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Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions

In the Matter of James Pai CPA PLLC and Yu-Ching James Pai, CPA,

Respondents.

PCAOB Release No. 105-2025-019

March 25, 2025

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

(1) censuring James Pai CPA PLLC ("Firm") and Yu-Ching James Pai ("Pai") (collectively, "Respondents");

(2) revoking the Firm's registration;[1]

(3) barring Pai from being an associated person of a registered public accounting firm;[2]

(4) imposing a civil money penalty in the amount of $40,000, jointly and severally, on the Firm and Pai;

(5) requiring the Firm to undertake certain remedial actions concerning its system of quality control prior to submitting any future registration application and to provide evidence of such measures with any future registration application; and

(6) requiring Pai to complete 40 hours of continuing professional education ("CPE"), in addition to any CPE required in connection with any professional license, before filing any petition for Board consent to associate with a registered public accounting firm.

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

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

The Board is imposing these sanctions on the basis of its findings that: (a) Respondents violated PCAOB rules and standards in connection with performing two audits of the financial statements of one issuer client; (b) the Firm violated PCAOB standards by failing to obtain an engagement quality review ("EQR") in connection with those audits; (c) the Firm filed inaccurate PCAOB Form APs in connection with one of the audits; (d) the Firm violated PCAOB quality control standards; and (e) Pai directly and substantially contributed to the Firm's EQR, Form AP, and quality control violations.[3]

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 submitted Offers of Settlement (the "Offers") 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 Respondents and the subject matter of these proceedings, which is admitted, Respondents consent to the entry of this Order as set forth below.[4]

III.

On the basis of Respondents' Offers, the Board finds that:[5]

[3] 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 audits discussed herein.

[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 each 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 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.

A. Respondents

1. **James Pai CPA PLLC** is a public accounting firm headquartered in New York, New York. The Firm is, and at all relevant times was, registered with the PCAOB pursuant to Section 102 of the Act and PCAOB rules. The Firm is licensed to practice public accountancy by the state of New York (Company ID No. 059085).

2. **Yu-Ching James Pai, CPA** is the owner of the Firm and a certified public accountant licensed by the state of New York (license no. 086672). At all relevant times, Pai was the sole partner of the Firm and served as the engagement partner on all issuer audits it conducted, including those discussed in this Order. Pai is, and at all relevant times 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. Issuer

3. **SUIC Worldwide Holdings, Ltd.** ("SUIC" or the "Company") (f/k/a Sino United Worldwide Consolidated, Ltd.) was, at all relevant times, a Nevada corporation headquartered in New York, New York. SUIC's public filings disclose that it was engaged in the business of providing IT-related products and services. SUIC was, at all relevant times, an "issuer," as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii). The Firm audited SUIC's financial statements for the years ended December 31, 2021, and December 31, 2022 (the "2021 SUIC Audit" and "2022 SUIC Audit," respectively, and collectively, the "SUIC Audits").

C. Summary

4. This matter concerns Respondents' violations of PCAOB rules and standards in connection with the SUIC Audits. Specifically, in both SUIC Audits, Respondents failed to: (1) properly plan and perform risk assessments; (2) obtain sufficient appropriate audit evidence in testing revenue, accounts receivable, and related parties; (3) determine and communicate critical audit matters ("CAMs"); (4) make or document the audit committee communications required by PCAOB standards; and (5) comply with PCAOB audit documentation requirements. Additionally, Respondents failed to obtain written representations from SUIC's management for the 2021 SUIC Audit.

5. The Firm also violated PCAOB standards by failing to obtain EQRs for each of the SUIC Audits.

6. In addition, the Firm violated PCAOB Rule 3211 by failing to file accurate Form APs in connection with the 2022 SUIC Audit.

7. The Firm also violated PCAOB rules and PCAOB quality control standards because it failed to establish and implement a system of quality control to provide it with reasonable

assurance that the work performed by engagement personnel met applicable professional standards and regulatory requirements, specifically with respect to obtaining sufficient appropriate audit evidence in the performance of audits, obtaining EQRs, filing accurate Form APs, and preparing adequate audit documentation. In addition, the Firm failed to establish policies and procedures, including monitoring procedures, to provide it with reasonable assurance that its system of quality control was suitably designed and effectively applied.

