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Public Company Accounting Oversight Board

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Report on

2012 Inspection of Berman & Company, P.A.
(Headquartered in Boca Raton, Florida)

Issued by the

Public Company Accounting Oversight Board

January 31, 2013

THIS IS A PUBLIC VERSION OF A PCAOB INSPECTION REPORT

PORTIONS OF THE COMPLETE REPORT ARE OMITTED FROM THIS DOCUMENT IN ORDER TO COMPLY WITH SECTIONS 104(g)(2) AND 105(b)(5)(A) OF THE SARBANES-OXLEY ACT OF 2002

PCAOB RELEASE NO. 104-2013-055

Public Company Accounting Oversight Board

Notes Concerning this Report

1. Portions of this report may describe deficiencies or potential deficiencies in the systems, policies, procedures, practices, or conduct of the firm that is the subject of this report. The express inclusion of certain deficiencies and potential deficiencies, however, should not be construed to support any negative inference that any other aspect of the firm's systems, policies, procedures, practices, or conduct is approved or condoned by the Board or judged by the Board to comply with laws, rules, and professional standards.

2. Any references in this report to violations or potential violations of law, rules, or professional standards should be understood in the supervisory context in which this report was prepared. Any such references are not a result of an adversarial adjudicative process and do not constitute conclusive findings of fact or of violations for purposes of imposing legal liability. Similarly, any description herein of a firm's cooperation in addressing issues constructively should not be construed, and is not construed by the Board, as an admission, for purposes of potential legal liability, of any violation.

3. Board inspections encompass, among other things, whether the firm has failed to identify financial statement misstatements, including failures to comply with Securities and Exchange Commission ("SEC" or "Commission") disclosure requirements, in its audits of financial statements. This report's descriptions of any such auditing failures necessarily involve descriptions of the apparent misstatements or disclosure departures. The Board, however, has no authority to prescribe the form or content of an issuer's financial statements. That authority, and the authority to make binding determinations concerning whether an issuer's financial statements are misstated or fail to comply with Commission disclosure requirements, rests with the Commission. Any description, in this report, of financial statement misstatements or failures to comply with Commission disclosure requirements should not be understood as an indication that the Commission has considered or made any determination regarding these issues unless otherwise expressly stated.

2012 INSPECTION OF BERMAN & COMPANY, P.A.

In 2012, the Public Company Accounting Oversight Board ("PCAOB" or "the Board") conducted an inspection of the registered public accounting firm Berman & Company, P.A. ("the Firm"). The Board is issuing this report of that inspection in accordance with the requirements of the Sarbanes-Oxley Act of 2002 ("the Act").

The Board is making portions of the report publicly available. Specifically, the Board is releasing to the public Part I of the report and portions of Part IV of the report. Part IV of the report consists of the Firm's comments, if any, on a draft of the report.[1/]

The Board has elsewhere described in detail its approach to making inspection-related information publicly available consistent with legal restrictions.[2/] A substantial portion of the Board's criticisms of a firm (specifically criticisms of the firm's quality control system), and the Board's dialogue with the firm about those criticisms, occurs out of public view, unless the firm fails to make progress to the Board's satisfaction in addressing those criticisms. In addition, the Board generally does not disclose otherwise nonpublic information, learned through inspections, about the firm or its clients. Accordingly, information in those categories generally does not appear in the publicly available portion of an inspection report.

1/ The Board does not make public any of a firm's comments that address a nonpublic portion of the report unless a firm specifically requests otherwise. In addition, pursuant to section 104(f) of the Act, 15 U.S.C. § 7214(f), and PCAOB Rule 4007(b), if a firm requests, and the Board grants, confidential treatment for any of the firm's comments on a draft report, the Board does not include those comments in the final report at all. The Board routinely grants confidential treatment, if requested, for any portion of a firm's response that addresses any point in the draft that the Board omits from, or any inaccurate statement in the draft that the Board corrects in, the final report.

2/ See Statement Concerning the Issuance of Inspection Reports, PCAOB Release No. 104-2004-001 (August 26, 2004).

PART I

INSPECTION PROCEDURES AND CERTAIN OBSERVATIONS

Members of the Board's inspection staff ("the inspection team") conducted primary procedures for the inspection from April 16, 2012 to April 19, 2012. These procedures were tailored to the nature of the Firm, certain aspects of which the inspection team understood at the outset of the inspection to be as follows:

Number of offices	1 (Boca Raton, Florida)
Ownership structure	Corporation
Number of partners	1
Number of professional staff[3/]	5
Number of issuer audit clients[4/]	32

[3/] "Professional staff" includes all personnel of the Firm, except partners or shareholders and administrative support personnel. The number of partners and professional staff is provided here as an indication of the size of the Firm, and does not necessarily represent the number of the Firm's professionals who participate in audits of issuers or are "associated persons" (as defined in the Act) of the Firm.

