

Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions

*In the Matter of Weinstein International CPA and
Idan Weinstein,*

Respondents.

PCAOB Release No. 105-2024-053

December 3, 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 Weinstein International CPA (the “Firm”), a registered public accounting firm, and Idan Weinstein (“Weinstein” and, together with the Firm, “Respondents”);
- (2) revoking the Firm’s registration;¹
- (3) requiring the Firm to undertake certain remedial measures prior to submitting any future registration application; and
- (4) barring Weinstein from being an associated person of a registered public accounting firm.²

The Board is imposing these sanctions on the basis that (1) Respondents violated PCAOB rules and standards in connection with the audits of three issuers; (2) the Firm violated PCAOB rules and quality control standards, and (3) Weinstein directly and substantially contributed to the Firm’s quality control violations.³

¹ The Firm may reapply for registration after three years from the date of this Order.

² Weinstein may file a petition for Board consent to associate with a registered public accounting firm after three years from the date of this Order.

³ The Board determined to accept Respondents’ offers of settlement, which do not require them to pay a civil money penalty, after considering their financial resources. Based on Respondents’ conduct,

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

II.

In anticipation of the institution of these proceedings, and pursuant to PCAOB Rule 5205, Respondents have each submitted an Offer of Settlement (together, 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, and without admitting or denying the findings herein, except as to the Board’s jurisdiction over Respondents and the subject matter of these proceedings, which is admitted, Respondents each consent to the entry of this Order as set forth below.⁴

III.

On the basis of Respondents’ Offers, the Board finds that:⁵

A. Respondents

1. **Weinstein International CPA** is a public accounting firm organized under the laws of Israel and headquartered in Tel Aviv, Israel. The Firm has been registered with the Board pursuant to Section 102 of the Act and PCAOB rules since September 23, 2019.

the Board would have imposed a civil money penalty of \$75,000 on them, jointly and severally, in this settlement, if it had not taken their financial resources into consideration.

⁴ The findings herein are made pursuant to Respondents’ Offers and are not binding on any other person or entity in this or any other proceeding.

⁵ 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.

2. **Idan Weinstein** was, at all relevant times, the owner of Weinstein International and 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. Issuers

3. **OBITX, Inc. (n/k/a Everything Blockchain, Inc.)**⁶ (“OBITX”), was, at all relevant times, a Delaware corporation headquartered in Fleming Island, Florida. According to its public filings, OBITX was engaged in digital cryptocurrency and blockchain development and consulting during the time period relevant to this Order. At all relevant times, OBITX was an “issuer” as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

4. **BOTS, Inc.** (“BOTS”) was, at all relevant times, a Puerto Rico corporation headquartered in San Juan, Puerto Rico. According to its public filings, BOTS was a seller of electronic cigarettes, vaporizers, and cannabis accessories during the time period relevant to this Order. At all relevant times, BOTS was an “issuer” as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

5. **Global Warming Solutions, Inc.** (“GWSO”) was, at all relevant times, an Oklahoma corporation headquartered in Temecula, California. According to its public filings, GWSO was engaged in the development of technologies to mitigate global warming and in the retail sale of CBD products during the time period relevant to this Order. At all relevant times, GWSO was an “issuer” as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

C. Summary

6. This matter concerns Respondents’ violations of PCAOB rules and standards in connection with three issuer audits.

7. During the audit of OBITX’s financial statements for the fiscal year ended January 31, 2021, Respondents failed to exercise due professional care, including professional skepticism, and failed to perform an appropriate evaluation of, and to obtain sufficient appropriate audit evidence with respect to, OBITX’s related party transactions.

8. During the audit of BOTS’s financial statements for the fiscal year ended April 30, 2020, Respondents failed to exercise due professional care, including professional skepticism,

⁶ The company changed its name from OBITX, Inc. to Everything Blockchain, Inc. effective May 23, 2021.

and failed to obtain sufficient appropriate audit evidence with respect to the existence and valuation of a material intangible asset.

9. During the audit of GWSO's financial statements for the fiscal year ended December 31, 2020, Respondents failed to exercise due professional care, including professional skepticism, and failed to obtain sufficient appropriate audit evidence with respect to the existence and valuation of intangible assets and rights to cash.

