form 10-K filing, without first obtaining an engagement quality review and concurring approval of issuance. Although the Firm retained an EQR prior to the Firm's issuance of its engagement report, the EQR did not provide a concurring approval of issuance of the report until after the Firm issued its engagement report. As a result, the Firm violated AS 7.

16. Liu knew, or was reckless in not knowing, that he was directly and substantially contributing to the Firm's violations of AS 7 when he caused the Firm to grant permission to the client to use the engagement report without first obtaining an engagement quality review and concurring approval of issuance. As a result, Liu violated PCAOB Rule 3502.

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 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), Enterprise CPAs, Ltd. and David (Xiaobo) Liu, CPA are hereby censured;

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- B. Pursuant to Section 105(c)(4)(D) of the Act and PCAOB Rule 5300(a)(4), a civil money penalty in the amount of \$10,000 is imposed upon Enterprise CPAs, Ltd. All funds collected by the Board as a result of the assessment of this civil money penalty will be used in accordance with Section 109(c)(2) of the Act. Enterprise CPAs, Ltd. shall pay this civil money penalty within 10 days of the issuance of this Order by (a) wire transfer in accordance with instructions furnished by Board staff; or (b) United States postal money order, certified check, bank cashier's check or bank money order; (c) made payable to the Public Company Accounting Oversight Board; (d) delivered to the Controller, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington, D.C. 20006; and (e) submitted under a cover letter which identifies Enterprise CPAs, Ltd. as a Respondent in these proceedings, sets forth the title and PCAOB Release Number of these proceedings, and states that payment is made pursuant to this Order, a copy of which cover letter and money order or check shall be sent to the Office of the Secretary, Attention: Phoebe Brown, Secretary, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington, D.C. 20006;
- C. Pursuant to Section 105(c)(4)(C) of the Act and PCAOB Rule 5300(a)(3), the Firm is prohibited from accepting any new issuer audit clients for one (1) year from the date of this Order and;
- D. Pursuant to Section 105(c)(4)(G) of the Act and PCAOB Rule 5300(a)(9), the Firm is required: within ninety (90) days from the date of this Order, to establish policies and procedures, or review and/or supplement existing policies and procedures, for the purpose of providing the Firm with reasonable assurance of compliance with Auditing Standard No. 7, *Engagement Quality Review*;
1. within ninety (90) days from the date of this Order, to establish a policy of ensuring training, whether internal or external, on an annual or more frequent basis, concerning Auditing Standard No. 7, of any Firm audit personnel who participate in any way in the planning or performing of any audit services (as defined in PCAOB Rule 1001(a)(vii));
 2. within ninety (90) days from the date of this Order, and before the Firm's commencement of any audit services, to ensure training pursuant to the policy described in paragraph D(2) above on at least one occasion;

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3. to provide a copy of this Order—
- a. within (30) days from the date of this Order, to all audit personnel employed by, or associated with (as defined in PCAOB Rule 1001(p)(i)), the Firm as of the date of this Order;
 - b. within (30) days from the date of this Order, to any client of the Firm as of the date of this Order for which the Firm has performed or has been engaged to perform audit services;
 - c. before the commencement of any audit services, to any future client for which the Firm is engaged within three (3) years of the date of this Order to perform such audit services; and

to certify in writing to the Director of the Division of Enforcement and Investigations, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington D.C. 20006, the Firm's compliance with paragraphs D(1) through D(4)(b) above. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Firm shall submit such certification within one hundred twenty (120) days from the date of this Order. The Firm shall also submit such additional evidence of and information concerning compliance as the staff of the Division of Enforcement and Investigations may reasonably request. The Firm shall also certify that for all audits and interim reviews performed by the Firm within one (1) year of this Order, the Firm has met all AS 7 requirements. Such certification shall occur within (30) thirty days of the completion of any audit or interim review performed in that time frame.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

August 2, 2017