[4/] The number of issuer audit clients shown here is based on the Firm's self-reporting and the inspection team's review of certain information for inspection planning purposes. It does not reflect any Board determination concerning which, or how many, of the Firm's audit clients are "issuers" as defined in the Act. In some circumstances, a Board inspection may include a review of a firm's audit of financial statements and internal control over financial reporting ("ICFR") of an issuer that ceased to be an audit client before the inspection, and any such former clients are not included in the number shown here.

Board inspections are designed to identify and address weaknesses and deficiencies related to how a firm conducts audits.[5/] To achieve that goal, Board inspections include reviews of certain aspects of selected audits performed by the firm and reviews of other matters related to the firm's quality control system.

In the course of reviewing aspects of selected audits, an inspection may identify ways in which a particular audit is deficient, including failures by the firm to identify, or to address appropriately, respects in which an issuer's financial statements do not present fairly the financial position, results of operations, or cash flows of the issuer in conformity with Generally Accepted Accounting Principles ("GAAP").[6/] It is not the purpose of an inspection, however, to review all of a firm's audits or to identify every respect in which a reviewed audit is deficient. Accordingly, a Board inspection report should not be understood to provide any assurance that the firm's audits, or its issuer clients' financial statements or reporting on internal control, are free of any deficiencies not specifically described in an inspection report.

In addition, inclusion of a deficiency in an inspection report does not mean that the deficiency remained unaddressed after the inspection team brought it to the firm's attention. Under PCAOB standards, when audit deficiencies are discovered after the date of the audit report, a firm must take appropriate action to assess the importance of the deficiencies to the firm's present ability to support its previously expressed audit opinions.[7/] Depending upon the circumstances, compliance with these standards may

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[5/] This focus on weaknesses and deficiencies necessarily carries through to reports on inspections and, accordingly, Board inspection reports are not intended to serve as balanced report cards or overall rating tools.

[6/] When it comes to the Board's attention that an issuer's financial statements appear not to present fairly, in a material respect, the financial position, results of operations, or cash flows of the issuer in conformity with GAAP, the Board's practice is to report that information to the SEC, which has jurisdiction to determine proper accounting in issuers' financial statements.

[7/] See AU 390, *Consideration of Omitted Procedures After the Report Date,* and AU 561, *Subsequent Discovery of Facts Existing at the Date of the Auditor's Report* (both included among the PCAOB's interim auditing standards, pursuant to PCAOB Rule 3200T), and PCAOB Auditing Standard No. 5, *An Audit of Internal Control Over* require the firm to perform additional audit procedures, or to inform a client of the need for changes to its financial statements or reporting on internal control, or to take steps to prevent reliance on previously expressed audit opinions. A Board inspection does not typically include review of a firm's actions to address deficiencies identified in that inspection, but the Board expects that firms are attempting to take appropriate action, and firms frequently represent that they have taken, are taking, or will take, action. If, through subsequent inspections or other processes, the Board determines that the firm failed to take appropriate action, that failure may be grounds for a Board disciplinary sanction.

A. Review of Audit Engagements

The inspection procedures included a review of aspects of the Firm's auditing of financial statements of three issuers. The scope of this review was determined according to the Board's criteria, and the Firm was not allowed an opportunity to limit or influence the scope.

The inspection team identified what it considered to be audit deficiencies. Those deficiencies included a failure by the Firm to identify or appropriately address an error in the issuer's application of GAAP that appeared likely to be material to the issuer's financial statements. In addition the deficiencies included failures by the Firm to perform, or to perform sufficiently, certain necessary audit procedures.

In some cases, an inspection team's observation that a firm failed to perform a procedure may be based on the absence of documentation and the absence of persuasive other evidence, even if a firm claims to have performed the procedure. PCAOB Auditing Standard No. 3, *Audit Documentation* ("AS No. 3"), provides that, in various circumstances including PCAOB inspections, a firm that has not adequately documented that it performed a procedure, obtained evidence, or reached an appropriate conclusion must demonstrate with persuasive other evidence that it did so, and that oral assertions and explanations alone do not constitute persuasive other evidence. See AS No. 3, paragraph 9 and Appendix A to AS No. 3, paragraph A28. For purposes of the inspection, an observation that the Firm did not perform a

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Financial Reporting That Is Integrated with An Audit of Financial Statements ("AS No. 5"), ¶ 98.

procedure, obtain evidence, or reach an appropriate conclusion may be based on the absence of such documentation and the absence of persuasive other evidence.