8. Finally, Pai violated PCAOB Rule 3502 by knowingly or recklessly, and directly and substantially, contributing to the Firm's EQR, Form AP, and quality control violations.

D. Respondents Violated PCAOB Rules and Standards in Performing the SUIC Audits

9. 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.[6] An auditor may express an unqualified opinion on an issuer's financial statements only when the auditor has conducted an audit in accordance with PCAOB standards and "concludes that the financial statements, taken as a whole, are presented fairly, in all material respects, in conformity with the applicable financial reporting framework."[7] PCAOB standards require an auditor to exercise due professional care in the planning and performance of the audit and the preparation of the report, exercise professional skepticism, and plan and perform audit procedures to obtain sufficient appropriate audit evidence to provide a reasonable basis for the auditor's opinion.[8]

10. As described below, Respondents failed to comply with these and other PCAOB rules and standards in the SUIC Audits.

i. Respondents Failed to Properly Plan and Perform Risk Assessment for the SUIC Audits

11. PCAOB standards require the auditor to "properly plan the audit."[9] Proper planning includes "establishing the overall audit strategy for the engagement and developing an

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6 *See* PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*; PCAOB Rule 3200, *Auditing Standards*.

7 AS 3101.02, *The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion* (footnotes omitted).

8 *See* AS 1015.01, .07, *Due Professional Care in the Performance of Work*; AS 2301.07, *The Auditor's Responses to the Risks of Material Misstatement*; AS 1105.04, *Audit Evidence*.

9 AS 2101.04, *Audit Planning*.

audit plan, which includes, in particular, planned risk assessment procedures and planned responses to the risks of material misstatement."[10]

12. PCAOB standards also require the auditor to plan and perform audit procedures to detect misstatements that, individually or in combination with other misstatements, would result in a material misstatement of the financial statements.[11] "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]

13. PCAOB standards require that the auditor "identify and assess the risks of material misstatement at the financial statement level and the assertion level."[13] PCAOB standards also require the auditor to "presume that there is a fraud risk involving improper revenue recognition and evaluate which types of revenue, revenue transactions, or assertions may give rise to such risks."[14]

14. For the SUIC Audits, Respondents failed to establish an overall audit strategy for the engagements and develop an audit plan; failed to appropriately consider materiality in planning the 2021 SUIC Audit, including establishing a materiality level and determining a tolerable misstatement amount; and failed to perform any risk assessment procedures to identify and assess the risks of material misstatement. Respondents also failed to presume that there was a fraud risk involving improper revenue recognition during the SUIC Audits.

15. As a result, Respondents failed to perform the procedures necessary to properly plan and perform risk assessment for the SUIC Audits, in violation of AS 2101, AS 2105, and AS 2110.

ii. Respondents Failed to Obtain Sufficient Appropriate Audit Evidence in Testing Revenue, Accounts Receivable, and Related Parties in the SUIC Audits

16. PCAOB standards require the auditor to design and implement overall responses to address the assessed risks of material misstatement, and specify that 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.[15] "For

[10] *Id.* at .05.

[11] *See* AS 2105.03, *Consideration of Materiality in Planning and Performing an Audit*.

[12] *Id.* at .06.

[13] AS 2110.59, *Identifying and Assessing Risks of Material Misstatement*.

[14] *Id.* at .68.

[15] *See* AS 2301.05, .08.

significant risks, the auditor should perform substantive procedures, including tests of details, that are specifically responsive to the assessed risks."[16] "The auditor must evaluate whether the financial statements are presented fairly, in all material respects, in conformity with the applicable financial reporting framework."[17]

17. PCAOB standards further provide that when using information produced by the company as audit evidence, the auditor should evaluate whether the information is sufficient and appropriate for purposes of the audit by performing procedures to: (1) test the accuracy and completeness of the information, or test the controls over the accuracy and completeness of that information; and (2) evaluate whether the information is sufficiently precise and detailed for purposes of the audit.[18]

18. PCAOB standards require the auditor to design and implement audit responses that address the risks of material misstatement identified and assessed in accordance with AS 2110.[19] This includes applying substantive procedures to accounting estimates in significant accounts and disclosures.[20]

19. PCAOB standards require the auditor to "evaluate whether identified misstatements might be indicative of fraud and, in turn, how they affect the auditor's evaluation of materiality and the related audit responses."[21]

20. PCAOB standards also require the auditor to perform procedures to obtain an understanding of the company's relationships and transactions with its related parties that might reasonably be expected to affect the risks of material misstatement of the financial statements.[22]

21. PCAOB standards require the auditor to evaluate "whether the company has properly identified its related parties and relationships and transactions with related parties."[23] In addition, "[i]f the auditor identifies information that indicates that related parties or relationships or transactions with related parties previously undisclosed to the auditor might

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16 *Id.* at .11.