10. This matter also concerns the Firm's violations of PCAOB quality control standards. Specifically, the Firm failed to design, implement, and monitor adequate policies and procedures to provide reasonable assurance that Firm personnel would comply with applicable professional standards and would receive appropriate technical training. As the Firm's owner, Weinstein directly and substantially contributed to the Firm's quality control violations.

D. Respondents Violated PCAOB Rules and Standards

11. 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.⁷

12. PCAOB standards require the auditor to "plan and perform audit procedures to obtain sufficient appropriate audit evidence to provide a reasonable basis for his or her opinion."⁸ "The auditor should design and perform audit procedures in a manner that addresses the assessed risks of material misstatement for each relevant assertion of each significant account and disclosure."⁹ "The auditor should perform substantive procedures for each relevant assertion of each significant account and disclosure."¹⁰

13. PCAOB standards further provide that "[d]ue professional care is to be exercised in the planning and performance of the audit and the preparation of the report. . . . Due professional care requires the auditor to exercise *professional skepticism*."¹¹

⁷ PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*; PCAOB Rule 3200, *Auditing Standards*. All references to PCAOB rules and standards in this Order are to the versions of those rules and standards, and to their organization and numbering, in effect at the time of the relevant conduct.

⁸ AS 1105.04, *Audit Evidence*.

⁹ AS 2301.08, *The Auditor's Responses to the Risks of Material Misstatement*.

¹⁰ *Id.* at .36.

¹¹ AS 1015.01, .07, *Due Professional Care in the Performance of Work*.

i. Respondents Failed to Appropriately Evaluate Multiple Related Party Transactions During the OBITX Audit

14. On May 13, 2021, the Firm issued an audit report on OBITX’s financial statements for the fiscal year ended January 31, 2021. OBITX included the Firm’s audit report in a Form 10-K that it filed with the U.S. Securities and Exchange Commission (“Commission”) on May 17, 2021.

15. Weinstein served as engagement partner for the fiscal year 2021 OBITX audit. Weinstein and the Firm failed in several respects to perform adequate audit procedures over related party transactions.

16. AS 2410 requires the auditor to evaluate “whether the company has properly identified its related parties and relationships and transactions with related parties” and requires the auditor to perform procedures “to test the accuracy and completeness of the related parties and relationships and transactions with related parties identified by the company, taking into account the information gathered during the audit.”¹² Further, “[t]he auditor must evaluate whether related party transactions have been properly accounted for and disclosed in the financial statements.”¹³

17. “The auditor should perform procedures to obtain an understanding of the company’s relationships and transactions with its related parties,” which “includes obtaining an understanding of the nature of the relationships between the company and its related parties and of the terms and business purposes (or the lack thereof) of the transactions involving related parties.”¹⁴

18. The Firm’s work papers for the fiscal year 2021 OBITX audit contained a settlement agreement that OBITX and BOTS, a related party, purportedly entered into in April 2020. Pursuant to the settlement agreement, BOTS purportedly forgave a \$218,257 debt in exchange for OBITX returning certain proprietary software to BOTS. Then, in September 2020, OBITX purportedly transferred 27 million cryptocurrency tokens to BOTS in return for the cancellation of a \$218,257 debt—the same amount that BOTS had purportedly forgiven five months earlier. Respondents failed to perform any audit procedures to test whether the debt

¹² AS 2410.14, *Related Parties*.

¹³ *Id.* at .17.

¹⁴ *Id.* at .03 & note thereto; *see also id.* at .12 (the auditor should “[r]ead the underlying documentation and evaluate whether the terms and other information about the transaction are consistent with explanations from inquiries and other audit evidence about the business purpose (or the lack thereof) of the transaction”).

purportedly cancelled in the September 2020 related party transaction had already been forgiven pursuant to the April 2020 settlement agreement.

19. Also in April 2020, OBITX issued 150,000 shares of Series B preferred stock to another related party (“Individual A”) in exchange for 60 cryptocurrency automated teller machines (“ATMs”). OBITX’s outside valuation specialist valued the preferred stock that was issued at \$6.5 million. OBITX disclosed in its 2021 Form 10-K that it believed the ATMs it received in the transaction had no retail or book value. In accounting for its transfer of the \$6.5 million in stock to Individual A, OBITX recorded additional paid in capital for the full purported value of the stock of \$6.5 million. However, because OBITX believed the ATMs had no value, it recorded these assets at the stock’s total par value of \$15 and recorded an expense of \$6.5 million.