The deficiencies identified in one of the audits reviewed included a deficiency of such significance that it appeared to the inspection team that the Firm, at the time it issued its audit report, had not obtained sufficient appropriate audit evidence to support its opinion on the issuer's financial statements. That deficiency was –

> the Firm's failure to identify, or to address appropriately, a departure from GAAP that related to a potentially material misstatement in the audited financial statements concerning the presentation of revenue.

The deficiency described above related to auditing an aspect of an issuer's financial statements that the issuer revised in a restatement subsequent to the primary inspection procedures.[8/]

B. Review of Quality Control System

In addition to evaluating the quality of the audit work performed on specific audits, the inspection included review of certain of the Firm's practices, policies, and procedures related to audit quality. This review addressed practices, policies, and procedures concerning audit performance, training, compliance with independence standards, client acceptance and retention, and the establishment of policies and procedures. Any defects in, or criticisms of, the Firm's quality control system are discussed in the nonpublic portion of this report and will remain nonpublic unless the Firm fails to address them to the Board's satisfaction within 12 months of the date of this report.

END OF PART I

[8/] The Board inspection process did not include review of any additional audit work related to the restatement.

PARTS II AND III OF THIS REPORT ARE NONPUBLIC
AND ARE OMITTED FROM THIS PUBLIC DOCUMENT

PART IV

RESPONSE OF THE FIRM TO DRAFT INSPECTION REPORT

Pursuant to section 104(f) of the Act, 15 U.S.C. § 7214(f), and PCAOB Rule 4007(a), the Firm provided a written response to a draft of this report. Pursuant to section 104(f) of the Act and PCAOB Rule 4007(b), the Firm's response, minus any portion granted confidential treatment, is attached hereto and made part of this final inspection report.[9/]

[9/] In any version of an inspection report that the Board makes publicly available, any portions of a firm's response that address nonpublic portions of the report are omitted. In some cases, the result may be that none of a firm's response is made publicly available.

BERMAN & COMPANY, P.A.

Certified Public Accountants and Consultants

September 27, 2012

Ms. Helen A. Munter
Director
Division of Registration and Inspections
Public Company Accounting Oversight Board
1666 K Street Northwest
Washington, DC 20006

Re: Response to Part I of Report on PCAOB 2012 Inspection of Berman & Co.

Dear Ms Munter:

Berman & Company, P.A. ("B&C") appreciates the opportunity to provide our response to Part I of the draft Report of the Public Company Accounting Oversight Board ("PCAOB") 2012 inspection of Berman & Company, P.A.

First, B&C fully supports the PCAOB's goal of improving audit quality and, consequently, the reliability of financial reporting. We believe that the PCAOB's inspection process serves an important role in the achievement of our shared objectives of improving audit quality and serving investors and the public interest. At B&C we are committed to the highest standards of audit quality.

We acknowledge that considerable and measurable value is derived from the inspection process. We are continuously looking for areas of improvement in all aspects of our audit practice and will use the PCAOB inspection as a key tool in our continued development and improvement of our auditing procedures as well as our quality control system. We truly appreciate the inspection team's comments and have considered their use for immediate implementation that will assist us in identifying areas where we can continue to improve performance and enhance audit quality.

We have evaluated the matters identified in the inspection report and have taken the actions required by the PCAOB to comply with our required professional responsibilities under AU 390 *Consideration of Omitted Procedures After the Report Date, and* AU 561, *Subsequent Discovery of Facts Existing at the Date of the Auditor's Report.* With the exception of Issuer "A", no other audit deficiencies have been discovered.

The following is B&C's response to the audit deficiency noted in Part I – A ("Review of Audit Engagements"), and is more fully described by the PCAOB in Part II.

During the course of the inspection, it was brought to our attention that B&C had potentially inappropriately accepted the issuer's presentation of revenue and should have addressed this departure from GAAP in the issuer's financial statements. The departure was based upon the application of FASB ASC No. 605-50, *Revenue Recognition – Customer Payments and Incentives,* which indicates that, absent evidence of benefit to the vendor, these types of payments should be characterized as a reduction of revenue.