17 AS 2810.30, *Evaluating Audit Results* (footnote omitted).

18 *See* AS 1105.10.

19 *See* AS 2301.05.

20 *See* AS 2501.05, *Auditing Accounting Estimates, Including Fair Value Measurements.*

21 AS 2810.20 (footnote omitted).

22 *See* AS 2410.03, *Related Parties*.

23 AS 2410.14.

exist, the auditor should perform the procedures necessary to determine whether previously undisclosed relationships or transactions with related parties, in fact, exist."[24]

22. PCAOB standards also require the auditor to "evaluate whether related party transactions have been properly accounted for and disclosed in the financial statements. This includes evaluating whether the financial statements contain the information regarding relationships and transactions with related parties essential for a fair presentation in conformity with the applicable financial reporting framework."[25]

a. Revenue

23. SUIC disclosed that it derived its revenues by providing IT services to customers pursuant to sales contracts. As of and for the years ended December 31, 2021, and December 31, 2022, SUIC reported revenues of approximately $379,000 and $221,000, respectively.

24. In the 2021 SUIC Audit, Respondents failed to obtain sufficient appropriate audit evidence as to SUIC's reported revenue.[26] To test SUIC's revenue, Respondents obtained sales contracts and traced the revenue amounts to the Company's general ledger and to Company-generated invoices. However, Respondents failed to obtain any evidence that SUIC had actually performed the services described in the invoices, that the revenue amounts SUIC recorded were accurate, or that any such amounts were collectible.[27]

25. In addition, Respondents failed to adequately evaluate (1) the sales contracts under FASB Accounting Standard Codification ("ASC") 606, *Revenue from Contracts with Customers*, which became effective for SUIC on January 1, 2018, including whether SUIC identified all separate performance obligations in the contracts, and determined and allocated the transaction price to the performance obligations; and (2) SUIC's financial statement disclosures, which stated that SUIC was reporting revenue in accordance with ASC 605, *Revenue Recognition*, which ASC 606 superseded.

26. In the 2022 SUIC Audit, Respondents also failed to obtain sufficient appropriate audit evidence for the revenue SUIC recognized under the sales contracts, again failing to obtain sufficient evidence that SUIC had met its performance obligations under the contracts. Although Respondents obtained an acknowledgement from a related party of SUIC that the Company had performed services, that acknowledgement was dated April 1, 2022,

[24] *Id.* at .15 (footnote omitted).

[25] *Id.* at .17 (footnote omitted).

[26] *See* AS 1105.04.

[27] *See* AS 2301.08.

approximately nine months before year-end, and addressed only a specific portion of services for which SUIC had recorded revenue.

27. Accordingly, in both of the SUIC Audits, Respondents violated AS 1105, AS 2301, and AS 2810 in evaluating the revenue SUIC reported. Respondents also violated AS 1015 by failing to exercise due professional care, including professional skepticism.

b. Accounts Receivable

28. In the SUIC Audits, Respondents also failed to obtain sufficient appropriate audit evidence concerning the valuation of SUIC's reported accounts receivable, including by failing to apply substantive procedures to appropriately evaluate SUIC's decision not to record any allowance for doubtful accounts, despite accounts receivable going unpaid for an extended period.[28]

29. In its December 31, 2021 financial statements, SUIC reported accounts receivable of approximately $339,000, with receivables greater than 90 days past due representing 28% and 16% of the Company's total accounts receivable and total assets, respectively. As of December 31, 2021, SUIC did not record any allowance for doubtful accounts.

30. To test accounts receivable in the 2021 SUIC Audit, Respondents obtained an accounts receivable aging schedule from SUIC, but they failed to test either the completeness and accuracy of the amounts within each aging category or SUIC's controls over the accuracy and completeness of the amounts within each aging category.[29] In addition, Respondents failed to appropriately test SUIC's assertion that an allowance for doubtful accounts was not necessary, despite the significant portion of receivables that were greater than 90 days past due.[30]

31. As of December 31, 2022, SUIC reported accounts receivable of $362,525, approximately 79% ($288,000) of which were more than 90 days past due. Again, SUIC recorded no allowance for doubtful accounts.

