PCAOB
Public Company Accounting Oversight Board

1666 K Street NW
Washington, DC 20006
Office: (202) 207-9100
Fax: (202) 862-8430
www.pcaobus.org

ORDER INSTITUTING DISCIPLINARY PROCEEDINGS, MAKING FINDINGS, AND IMPOSING SANCTIONS *In the Matter of Pinaki & Associates LLC and Pinaki Mohapatra, CPA,* *Respondents.*	PCAOB Release No. 105-2017-040 October 26, 2017

By this Order, the Public Company Accounting Oversight Board (the "Board" or "PCAOB") is censuring Pinaki & Associates LLC (the "Firm"), revoking the Firm's registration,[1] and censuring Pinaki Mohapatra, CPA ("Mohapatra") and barring him from being an associated person of a registered public accounting firm.[2] The Board is imposing these sanctions on the Firm and Mohapatra (collectively, "Respondents") on the basis of its findings that Respondents violated PCAOB rules and standards in connection with the fiscal year end 2014 audits of four 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 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,

---

1 The Firm may reapply for registration after five (5) years from the date of this Order.

2 Mohapatra may file a petition for Board consent to associate with a registered public accounting firm after five (5) years from the date of this Order.

and without admitting or denying the findings herein, except as to the facts contained in paragraph 27, and the Board's jurisdiction over them and the subject matter of these proceedings, which are admitted, Respondents consent to entry of this Order Instituting Disciplinary Proceedings, Making Findings and Imposing Sanctions ("Order") as set forth below.[3]

III.

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

A. Respondents

1. Pinaki & Associates LLC is, and at all relevant times was, a limited liability company organized under the laws of Delaware (License No. CA-0002911), with an office in Wilmington, Delaware. The Firm is registered with the Board pursuant to Section 102 of the Act and PCAOB rules. At all relevant times, the Firm was the external auditor for the issuers identified below.

2. Pinaki Mohapatra, CPA, age 58, is a certified public accountant licensed by the state of Delaware (License No. CC-0002708). At all relevant times, Mohapatra was the managing partner and sole owner of the Firm, and served as the engagement partner on the audits discussed below. Mohapatra 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' numerous and repeated violations of PCAOB rules and standards in connection with Respondents' audits of the December 31, 2014 financial statements of Genoil, Inc. ("Genoil"); the June 30, 2014 financial

---

[3] The findings herein are made pursuant to Respondents' Offers and are not binding on any other persons or entities 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.

statements of International Automated Systems, Inc. ("IAUS"); the December 31, 2014 financial statements of Infrastructure Developments Corp. ("Infrastructure Developments"); and the December 31, 2014 financial statements of Genie Gateway, formerly known as WWA Group, Inc., (collectively, the "Issuer Audits"). As detailed below, Respondents failed to perform audit procedures required to evaluate the financial statements of their issuer audit clients. Respondents failed repeatedly, among other things, to plan and perform adequate, if any, audit procedures in accordance with PCAOB standards. Respondents also failed to exercise due professional care and obtain sufficient appropriate audit evidence to provide a reasonable basis for an opinion regarding the financial statements of the Issuer Audits. In addition, Respondents failed to retain audit documentation for the Issuer Audits for the required period of time.

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 audit procedures to obtain sufficient appropriate audit evidence to provide a reasonable basis for his or her opinion.[7] PCAOB standards require that an auditor exercise due professional care and professional skepticism in the

---

[5] See PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*; PCAOB Rule 3200T, *Interim Auditing Standards*. 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 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 2017), 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 ¶ 4.

ORDER

performance of the audit and preparation of the report.[8]

5. Under PCAOB standards, the auditor should properly plan the audit.[9] Planning the audit includes establishing the overall audit strategy for the engagement and developing an audit plan, which includes, planned risk assessment procedures and planned responses to the risks of material misstatements.[10] PCAOB standards also state auditors should perform risk assessment procedures that are sufficient to provide a reasonable basis for identifying and assessing the risks of material misstatement, whether due to error or fraud.[11]