20. In the prior fiscal year (ended January 31, 2020), OBITX had transferred the very same cryptocurrency ATMs to BOTS in return for the cancellation of approximately \$408,000 of debt—a value that far exceeded the \$15 valuation OBITX recorded for the ATMs when it re-acquired them the following year.¹⁵ Yet Respondents failed to perform any procedures during the fiscal year 2021 OBITX audit to test the existence and valuation of the cryptocurrency ATMs that OBITX purportedly re-acquired in April 2020.

21. Moreover, as part of multiple related party transactions, OBITX received or transferred various cryptocurrencies during fiscal year 2021. For example, OBITX received approximately 2 million BIT tokens, 123 million BIT tokens, and 2 million PRES tokens from a related party (“Company A”) in April 2020, May 2020, and September 2020, respectively.

22. OBITX then transferred approximately 104 million BIT tokens to BOTS, Individual A, and other related parties in five transactions in September 2020. For four of the transactions, OBITX represented that the cryptocurrencies were transferred as payment for various services provided by these related parties. The fifth transfer purportedly was made to settle the \$218,257 debt OBITX owed to BOTS.¹⁶

23. As part of recording the transfers, OBITX recognized revenue for the purported fair value of the cryptocurrencies transferred. As a result, OBITX recognized a total of approximately \$866,000 in revenue related to these five cryptocurrency transfers, representing

¹⁵ BOTS subsequently purported to transfer the ATMs to Individual A (from whom OBITX purchased the ATMs), also as settlement of \$408,000 of debt. Respondents were aware of this transaction as they were also BOTS’ auditors for the fiscal periods during which the ATMs purportedly were transferred from OBITX to BOTS, from BOTS to Individual A, and from Individual A to OBITX.

¹⁶ See ¶ 18 above.

93% of its reported revenue for fiscal year 2021.¹⁷ Respondents failed to perform any evaluation of whether OBITX properly accounted for the cryptocurrency transactions under U.S. generally accepted accounting principles (“U.S. GAAP”) when it recognized revenue in connection with them.

24. In addition, Respondents failed to determine whether any of the above-referenced related party transactions had any business purpose, much less evaluate whether the terms of the transactions and other audit evidence were consistent with a business purpose.

25. Accordingly, Respondents violated AS 2410 by failing to appropriately evaluate the company’s related party transactions, AS 2301 and AS 1105 by failing to obtain sufficient appropriate audit evidence concerning the related party transactions, and AS 1015 by failing to exercise due professional care and professional skepticism in auditing the related party transactions.

ii. Respondents Failed to Appropriately Audit Intangible Assets During the BOTS Audit

26. On March 9, 2021, the Firm issued an audit report on BOTS’ financial statements for the fiscal year ended April 30, 2020. BOTS included the Firm’s audit report in a Form 10-K that it filed with the Commission on April 19, 2021.

27. Weinstein served as engagement partner for the fiscal year 2020 BOTS audit. Weinstein and the Firm failed to perform any audit procedures when confronted with inconsistent audit evidence concerning the intangible assets recorded in BOTS’ financial statements.

28. BOTS reported approximately \$400,000 in intangible assets in its fiscal year 2020 financial statements. A majority of BOTS’ intangible assets was attributed to a so-called “Cannabis License” with a recorded value of \$228,085, representing approximately 25% of BOTS’ total assets.

29. As support for the \$228,085 “Cannabis License,” Respondents obtained an unsigned agreement dated in 2018. On its face, the 2018 agreement purported to concern a

¹⁷ In its fiscal year 2022 Form 10-K, OBITX made certain “reclassifications” to its fiscal year 2021 financial statements and disclosed it “determined that the more appropriate place to record sales of cryptocurrency and the associated costs, and fair market value adjustments to cryptocurrency was other income and not revenue and cost of sales.”

purchase of vacant land in exchange for \$225,000; it made no reference to any cannabis license.