32. In the 2022 SUIC Audit, Respondents again obtained SUIC's accounts receivable aging schedule and identified a $55,000 account that was greater than 90 days past due as of December 31, 2022. Respondents understood that this account had become uncollectible due to the impacts of COVID-19 and proposed an audit adjustment for the account, which the

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28 *See* AS 1105.04; AS 2301.05; AS 2501.05.

29 *See* AS 1105.10.

30 *See* AS 2301.05; AS 2501.05.

Company recorded. However, Respondents failed to test the collectability of any other long past due accounts receivables or appropriately evaluate SUIC's decision not to record any allowance for doubtful accounts.

33. Moreover, although the $55,000 audit adjustment proposed by Respondents was over eight times Respondents' materiality threshold and related to an entity in which SUIC held a 10% investment, Respondents failed to evaluate whether the misstatement might have been indicative of fraud and, in turn, how it affected Respondents' evaluation of materiality and the related audit response.[31]

34. Accordingly, in both of the SUIC Audits, Respondents also violated AS 1105, AS 2501, and AS 2810 in evaluating SUIC's reported accounts receivable.

c. Related Parties

35. During 2021 and 2022, SUIC attributed 100% of its revenue to agreements with two parties, Entity A and Entity B. Specifically, in 2021, SUIC recorded 55% of its revenue from Entity A and 45% from Entity B, and in 2022, SUIC recorded 100% of its revenue from Entity A. In addition, as of December 31, 2021, and December 31, 2022, SUIC reported a convertible promissory notes balance of $287,000 and disclosed that the holder of all the notes was Shoou Chyn Kan ("Kan"). In the Notes to its 2021 financial statements, SUIC disclosed that it had entered into no related party transactions and had no related party balances. In the Notes to its 2022 financial statements, SUIC disclosed Kan's convertible notes as related party transactions.

36. Despite obtaining evidence during the SUIC Audits that Entity A, Entity B, and Kan were, or may have been, related parties, Respondents failed to appropriately evaluate SUIC's identification of, accounting for, and disclosure of its relationships and transactions with Entity A, Entity B, and Kan.

37. First, during the SUIC Audits, Respondents failed to appropriately evaluate whether SUIC should have disclosed and accounted for its sales agreements with Entity A as related party transactions in its 2021 or 2022 financial statements. Respondents failed to do so, despite obtaining a document from SUIC during the 2021 SUIC Audit that listed Entity A as a related party due to Entity A's relationship with a SUIC shareholder.

38. Second, during the 2021 SUIC Audit, Respondents also failed to perform the procedures necessary to determine whether SUIC should have disclosed and accounted for its sales agreements with Entity B as related party transactions in its 2021 financial statements. That failure occurred even though Respondents were aware that SUIC had entered into a joint

31 *See* AS 2810.20.

venture agreement with Entity B to create a company known as SUIC Beneway USA (formerly SUIC QQ Pay USA).

39. Finally, Respondents also failed to appropriately evaluate whether SUIC should have disclosed and accounted for Kan's convertible notes as related party transactions in its 2021 financial statements. They failed to do so despite Respondents' 2021 work papers containing statements indicating that (a) Kan signed checks and made payments on behalf of SUIC; and (b) Kan was an authorized representative of SUIC in connection with a loan agreement between SUIC and a financial institution.

40. As a result, during the SUIC Audits, Respondents violated AS 1105, AS 2410, and AS 2810 by failing to obtain sufficient appropriate audit evidence to determine whether SUIC had properly identified, accounted for, and disclosed in its financial statements related parties and relationships and transactions with related parties.

iii. Respondents Failed to Determine and Communicate CAMs during the SUIC Audits

41. PCAOB standards establish "requirements regarding the content of the auditor's written report when the auditor expresses an unqualified opinion on the financial statements."[32] Among other things, "[t]he auditor must determine whether there are any critical audit matters in the audit of the current period's financial statements."[33] PCAOB standards require the auditor to "communicate in the auditor's report [CAMs] relating to the audit of the current period's financial statements or state that the auditor determined that there are no [CAMs]."[34]

42. A CAM is "any matter arising from the audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved especially challenging, subjective, or complex auditor judgment."[35] PCAOB standards identify factors the auditor should consider in its evaluation of whether a matter is a CAM.[36]

43. During the SUIC Audits, Respondents failed to perform any evaluation of whether there were CAMs. In the SUIC 2021 Audit, the Firm's audit report failed to refer to CAMs at all. In the 2022 SUIC Audit, the Firm's audit report stated that the Firm "determined

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[32] AS 3101.01.