6. To plan the nature, timing, and extent of audit procedures, the auditor should establish a materiality level for the financial statements as a whole that is appropriate in light of the particular circumstances.[12] This includes consideration of the company's earnings and other relevant factors.[13] To determine the nature, timing, and extent of audit procedures, the materiality level for the financial statements as a whole needs to be expressed as a specified amount.[14] Auditors also should determine the amount or amounts of tolerable misstatement for purposes of assessing risks of material misstatement and planning and performing audit procedures at the account or disclosure level.[15]

7. PCAOB standards require an auditor to evaluate the results of the audit to determine whether the audit evidence obtained is sufficient and appropriate to support

---

[8] See AU § 150, *Generally Accepted Auditing Standards*; AU § 230, *Due Professional Care in the Performance of Work*; see also Auditing Standard No. 13 ("AS 13"), *The Auditor's Responses to the Risks of Material Misstatement*, at ¶ 7.

[9] See Auditing Standard No. 9 ("AS 9"), *Audit Planning*, at ¶ 4.

[10] Id. at ¶ 5.

[11] See Auditing Standard No. 12 ("AS 12"), *Identifying and Assessing Risks of Material Misstatement*, at ¶ 4.

[12] See Auditing Standard No. 11 ("AS 11"), *Consideration of Materiality in Planning and Performing an Audit*, at ¶ 6.

[13] Id.

[14] Id.

[15] Id. at ¶ 8.

the opinion to be expressed in the auditor's report.[16] One of the factors relevant to concluding whether sufficient appropriate audit evidence has been obtained is the appropriateness (i.e., the relevance and reliability) of the audit evidence obtained.[17]

If the auditor has not obtained sufficient appropriate audit evidence about a relevant assertion or has substantial doubt about a relevant assertion, the auditor should perform procedures to obtain further audit evidence to address the matter.[18] If the auditor is unable to obtain sufficient appropriate audit evidence to have a reasonable basis to conclude about whether the financial statements as a whole are free of material misstatement, the auditor should express a qualified opinion or a disclaimer of opinion.[19]

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

Audit of Genoil Inc.'s 2014 Financial Statements

9. Genoil Inc., ("Genoil") is a Canadian corporation located in Calgary, Alberta, Canada. Genoil's public filings disclose that, at all relevant times, it was a technology company focused on providing innovative solutions to the oil and gas industry using proprietary technologies. Its primary business activity involved the development and commercialization of its upgrader technology designed to convert heavy crude oil into light synthetic crude. At all relevant times, Genoil was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

10. Mohapatra, as the engagement partner, authorized the Firm's issuance of an audit report, dated March 24, 2015, expressing an unqualified audit opinion on Genoil's financial statements for the year ended December 31, 2014. The audit report was included with Genoil's Form 6-K filed with the Commission on December 14, 2015.

11. In connection with the audit, Respondents failed to exercise due professional care and professional skepticism and failed to plan and perform the audit of Genoil's financial statements in accordance with PCAOB standards. Specifically, Respondents failed to: establish an overall audit strategy for the engagement and

---

[16] See Auditing Standard No. 14 ("AS 14"), *Evaluating Audit Results,* at ¶ 2.

[17] Id. at ¶ 34e.

[18] Id. at ¶ 35.

[19] Id.

develop an audit plan;[20] perform any risk assessment procedures that are sufficient to provide a reasonable basis for identifying and assessing the risks of material misstatement, whether due to error or fraud;[21] design and implement overall responses to address the assessed risks of material misstatement;[22] and establish a materiality level for the financial statements as a whole and an amount of tolerable misstatement for purposes of assessing risks of material misstatement and planning and performing audit procedures at the account or disclosure level.[23]

12. For the year-ended December 31, 2014, Genoil reported assets of $391,802, liabilities of $5,136,515, and a net loss of $558,516. Other than obtaining a high-level comparison of the operating expense accounts for the current and prior year, Respondents failed to perform any procedures to determine whether the operating expenses or other expenses – which included a $197,372 finance expense and a $88,413 loss on derivative liability, were properly valued and recorded in the proper period. As a result of this conduct, Respondents violated PCAOB standards by failing to obtain sufficient appropriate evidence to support their conclusions regarding operating or other expenses.[24]

13. As of December 31, 2014, Genoil reported a derivative liability of $629,610. Other than obtaining a client prepared schedule, Respondent failed to perform any procedures to determine whether the derivative liability existed and was properly valued. As a result of this conduct, Respondents violated PCAOB standards by failing to obtain sufficient appropriate evidence to support their conclusions regarding the derivative liability.[25]