30. PCAOB standards provide that, “[i]f audit evidence obtained from one source is inconsistent with that obtained from another, or if the auditor has doubts about the reliability of information to be used as audit evidence, the auditor should perform the audit procedures necessary to resolve the matter and should determine the effect, if any, on other aspects of the audit.”¹⁸

31. Respondents failed to perform any procedures to address the contradiction between BOTS’ purported \$228,085 “Cannabis License” and the audit evidence Respondents obtained that referred to a land purchase, not a cannabis license. Nor did they perform any other procedures to test the existence or valuation of the “Cannabis License” intangible asset.

32. Accordingly, Respondents violated AS 2301, AS 1105, and AS 1015 by failing to exercise due professional care and professional skepticism, and by failing to obtain sufficient appropriate audit evidence to support the existence and valuation of the “Cannabis License” intangible asset.

iii. Respondents Failed to Appropriately Audit Intangible Assets and Cash During the GWSO Audit

33. On March 22, 2021, the Firm issued an audit report on GWSO’s financial statements for the year ended December 31, 2020. GWSO included the Firm’s audit report in a Form 10-12G/A that it filed with the Commission on April 7, 2021.

34. Weinstein served as engagement partner for the fiscal year 2020 GWSO audit. Weinstein and the Firm failed to perform adequate audit procedures over the intangible assets and cash recorded in GWSO’s financial statements.

35. First, GWSO reported intangible assets of \$63,889, representing 84% of total assets, as of December 31, 2020.

36. Respondents knew that GWSO purportedly had acquired certain of the intangible assets from related parties for \$100,000 in October 2019. However, Respondents failed to perform any procedures other than management inquiries to test the existence and valuation of GWSO’s intangible assets.¹⁹

¹⁸ AS 1105.29.

¹⁹ See AS 2805.02, *Management Representations* (“representations from management are part of the evidential matter the independent auditor obtains, but they are not a substitute for the application

37. Second, GWSO reported cash of \$12,450, representing 16% of total assets, as of December 31, 2020.

38. Respondents obtained a bank confirmation to test GWSO's cash balance. However, the confirmation listed a separate entity, not GWSO, as the account owner. Respondents failed to adequately address this contradictory audit evidence and failed to obtain sufficient appropriate audit evidence to support GWSO's purported rights to the cash in the bank account.

39. Accordingly, Respondents violated AS 1105 and AS 1015 by failing to obtain sufficient appropriate audit evidence of the existence and valuation of GWSO's intangible assets, or of the company's rights to the cash reported in its financial statements.

E. The Firm Violated PCAOB Rules and Quality Control Standards

40. PCAOB rules require registered public accounting firms to comply with the Board's quality control standards.²⁰ PCAOB quality control standards, in turn, require each registered firm to effectively design, implement, and maintain a system of quality control to provide reasonable assurance that its personnel comply with applicable professional standards.²¹

41. As part of this requirement, an accounting firm should establish quality control policies and procedures to provide the firm with reasonable assurance that the work performed by engagement personnel meets applicable professional standards, regulatory requirements, and the firm's standards of quality.²² The firm also should establish quality control policies and procedures to provide reasonable assurance that audit work is assigned to personnel who have an appropriate degree of technical training and proficiency.²³

42. As evidenced by the audit violations discussed above, the Firm's quality control policies and procedures did not provide reasonable assurance that relevant Firm personnel would comply with applicable professional standards.

of those auditing procedures necessary to afford a reasonable basis for an opinion regarding the financial statements under audit").

²⁰ See PCAOB Rule 3400T, *Interim Quality Control Standards*.

²¹ QC §§ 20.01-.03, *System of Quality Control for a CPA Firm's Accounting and Auditing Practice*.

²² *Id.* at .17.

²³ *Id.* at .13.

43. The Firm also lacked policies and procedures to provide reasonable assurance that personnel assigned to issuer audits would receive appropriate technical training related to U.S. GAAP, PCAOB standards, and Commission reporting requirements, rules, and regulations.