In connection with our audit of Issuer "A", we performed the procedures and analysis detailed below in connection with revenue recognition which served as a basis for rendering our audit opinion. Additionally, we have labeled each of the following with an Exhibit letter that corresponds to audit documentation that has been included as part of our response where appropriate. We understand that this engagement was already reviewed by the inspection team; however, we hereby submit documentation that existed at the time of the inspection that may not have been reviewed by the inspection team, or if not, could serve to support B&C's efforts to ensure proper auditing methodology associated with revenue recognition. These documents support the fact that we took necessary steps to try and ensure that revenue, like all other risk areas, was properly audited and disclosed. B&C takes this matter very seriously, and wants to ensure the PCAOB that we effectively plan and execute audits on areas such as revenues.

Engagement Planning and Risk Assessment

We believe that our engagement planning documentation demonstrates that B&C highlighted revenue as a risk area which needed to be carefully examined, audited and tested. For example:

A. **Exhibit A** - is our audit planning memorandum that indicates our attention to revenues as a high risk area as well as our intended course for the entire audit.

B. **Exhibit B** - is our fraud risk identification form which contains documentation that identifies revenues as a risk that needs to be further evaluated. This form is also used as an information gathering tool to assist in identifying potential fraud risks for the engagement as a whole.

C. **Exhibit C** - is our fraud risk information form which indicates how we aggregate information when attempting to determine high risk areas. This focused on our inter office and other engagement related meetings to address and identify risks that should be tested. Also, throughout the engagement file, in no specific order or sequence is additional documentation regarding our discussions and inquiry with management.

This is typically done after planning and risk assessment, but in connection with the substantive audit procedures that may reveal additional talking points not addressed in the planning phase.

D. **Exhibit D** - is our preliminary analytical review document. This document looks at a flux analysis and assists us in determining, from an empirical perspective, what we may need to consider when executing the audit plan. This document also identified gross profit percentage as a matter for further review, ultimately questioning the recording, or more appropriate classification, of revenues on the statement of operations. B&C also analyzed advertising expense, and noted within reason, that an increase in revenues could be directly attributed with the additional amounts required for advertising.

E. **Exhibit E** - is our fraud risk assessment summary form which pulls together the identified significant and fraud risks, which also includes a response on how we intend to audit a particular area. While done in the planning stage, many times we encounter information while testing that could affect our audit. While not specifically documented herein on this form, the substantive audit work which is performed after the planning stage, serves as our final audit work product which considers all items in Exhibits A, B, C , D and E.

B&C believes that effective planning and execution of this audit was intended from the outset of the engagement, and that our substantive audit tests were performed in order to support the audit opinion rendered by our firm. B&C believes that it examined all possibilities, within reason, when carefully and thoughtfully planning all of its audit engagements. Finally, in response to the PCAOB's concerns, we believe that we properly identified revenues as a fraud risk, attempted to plan our engagement such that we could gain sufficient comfort in what we were testing by obtaining sufficient competent evidential matter, and most importantly, supplement or alter our planning and risk assessment procedures if and when necessary to ensure a proper audit.

Audit Documentation

During the PCAOB inspection of Issuer "A" for the year ended December 31, 2010, an inspection team member inquired regarding the issuer's presentation of revenue based upon the application of "FASB ASC No. 605-50, *Revenue Recognition – Customer Payments and Incentives"*. Upon the presentation of this inquiry, B&C immediately reviewed the Company's general ledger for the year ended December 31, 2010 and contacted the Company's Chief Financial Officer, during the time of the inspection visit, to confirm our understanding of these types of transactions. B&C was advised by Issuer "A", *just as we had been advised previously during our planning and fieldwork stages of the audit*, that the Company receives advertising benefits and promotions from their customers.

To ease the paperwork burden on their customers, instead of the Company receiving funds from their customers and in turn writing a check/wire for the advertising incurred, the amounts were netted and the net funds were received from the customer. Based upon (i) this discussion with management of a matter previously inquired about during the audit, (ii) our review of the general ledger for transactions potentially falling under the PCAOB inspection team's concern regarding presentation of revenues and (iii) our previous discussion with the Issuer and understanding during the audit process, we notified the inspection team that we believed the aggregate of these transactions for 2010 to be immaterial.