Audit of International Automated Systems, Inc.'s 2014 Financial Statements

14. International Automated Systems, Inc. ("IAUS"') is a Utah corporation located in American Fork, Utah. IAUS' public filings disclose that, at all relevant times, it

---

20 See AS 9 at ¶¶ 8-10.

21 See AS 12 at ¶ 4.

22 See AS 13 at ¶ 5.

23 See AS 11 at ¶ 6 and ¶ 8.

24 See AS 15 at ¶¶ 4-6, ¶ 11. See also AS 13 at ¶ 36.

25 Id.

sought to design, produce and market leading-edge technology. At all relevant times, IAUS was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

15. Mohapatra, as the engagement partner, authorized the Firm's issuance of an audit report, dated May 26, 2015, expressing an unqualified audit opinion on IAUS' financial statements for the year ended June 30, 2014. The audit report was included with IAUS' Form 10-K filed with the Commission on July 16, 2015.

16. In connection with the audit, Respondents failed to exercise due professional care and professional skepticism and failed to plan and perform the audit of IAUS' financial statements in accordance with PCAOB standards. Specifically, Respondents failed to: establish an overall audit strategy for the engagement and develop an audit plan;[26] perform any risk assessment procedures to identify and assess the risks of material misstatement;[27] design and implement overall responses to address the assessed risks of material misstatement;[28] and establish a materiality level for the financial statements as a whole and an amount of tolerable misstatement for purposes of assessing risks of material misstatement and planning and performing audit procedures at the account or disclosure level.[29]

17. For the year-ended June 30, 2014, IAUS reported assets of $306,940, and a net loss of $1.1 million. Other than obtaining detailed general ledgers for the operating expense accounts for the current and prior year, Respondents failed to perform any procedures to determine whether the operating expenses of $1,119,942 were properly valued and recorded in the proper period. As a result of this conduct, Respondents violated PCAOB standards by failing to obtain sufficient appropriate evidence to support their conclusions regarding IAUS' operating expenses.[30]

18. IAUS reported preferred stock of $470,264 as of June 30, 2014. Respondents failed to perform any procedures to determine whether IAUS' preferred

---

[26] See AS 9 at ¶¶ 8-10.

[27] See AS 12 at ¶ 4.

[28] See AS 13 at ¶ 5.

[29] See AS 11 at ¶ 6 and ¶ 8.

[30] See AS 15 at ¶¶ 4-6 and ¶ 11. See also AS 13 at ¶ 36.

stock balance existed and was properly valued. As a result of this conduct, Respondents violated PCAOB standards by failing to obtain sufficient appropriate evidence regarding IAUS' preferred stock balance.[31]

Audit of Infrastructure Developments Corp.'s 2014 Financial Statements

19. Infrastructure Developments Corp. ("Infrastructure Developments") is a Nevada corporation located in Salt Lake City, Utah. Infrastructure Developments' public filings disclose that, at all relevant times, its operations consisted of marketing prefabricated housing and other project management services. At all relevant times, Infrastructure Developments was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

20. Mohapatra, as the engagement partner, authorized the Firm's issuance of an audit report, dated April 27, 2015, expressing an unqualified audit opinion on Infrastructure Developments' financial statements for the year ended December 31, 2014. The audit report was included with Infrastructure Developments' Form 10-K filed with the Commission on April 28, 2015.

21. In connection with the audit, Respondents failed to exercise due professional care and professional skepticism and failed to plan and perform the audit of Infrastructure Developments' financial statements in accordance with PCAOB standards. Specifically, Respondents failed to: establish an overall audit strategy for the engagement and develop an audit plan;[32] perform any risk assessment procedures to identify and assess the risks of material misstatement;[33] design and implement overall responses to address the assessed risks of material misstatement;[34] and establish a materiality level for the financial statements as a whole and an amount of tolerable misstatement for purposes of assessing risks of material misstatement and planning and performing audit procedures at the account or disclosure level.[35]

---

[31] Id.

[32] See AS 9 at ¶¶ 8-10.

[33] See AS 12 at ¶ 4.

[34] See AS 13 at ¶ 5.