[33] *Id.* at .11.

[34] *Id.* at .13 (footnote omitted).

[35] *Id.* at .11.

[36] *Id*. at .12.

that there are no [CAMs].” In fact, however, Respondents never performed the evaluation necessary to make that determination.

44. As a result, Respondents violated AS 3101.

iv. Respondents Failed to Make or Document the Audit Committee Communications Required by PCAOB Standards During the SUIC Audits

45. PCAOB standards require the auditor to communicate certain matters related to the conduct of an audit to the issuer’s audit committee.[37] These matters include the overall audit strategy; the significant risks identified during the auditor’s risk assessment procedures; significant and critical accounting policies and practices; critical accounting estimates; and the results of the auditor’s evaluation of whether the presentation of the financial statements and the related disclosures are in conformity with the applicable financial reporting framework.[38]

46. PCAOB rules also require that a registered public accounting firm, at least annually for each audit client, describe in writing to the audit committee of an audit client relationships between the firm and the client that may reasonably be thought to bear on independence.[39]

47. In connection with the SUIC Audits, Respondents failed to make required communications to SUIC’s audit committee related to: (1) the significant risks identified during the engagement team’s risk assessment procedures; (2) significant accounting policies and practices; (3) critical accounting policies and practices; (4) critical accounting estimates; and (5) the results of the Firm’s evaluation of whether the presentation of the financial statements and the related disclosures were in conformity with the applicable financial reporting framework.[40]

48. In addition, the Firm failed to make any communication in writing to the SUIC audit committee about the relationship between the Firm and SUIC that may reasonably be thought to bear on independence.[41]

49. Accordingly, Respondents violated AS 1301, and the Firm violated PCAOB Rule 3526.

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[37] *See* AS 1301.01, *Communications with Audit Committees*.

[38] *See id*. at .09, .12-.13.

[39] *See* PCAOB Rule 3526, *Communication with Audit Committees Concerning Independence*.

[40] *See* AS 1301.09, .12-.13.

[41] *See* PCAOB Rule 3526.

v. Respondents Failed to Comply with PCAOB Audit Documentation Requirements in the SUIC Audits

50. PCAOB standards require that the auditor "prepare audit documentation in connection with each engagement conducted pursuant to the standards of the PCAOB."[42] PCAOB standards further provide that "[a] complete and final set of audit documentation should be assembled for retention as of a date not more than 45 days after the report release date (*documentation completion date*)."[43] In addition, although "[c]ircumstances may require additions to audit documentation after the report release date[,]" any documentation added "must indicate the date the information was added, the name of the person who prepared the additional documentation, and the reason for adding it."[44]

51. In connection with each of the SUIC Audits, Respondents failed to assemble a complete and final set of audit documentation by the documentation completion dates. The majority of work papers were modified between approximately three months and nine months after the documentation completion dates for the 2021 SUIC Audit and 2022 SUIC Audit. Respondents failed to indicate the date the information was added to the work papers, the name of the individual(s) who prepared the additional documentation, and the reason for adding it.

52. As a result, Respondents violated AS 1215.

vi. Respondents Failed to Obtain Written Representations from SUIC's Management for the 2021 SUIC Audit

53. PCAOB standards provide that the auditor should obtain written representations from management "for all financial statements and periods covered by the auditor's report."[45]

54. For the 2021 SUIC Audit, Respondents failed to obtain written representations from SUIC's management.

55. As a result, Respondents violated AS 2805.

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[42] AS 1215.04, *Audit Documentation*.

[43] *Id*. at .15.

[44] *Id.* at .16.

[45] *See* AS 2805.05, *Management Representations*.