B&C also provided the inspector with the general ledger reports that we had reviewed; to which the inspector agreed that if the amounts were immaterial, then no further action would be required. Also see additional discussion below under the heading *"Concluding with the PCAOB Inspection Team"*

Additionally, the inspector confirmed that in the event these were to become material, that at best, this was a "presentation restatement" and not necessarily an issue of concern. This was said in passing, but we do understand the importance of the potential impact to the issued financial statements. We were provided timely feedback by the inspection team, to be aware of this issue going forward, which we greatly appreciated.

Additionally, and in connection with our December 31, 2010 audit, the following is noted:

F. **Exhibit F** - During our testing of accounts receivable and revenue in connection with the December 31, 2010 audit, we inquired of the Chief Financial Officer regarding the advertising credits offered to their customers and how these items are recorded. Documentation was added into our audit engagement file as to how the revenue, net of credit memos, is recorded in the Company's general ledger. This methodology is what had been expressed to us as early as the planning stage noted in the engagement planning section above. Based on this knowledge, our audit procedures could be planned to test the assertions made.

G. **Exhibit G** - During our testing of revenue and A/R analytically, no matters were identified which would lead us to believe that a classification error existed. See analytical testing performed, in which we inquired of management regarding their expectation of gross profit and our testing of individual revenue transactions and related costs which were in line with expectations. The analysis and related testing met our expectations based on management inquiry, which is a key tool in audit planning and risk assessment.

H. **Exhibit H** - During our 2012 first quarter review, immediately following the PCAOB's completion of their inspection, we identified analytical variations which we further questioned. We contacted the Chief Financial Officer and inquired if there have been any changes in collection efforts of A/R, to which we were advised that there have been no changes and collection period should remain consistent. We reviewed our analytics and noted a significant decrease in the accounts receivable collection period. As a result, we combined that knowledge with what we understood about customer payment terms and realized that additional inquiry was required. This additional inquiry, along with management reviewing ASC No. 605-50 in a new light, led to Issuer "A's" restatements.

After further analysis we identified the reason for the decrease in the collection period as being accounts receivable not growing consistently with the revenue account due to discounts offered, which, if accounted for correctly would not have allowed the run rate for revenues to outpace accounts receivable. We further discussed the matter with management and identified that the promotions/credits did not always relate to specifically identifiable advertising. We advised management of our potential finding, provided management with the accounting research under ASC No. 605-50, and requested that the Company perform a thorough and detailed analysis of the first quarter of 2012 in order to confirm our expectation that revenues may have been improperly accounted for and inaccurately presented.

After further discussion with management and explanation of the accounting guidelines, management agreed with our assessment relating to a potential restatement and performed an analysis regarding the potential impact to prior periods that have the same "presentation" issue. Management ultimately concluded that the issue was material requiring the restatement of 2010 and 2011 audited financial statements and 2011 quarterly reviews.

I. **<u>Exhibit I</u>** - As an exhibit, and in connection with the restatements, we have attached a management representation letter that more fully describes the matter and continually highlights management's misinterpretation of the accounting rules and regulations which in turn led to B&C receiving inaccurate information to make sure revenues were properly accounted for under ASC No. 605-50. This representation letter contains an admission, by the Issuer, that it gave B&C inaccurate information.

J. **<u>Exhibit J</u>** - We obtained a December 31, 2010 audit related management representation letter that, amongst other items, stated that all receivables represent valid claims against debtors for sales or other charges arising on or before the balance sheet and have been reduced to their net realizable value. This was another formal representation that revenues had to have been recorded correctly as only the amounts that are reasonably assured for collection should have been recorded. We believed that management had applied the correct accounting at that time (prior to PCAOB inspection and our March 31, 2012 10Q review) as evidenced by all representations throughout our prior engagements. Specifically, see representations No.'s 6(A), 12, 13, 19, 21, 22, 36, 40, 41, 42 and 48 in the December 31, 2010 management representation letter.

We believe that in addition to our audit testing performed (as discussed above), that the management representation letter received further supported the conclusion that if revenues had been improperly reported, we did not have any additional information at that time that necessarily would have or could have been provided to allow us to conclude differently. We believe we took sufficient and appropriate steps in order to assure that revenues had been properly recorded. Finally, had we known that there was an error in Issuer "A's" accounting for revenue under ASC No. 605, we easily could have rectified this by alerting the Company as to what we observed and how the matter should be resolved.

