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## Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions

*In the Matter of JTC Fair Song CPA Firm,*

Respondent.

PCAOB Release No. 105-2024-043

November 8, 2024

By this Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions (“Order”), the Public Company Accounting Oversight Board (“Board” or “PCAOB”) is:

- (1) censuring JTC Fair Song CPA Firm (“JTC Fair Song,” “Firm,” or “Respondent”); and
- (2) revoking the registration of the Firm.<sup>1</sup>

The Board is imposing these sanctions on the basis of its findings that the Firm violated PCAOB Rule 3211, *Auditor Reporting of Certain Audit Participants*; violated PCAOB Rule 2201, *Time for Filing of Annual Report*; and failed to cooperate with a PCAOB investigation under PCAOB Rule 5110, *Noncooperation with an Investigation*.

### 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 against Respondent pursuant to Section 105(c) of the Sarbanes-Oxley Act of 2002, as amended (the “Act”), and PCAOB Rule 5200(a)(1) and (3).

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<sup>1</sup> The Board determined to accept Respondent’s offer of settlement, which does not require it to pay a civil money penalty, after considering the Firm’s financial resources. Based on the Firm’s conduct, the Board would have imposed a civil money penalty of \$50,000 on the Firm in this settlement if it had not taken the Firm’s financial resources into consideration.

## II.

In anticipation of the institution of these proceedings, and pursuant to PCAOB Rule 5205, Respondent has submitted an Offer of Settlement (the “Offer”) that the Board has determined to accept. Solely for the purpose of these proceedings and any other proceeding 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 Respondent and the subject matter of these proceedings, which is admitted, Respondent consents to the entry of this Order as set forth below.<sup>2</sup>

## III.

On the basis of Respondent’s Offer, the Board finds that:<sup>3</sup>

### A. Respondent

1. **JTC Fair Song CPA Firm** is a public accounting firm located in Shenzhen, the People’s Republic of China (“PRC”). The Firm is, and at all relevant times was, registered with the Board pursuant to Section 102 of the Act and PCAOB rules.

### B. Issuer

2. **LNPR Group Inc.** (“LNPR Group”) is a Colorado corporation. Its public filings disclose that LNPR Group is focused on developing AI-powered products concentrating on digital English learning. At all relevant times, LNPR Group 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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<sup>2</sup> The findings herein are made pursuant to Respondent’s Offer and are not binding on any other person or entity in this or any other proceeding.

<sup>3</sup> The Board finds that Respondent’s 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.

## C. Summary

3. This matter involves JTC Fair Song's failure to timely file: (1) Form APs, in violation of PCAOB Rule 3211; and (2) its annual reports for 2021, 2022, and 2023, in violation of PCAOB Rule 2201.

4. Additionally, JTC Fair Song failed to cooperate with the Division of Enforcement and Investigations' (the "Division") formal investigation into the above violations by failing to respond to an Accounting Board Demand ("ABD") requiring the production of information. The Firm's failure to respond to the ABD occurred despite repeated communications from Division staff reminding the Firm of its obligation to cooperate with the investigation.

## D. The Firm Failed to Timely File Form APs in Violation of PCAOB Rule 3211

5. PCAOB Rule 3211 provides that each registered public accounting firm must provide information about engagement partners and other accounting firms that participate in audits of issuers by filing a Form AP, *Auditor Reporting of Certain Audit Participants*, for each audit report issued by the firm for an issuer. Form APs must be filed by the 35<sup>th</sup> day after the date the audit report is first included in a document filed with the U.S. Securities and Exchange Commission ("SEC" or "Commission"),<sup>4</sup> subject to a shorter filing deadline that applies when the audit report is first included in a registration statement filed under the Securities Act of 1933, as amended.<sup>5</sup>

6. The Firm audited the financial statements of LNPR Group as of and for the year ended December 31, 2022. The Firm issued an audit report dated May 18, 2022, which was included in LNPR Group's Form 10-12G/A filed with the SEC on May 18, 2022. The Firm also issued an audit report dated March 31, 2023, which was included in LNPR Group's Form 10-K filed with the SEC on March 31, 2023.

7. The Firm failed to file the required Form APs for the above filings by the 35<sup>th</sup> day after the date the audit reports were first included with the filings made with the SEC.

8. The Firm belatedly filed the aforementioned Form APs on June 25, 2024, after receiving notice of the deficiencies from the Division.