E. The Firm Violated PCAOB Standards Relating to EQRs

56. PCAOB standards require that an EQR be performed on all audit engagements.[46] A firm may grant permission to a client to use the audit report only after an engagement quality reviewer provides concurring approval of the issuance of the report.[47]

57. The Firm failed to obtain EQRs for either of the SUIC Audits, in violation of AS 1220.

F. The Firm Violated PCAOB Rule 3211 by Failing to File Accurate Form APs

58. PCAOB Rule 3211, *Auditor Reporting of Certain Audit Participants*, requires every registered public accounting firm to file a Form AP for each audit report it issues for an issuer, and to include the identity of the engagement partner and certain information about the issuer and other accounting firms that participated in the audit.

59. A Form AP must be filed by the 35th day after the date a firm's audit report is first included in a document filed with the U.S. Securities and Exchange Commission ("Commission") or, in the case of a registration statement under the Securities Act of 1933, by the tenth day after the date the audit report is first included in a document filed with the Commission.[48]

60. For the 2022 SUIC Audit, the Firm initially filed a Form AP two weeks *before* it issued its audit report. In that Form AP and in an amended Form AP the Firm filed *after* it issued its audit report, the Firm listed another accounting firm ("Firm A") as a participant in the 2022 SUIC Audit. However, in fact, Firm A did not participate in the 2022 SUIC Audit. Thus, the Firm provided incorrect information about Firm A's participation in both of the Form APs it filed. The Firm never corrected the Form APs. The Firm filed those inaccurate Form APs after the Board already had sanctioned it for failing to comply with Form AP reporting requirements in each of its four prior audits of SUIC.[49]

61. As a result, the Firm violated PCAOB Rule 3211 in connection with the 2022 SUIC Audit.

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46 *See* AS 1220.01, *Engagement Quality Review*.

47 *See id*. at .13.

48 *See* PCAOB Rule 3211(b).

49 *See James Pai CPA PLLC*, PCAOB Rel. No. 105-2022-021 (Oct. 4, 2022).

G. The Firm Violated PCAOB Rules and Quality Control Standards

62. PCAOB rules require a registered public accounting firm and its associated persons to comply with PCAOB quality control standards.[50] These standards require that a registered public accounting firm have a system of quality control for its accounting and auditing practice.[51] "A firm's system of quality control encompasses the firm's organizational structure and the policies adopted and procedures established to provide the firm with reasonable assurance of complying with professional standards."[52]

63. As described below, the Firm failed to establish policies and procedures sufficient to provide reasonable assurance that its personnel complied with applicable professional standards and regulatory requirements.

i. The Firm's System of Quality Control Failed to Provide Reasonable Assurance with Respect to Engagement Performance

64. A firm's system of quality control should include 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."[53] To the extent appropriate and as required by applicable professional standards, these policies and procedures should cover planning, performing, and documenting the results of each engagement, and should address EQRs.[54] During the period covered by the SUIC Audits, the Firm's quality control policies and procedures related to engagement performance were deficient in multiple respects.

65. As illustrated by Respondents' multiple violations in connection with the SUIC Audits, the Firm failed to establish and implement sufficient policies and procedures to provide reasonable assurance that (a) it would plan and perform audits consistent with PCAOB standards; (b) it would comply with AS 1215's requirements regarding the assembly and retention of audit documentation; (c) EQRs would be performed on all of its audits in accordance with PCAOB standards; and (d) it would comply with PCAOB requirements for the filing of Form APs.

66. As a result, the Firm violated QC § 20.

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50 *See* PCAOB Rule 3100; PCAOB Rule 3400T, *Interim Quality Control Standards*.

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

52 *Id.* at .04.

53 *Id.* at .17.

54 *See id.* at .18.

ii. The Firm's System of Quality Control Failed to Provide Reasonable Assurance with Respect to Monitoring

67. PCAOB quality control standards require that a firm's system of quality control contain a monitoring component.[55] Through monitoring, a firm should establish policies and procedures to provide reasonable assurance that the firm's policies and procedures "are suitably designed and are being effectively applied," and that "its system of quality control is effective."[56]

68. During the period covered by this Order, the Firm failed to perform any internal inspection procedures or any other monitoring procedures to assess the effectiveness of its system of quality control.