44. Accordingly, the Firm violated QC § 20.

45. PCAOB quality control standards further provide that policies and procedures for monitoring “should be established to provide the firm with reasonable assurance that the policies and procedures established by the firm for each of the other elements of quality control . . . are suitably designed and are being effectively applied,”²⁴ and that “its system of quality control is effective.”²⁵ A firm’s monitoring procedures may include inspection procedures.²⁶

46. At all relevant times, the Firm lacked any process to monitor its quality control system. For example, the Firm failed to perform any internal inspection procedures since it first registered with the PCAOB in 2019, and never performed other evaluations to assess whether the work performed by its engagement personnel on issuer audits met applicable professional standards, regulatory requirements, and the Firm’s standards of quality.

47. Because the Firm’s quality control system failed to provide reasonable assurance that the Firm was effectively monitoring its issuer auditing practice, the Firm also violated QC § 30.

F. Weinstein Directly and Substantially Contributed to the Firm’s Quality Control Violations

48. “A person associated with a registered public accounting firm shall not take or omit to take an action knowing, or recklessly not knowing, that the act or omission would directly and substantially contribute to a violation by that registered public accounting 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 obligations and liabilities of accountants with respect thereto, including the rules of the Commission issued under the Act, or professional standards.”²⁷

²⁴ *Id.* at .20.

²⁵ QC § 30.03, *Monitoring a CPA Firm’s Accounting and Auditing Practice*.

²⁶ *Id.*; see also *id.* at .04-.09, .11.

²⁷ PCAOB Rule 3502, *Responsibility Not to Knowingly or Recklessly Contribute to Violations*.

49. Weinstein directly and substantially contributed to the Firm's violations of PCAOB rules and quality control standards. As the Firm's owner and sole partner, Weinstein was responsible for developing and maintaining quality control policies and procedures applicable to the Firm's issuer auditing practice.

50. Weinstein knew or was reckless in not knowing that the Firm's system of quality control was inadequate. His failure to adequately address these deficiencies directly and substantially contributed to the Firm's violations of QC § 20 and QC § 30. As a result, Weinstein 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), the Firm and Weinstein are censured.
- B. Pursuant to Section 105(c)(4)(A) of the Act and PCAOB Rule 5300(a)(1), the registration of the Firm is revoked.
- C. Pursuant to PCAOB Rule 2101, after three years from the date of this Order, the Firm may reapply for registration.
- D. Pursuant to Section 105(c)(4)(G) of the Act and PCAOB Rule 5300(a)(9), the Firm is required:
 1. before filing with the Board any future registration application, to (a) establish policies and procedures, or revise and/or supplement existing policies and procedures, for the purpose of providing the Firm with reasonable assurance of compliance with applicable professional standards, regulatory requirements, and the Firm's standards of quality; (b) establish policies and procedures to provide reasonable assurance that the Firm will only assign audit work to personnel who have an appropriate degree of technical training and proficiency; and (c) establish monitoring procedures that determine corrective actions to be taken and improvements to be made in the Firm's quality control system.
 2. with any future application of the Firm for registration, to certify in writing to the Director of the Division of Enforcement and Investigations (the "Division"), Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington D.C.

20006, the Firm's compliance with paragraph IV.D.1 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 also submit such additional evidence of and information concerning compliance as the staff of the Division of Registration and Inspections may reasonably request.

- E. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), Weinstein 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).²⁸
- F. After three years from the date of this Order, Weinstein may file a petition, pursuant to PCAOB Rule 5302(b), for Board consent to associate with a registered public accounting firm.
- G. The Firm and Weinstein acknowledge that the determination to accept their Offers, without imposing a civil money penalty, is contingent upon the accuracy and completeness of the financial information they provided to the Division. The Firm and Weinstein also acknowledge that, if at any time following this settlement, the Division obtains information indicating that any financial information provided by the Firm and Weinstein—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 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 the Firm and Weinstein 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 and Weinstein 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

²⁸ As a consequence of the bar, the provisions of Section 105(c)(7)(B) of the Act will apply with respect to Weinstein. 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."

civil money penalty allowable under the law. The Firm and Weinstein 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 \$75,000, which is specified herein as the amount the penalty would have been, based on their conduct and without consideration of the Firm's and Weinstein'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 they 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 \$75,000.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

December 3, 2024