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<sup>4</sup> See PCAOB Rule 3211(b)(1).

<sup>5</sup> In that instance, a firm is required to file the Form AP by the tenth day after the date the audit report is first included in a document filed with the Commission. See PCAOB Rule 3211(b)(2).

9. As a result of its failure to timely file the required Form APs, the Firm violated PCAOB Rule 3211.

## **E. The Firm Failed to Timely File Annual Reports in Violation of PCAOB Rule 2201**

10. Section 102(d) of the Act states that “[e]ach registered public accounting firm shall submit an annual report to the Board.” PCAOB Rule 2200, *Annual Report*, states that “[e]ach registered public accounting firm must file with the Board an annual report on Form 2.” PCAOB Rule 2201 requires that the annual report be filed “no later than June 30 of each year.”

11. The Firm failed to timely file the following annual reports: its annual report on Form 2 for reporting period 2021 by June 30, 2021, for reporting period 2022 by June 30, 2022, and for reporting period 2023 by June 30, 2023.

12. The Firm belatedly filed the aforementioned Form 2s on June 25, 2024, after receiving notice of the deficiencies from the Division.

13. As a result of its failure to timely file the required annual reports, the Firm violated PCAOB Rule 2201.

## **F. The Firm Failed to Cooperate with a Division Investigation**

14. The Board may conduct investigations pursuant to Section 105(b) of the Act and PCAOB rules into acts or practices that may violate any provision 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 obligations and liabilities of accountants with respect thereto, including the rules of the Commission issued under the Act, or professional standards.

15. The Act authorizes the Board to sanction a registered accounting firm or any associated person who “refuses to testify, produce documents, or otherwise cooperate with the Board in connection with an investigation.”<sup>6</sup> PCAOB rules similarly authorize sanctions for a registered accounting firm or any associated person who “has failed to comply with an accounting board demand. . . or has otherwise failed to cooperate in an investigation.”<sup>7</sup>

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<sup>6</sup> Section 105(b)(3)(A) of the Act, 15 U.S.C. § 7215(b)(3)(A).

<sup>7</sup> PCAOB Rule 5300(b), *Sanctions*; see also PCAOB Rule 5110(a)(1), (4), *Noncooperation with an Investigation*.

16. On July 30, 2021, during an informal inquiry the Division had opened concerning the Firm, Division staff emailed the Firm a letter informing it that the Division believed the Firm violated PCAOB Rule 3211 by failing to file a Form AP, and that the Firm should show good cause as to why the Division should not recommend that disciplinary action be taken against it for the failure.

17. On August 9, 2021, Division staff emailed the Firm and asked that the Firm confirm receipt of its prior email and letter. On August 16, 2021, the Firm replied that the email and letter had been received. On August 30, 2021, Division staff emailed the Firm and asked whether the Firm would be responding to the July 30, 2021 letter. On September 13, 2021, the Firm responded, "Due to the continuous adverse impact of the pandemic, we should be grateful if we could make a response by September 30, 2021." The Firm never emailed that response, despite follow-up emails from Division staff on September 30, 2021, and January 7, 2022.

18. On March 8, 2022, the Board issued an Order of Formal Investigation ("OFI") authorizing the Division to investigate, among other things, the Firm's possible violations of the Act, PCAOB rules, and PCAOB standards. On March 14, 2022, pursuant to the OFI, Division staff emailed an ABD to the Firm.<sup>8</sup> The staff's cover email explained that the ABD required the Firm to provide Division staff with certain information. It also noted that Division staff would consider "a failure to produce all responsive information by the due date or extended due date to be a failure to cooperate under Board Rule 5110," and that "the staff will take appropriate action under such circumstances."

19. On March 29, 2022, the Firm emailed Division staff a letter requesting an extension of time for the Firm to respond to the ABD, to April 15, 2022, stating that the Firm's operations had been "greatly interrupted" by "the recent lockdown of Shenzhen, China and the strict anti-epidemic measures imposed by the Government." The Division granted this request. On April 15, 2022, the Firm emailed Division staff requesting a second extension of time to April 25, 2022, noting that "the lockdown of [Shenzhen] is only partially released" and the Firm needed "a bit more time" to finalize its response. The Division granted this request but

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<sup>8</sup> The ABD required the Firm to provide certain information to the Division by March 28, 2022, and included the following language: "FAILURE TO COMPLY WITH THIS DEMAND MAY SUBJECT YOU TO SANCTIONS UNDER SECTION 105(b)(3) OF THE SARBANES-OXLEY ACT OF 2002, AS AMENDED, (15 U.S.C. § 7215(b)(3)(A)) AND PCAOB RULE 5300(b)." The ABD also enclosed PCAOB Form ENF-1, which explains the consequences of failing to comply with an ABD or otherwise cooperate with an investigation.

informed the Firm that the Division would be unable to accommodate any further extension requests.