69. As a result, the Firm violated QC § 20 and QC § 30.

H. Pai Directly and Substantially Contributed to the Firm's Violations

70. "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."[57]

71. Pai is, and at all relevant times was, the Firm's sole owner and partner, served as the engagement partner for the SUIC Audits, and was the individual in charge of the Firm's system of quality control. Accordingly, Pai was responsible for ensuring that the Firm complied with PCAOB rules and standards. He was also responsible for developing and maintaining quality control policies and procedures applicable to the Firm's auditing practice. As evidenced by the numerous audit and quality control violations described above, Pai repeatedly failed to carry out those responsibilities.

72. Pai knew, or was reckless in not knowing, that his acts and omissions would directly and substantially contribute to the Firm's EQR, Form AP, and quality control violations described above. As a result, Pai violated PCAOB Rule 3502.

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[55] *See* QC § 30.02, *Monitoring a CPA Firm's Accounting and Auditing Practice*; QC § 20.20.

[56] QC §§ 30.02-.03; QC § 20.20.

[57] PCAOB Rule 3502, *Responsibility Not to Knowingly or Recklessly Contribute to Violations*.

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 Pai are hereby censured.

B. Pursuant to Section 105(c)(4)(A) of the Act and PCAOB Rule 5300(a)(1), the Firm's registration is revoked.

C. After three years from the date of this Order, the Firm may reapply for registration by filing an application for registration pursuant to PCAOB Rule 2101.

D. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), Pai 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).[58]

E. After three years from the date of this Order, Pai may file a petition for Board consent to associate with a registered public accounting firm pursuant to PCAOB Rule 5302(b).

F. Pursuant to Section 105(c)(4)(D) of the Act and PCAOB Rule 5300(a)(4), a civil money penalty in the amount of $40,000 is imposed, jointly and severally, on the Firm and Pai.

   1. All funds collected by the PCAOB as a result of the assessment of this civil money penalty will be used in accordance with Section 109(c)(2) of the Act.

   2. Respondents shall pay the civil money penalty within ten days of the issuance of this Order by (a) wire transfer in accordance with instructions

[58] As a consequence of the bar, the provisions of Section 105(c)(7)(B) of the Act will apply with respect to Pai. 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."

furnished by PCAOB staff; or (b) United States Postal Service money order, bank money order, certified check, or bank cashier's check (i) made payable to the Public Company Accounting Oversight Board, (ii) delivered to the Office of Finance, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington D.C. 20006, and (iii) submitted under a cover letter, which identifies the Firm and Pai as respondents 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 Office of the Secretary, Attention: Phoebe W. Brown, Secretary, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington, D.C. 20006.

3. If timely payment is not made, interest shall accrue at the federal debt collection rate set for the current quarter pursuant to 31 U.S.C. § 3717. Payments shall be applied first to post-Order interest.

4. By consenting to this Order, the Firm acknowledges that a failure to pay the civil money penalty described above may alone be grounds to deny any reapplication for registration pursuant to PCAOB Rule 2101.

5. By consenting to this Order, Pai acknowledges that a failure to pay the civil money penalty described above may alone be grounds to deny any petition to terminate a bar pursuant to PCAOB Rule 5302(b).

G. 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 establish, revise, or supplement, as necessary, policies and procedures to provide the Firm with reasonable assurance that: (a) Firm personnel will comply with PCAOB standards when conducting issuer audits; (b) Firm personnel will obtain, and adequately document, EQRs for all issuer audits in accordance with applicable professional standards; (c) the Firm will properly assemble for retention complete and final sets of audit documentation in accordance with professional standards; and (d) the Firm will comply with PCAOB reporting requirements on a timely basis, including with respect to Form AP.

2. To provide with any future registration application a written certification, signed by the individual ultimately responsible for the Firm's system of quality control, to the Director of the PCAOB's Division

of Enforcement and Investigations, stating that the Firm has complied with paragraph IV.G.1 above. The certification shall identify the actions undertaken to satisfy the conditions specified above, 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 Enforcement and Investigations or the staff of the Division of Registration and Inspections may reasonably request.

H. Pursuant to Section 105(c)(4)(F) of the Act and PCAOB Rule 5300(a)(6), Pai is required to complete, prior to filing any petition to terminate his bar and for Board consent to associate with a registered public accounting firm, 40 hours of continuing professional education and training relating to PCAOB auditing standards (such hours shall be in addition to, and shall not be counted in, the continuing professional education he is required to obtain in connection with any professional license).

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

March 25, 2025