Concluding with the PCAOB Inspection Team

During the PCAOB's inspection of issuer "A", the inspection team inquired as to our audit procedures pertaining to the treatment of advertising expense under ASC No. 605-50. These procedures have been detailed above. The inspection team asked for additional clarity on this matter after reviewing the workpapers, and, as previously explained, on or about April 18, 2012, during the audit, we called Issuer "A's" CFO to confirm our understanding that had been obtained during the audit. The CFO indicated that all of the above remained accurate. After explaining the potential presentation matter to the CFO, the CFO then identified for us over the phone which accounts could possibly need to be reclassified given the application of the accounting guidance. We reviewed these items and noted that based on what the CFO had communicated these accounts were immaterial.

After discussing this issue further with the inspection team, the matter was no longer evaluated. Finally, at the exit conference, this matter was not even issued raised as a formal comment that needed to be resolved. The nature of the discussion was one that could be more accurately termed as a "heads up" for the future and thus it did not remain a concern. Additionally, the inspection team believed that at worst this was a presentation restatement, and if it was a presentation restatement, like all other restatements, then materiality would need to be assessed for the impact of such a restatement, even when just presentation related.

Restatement

As a result of the analytics performed, after the PCAOB inspection, in connection with the 2012 1st Quarter SAS 100 Review, B&C asked the Issuer for a comparison of revenue as originally shown for all prior filing periods and based upon how revenue recognition had been previously represented as compared to the presentation that would exist if the application of ASC 605-50 had been done properly.

B&C received an analysis that proved to be material to the presentation of revenues for all prior periods presented (no other financial statements were effected) and based on this information it was communicated to senior management that it would be imperative that an 8K for non-reliance be filed and that the resulting restatements be filed as quickly as possible.

As noted above, B&C insisted that issuer "A's" management file the necessary restatements to ensure proper application of the accounting guidance under ASC No. 605-50. Fortunately, the reclassification restatement was a presentation matter that did not affect anything more than the statement of operations. Significantly, there was no impact to net loss or loss per share. We believe that this fact is very significant in that potential investors, financial statement readers, analysts or management, to name a few, who may have placed sole reliance on reported revenues, could not have reached a different conclusion of the viability of the Company, as noted below.

B&C issued an audit report on Issuer "A" with a going concern qualification due to its mounting losses and negative cash flows from operations; we believe that while our new finding was relevant appropriate and necessary for restatement, the ultimate overall impact could be considered negligible given the reasons set forth above. As explained, net loss and net loss per share were not affected and in fact, in perhaps the ultimate test of materiality, the stock price did not appear to react positively or negatively when the restatement was issued. We noted that the stock closing price was approximately $0.015/share 2 days before and 2 days after the restatements had been filed.

We appreciate the objectivity and perspective that the PCAOB's inspection process brings to our Firm. As with any audit process, judgments are necessarily involved in the inspection process and professionals can reach different conclusions about the adequacy of audit evidence in a particular circumstance. What should be clear from the above is that revenue was extensively tested and analyzed. To the extent there were such concerns by the PCAOB, we acknowledge and understand the substance of the concern and have taken appropriate remedial actions which include:

- Reviewing our audit planning process to ensure that any future audit engagements that may have this specific accounting treatment for revenue recognition and advertising credits will be identified. Specifically, we will continue to make inquiries to the CEO/CFO as to how these items are being accounted for as well as continue to review the general ledger for what may to appear to be unusual items recorded as advertising expense for those companies that are in industries that could potentially have this as an accounting and reporting issue,
- Speaking to B&C staff about our tone at the top and how we expect nothing short of the highest quality and effort on all audits (this has been done on a frequent basis during staff meetings and is reinforced informally on a regular basis),
- Reinforcing B&C's corporate culture as it pertains to independence, objectivity, professional skepticism and accountability for audit quality (this is being done on a frequent and informal basis), all staff have read the quality control manual and have affirmed their understanding of our policies and procedures; and

- To the extent necessary, we have already engaged other CPA's, on a per diem basis, with seasoned SEC audit and accounting experience, to enhance our overall staff quality and attention to detail for issues such as revenue recognition. We believe that the inclusion of these individuals to assist in various parts of the engagement will create an additional layer of thought, assessment and review of complex accounting matters; and perhaps most importantly provide a review of key audit areas to gain a fresh look and offer a perspective that could assist us in audit planning, scope and ultimately testing methodology.

We look forward to continuing a dialogue with the PCAOB so that we can do whatever it is necessary to ensure nothing short of high quality audits. Should the PCAOB have any questions or need any further information we are willing to respond in writing or meet with the PCAOB staff.

Very truly yours,

Berman & Company, P.A.

Berman & Company, P.A.