[35] See AS 11 at ¶ 6 and ¶ 8.

ORDER

22. For the year-ended December 31, 2014, Infrastructure Developments reported $205,100 of revenue, assets of $44,170, and a net loss of $231,821. Other than obtaining a detailed general ledger for revenue for the current year, Respondents failed to perform any procedures regarding revenue. Respondents also failed to perform any procedures to determine whether any of Infrastructure Developments' expenses were properly valued and recorded in the proper period. As a result of this conduct, Respondents violated PCAOB standards by failing to obtain sufficient appropriate evidence to support their conclusions regarding Infrastructure Developments' revenue and operating expenses.[36]

Audit of Genie Gateway's 2014 Financial Statements

23. Genie Gateway (formerly known as WWA Group, Inc.) is a Nevada corporation located in Portland, Michigan. Genie Gateway's public filings disclose that, at all relevant times, it was a multi-system operator that provides cable television, high speed internet and related services to rural communities in the United States. At all relevant times, Genie Gateway was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

24. Mohapatra, as the engagement partner, authorized the Firm's issuance of an audit report, dated March 24, 2015, expressing an unqualified audit opinion on Genie Gateway's financial statements for the year ended December 31, 2014. The audit report was included with Genie Gateway's Form 10-K filed with the Commission on March 27, 2015.

25. In connection with the audit, Respondents failed to exercise due professional care and professional skepticism and failed to plan and perform the audit of Genie Gateway's financial statements in accordance with PCAOB standards. Specifically, Respondents failed to: establish an overall audit strategy for the engagement and develop an audit plan;[37] perform any risk assessment procedures to identify and assess the risks of material misstatement;[38] design and implement overall responses to address the assessed risks of material misstatement;[39] and establish a materiality level for the financial statements as a whole and an amount of tolerable

---

[36] See AS 15 at ¶¶ 4-6 and 11. See also AS 13 at ¶ 36.

[37] See AS 9 at ¶¶ 8-10.

[38] See AS 12 at ¶ 4.

[39] See AS 13 at ¶ 5.

Public Company Accounting Oversight Board

ORDER

misstatement for purposes of assessing risks of material misstatement and planning and performing audit procedures at the account or disclosure level.[40]

26. For the year-ended December 31, 2014, Genie Gateway reported $524,163 of revenue, assets of $197,168, and a net loss of $317,213. Respondents failed to perform any procedures to determine whether any of Genie Gateway's expenses - which included a $90,118 gain on derivative liability – were properly valued and recorded in the proper period. As a result of this conduct, Respondents violated PCAOB standards by failing to obtain sufficient appropriate evidence to support their conclusions regarding Genie Gateway's operating expenses.[41]

Retention of Certain Work Papers

27. PCAOB standards require an auditor to "retain audit documentation for seven years from the date the auditor grants permission to use the auditor's report in connection with the issuance of the company's financial statements (report release date), unless a longer period of time is required by law."[42] Respondents failed to retain significant portions of the audit documentation for the Issuer Audits for the required period, and were unable to provide certain documentation in response to demands made in a PCAOB investigation. As a result, Respondents violated PCAOB audit documentation requirements.[43]

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), Pinaki & Associates LLC and Pinaki Mohapatra are hereby censured;

---

40 See AS 11 at ¶ 6 and ¶ 8.

41 See AS 15 at ¶¶ 4-6 and ¶ 11. See also AS 13 at ¶ 36.

42 See Auditing Standard No. 3, *Audit Documentation*, at ¶ 14.

43 Id.

ORDER

B. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), Pinaki Mohapatra 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);[44]

C. After five (5) years from the date of this Order, Pinaki Mohapatra may file a petition, pursuant to PCAOB Rule 5302(b), for Board consent to associate with a registered public accounting firm;

D. Pursuant to Section 105(c)(4)(A) of the Act and PCAOB Rule 5300(a)(1), the registration of Pinaki & Associates LLC is revoked; and

E. After five (5) years from the date of the Order, Pinaki & Associates LLC may reapply for registration by filing an application pursuant to PCAOB Rule 2101.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

October 26, 2017

[44] As a consequence of the bar, the provisions of Section 105(c)(7)(B) of the Act will apply with respect to Mohapatra. Section 105(c)(7)(B) provides: "It 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."