20. On May 3, 2022, after receiving no response from the Firm by the extended deadline, Division staff emailed a letter to the Firm stating that the Firm had failed to respond to the ABD and must produce the requested information “immediately.” The May 3, 2022 letter reiterated the consequences of failing to comply with an ABD or otherwise cooperate with an investigation.<sup>9</sup> Division staff continued to reach out to the Firm to no avail.

21. To date, the Firm has not provided the information called for by the ABD, nor has it responded to the May 3, 2022 letter. Accordingly, the Firm has failed to cooperate with an investigation under PCAOB Rule 5110.

#### 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 Respondent’s Offer. Accordingly, it is hereby ORDERED that:

- A. Pursuant to Section 105(b)(3)(A)(iii) and (c)(4)(E) of the Act and PCAOB Rules 5300(a)(5) and 5300(b)(1), JTC Fair Song is hereby censured.
- B. Pursuant to Section 105(b)(3)(A)(ii) and (c)(4)(A) of the Act and PCAOB Rules 5300(a)(1) and 5300(b)(1), the registration of JTC Fair Song is hereby revoked.
- C. JTC Fair Song acknowledges that the determination to accept its Offer, without imposing a civil money penalty, is contingent upon the accuracy and completeness of the financial information the Firm provided to the Division. JTC Fair Song also acknowledges that, if at any time following this settlement, the Division obtains information indicating that any financial information provided by the Firm—including, but not limited to, any information concerning assets, income, liabilities, or net worth—was fraudulent, misleading, inaccurate, or incomplete in any material respect as of the time such information was

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<sup>9</sup> The May 3, 2022 letter stated as follows: “Division staff hereby reminds the Firm of the importance of cooperation with a formal investigation, as required by PCAOB Rule 5110, *Noncooperation with an Investigation*. Conduct constituting noncooperation includes, among other things, failing to comply with an Accounting Board Demand. Under Section 105(b)(3) of the Sarbanes-Oxley Act of 2002, as amended, if a registered public accounting firm refuses to cooperate, the Board may suspend or revoke the registration of the firm or invoke such lesser sanctions as the Board considers appropriate. PCAOB Rules 5110 and 5300(b) implement this authority.”

provided, then at any time following entry of this Order (1) the Board may institute a disciplinary proceeding for noncooperation with an investigation under PCAOB Rule 5110 and/or (2) the Division may petition the Board to (a) reopen this matter to consider whether JTC Fair Song provided accurate and complete financial information at the time such information was provided to the Division; and (b) seek an order directing payment of the maximum civil money penalty allowable under the law or any lesser amount determined to be appropriate. No other issue shall be considered in connection with this petition other than whether the financial information provided by the Firm was fraudulent, misleading, inaccurate, or incomplete in any material respect; and, if so, whether a civil money penalty should be ordered up to the maximum civil money penalty allowable under the law. JTC Fair Song may not, by way of defense to any such petition: (i) contest the findings in this Order; (ii) assert that payment of a civil money penalty should not be ordered; (iii) contend that the amount of the civil money penalty to be ordered should be less than \$50,000, which is specified herein as the amount the penalty would have been, based on its conduct and without consideration of the Firm's financial resources; or (iv) put forward any other contention or assert any defense to liability or remedy, including, but not limited to, any defense based on statute of limitations or any other time-related defense, other than to contend (a) that it did not provide financial information that was fraudulent, misleading, inaccurate, or incomplete in any material respect, or (b) that a civil money penalty should not be ordered in an amount higher than \$50,000. For any disciplinary proceeding for noncooperation with an investigation under PCAOB Rule 5110, JTC Fair Song consents for purposes of effectuating service to be served using the email account used by the Firm for communications with the Division during the investigation.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

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Phoebe W. Brown  
Secretary

November 8, 2024