

1 ROB BONTA
Attorney General of California
2 GREGORY J. SALUTE
Supervising Deputy Attorney General
3 ERIN M. SUNSERI
Deputy Attorney General
4 State Bar No. 207031
600 West Broadway, Suite 1800
5 San Diego, CA 92101
P.O. Box 85266
6 San Diego, CA 92186-5266
Telephone: (619) 738-9419
7 Facsimile: (619) 645-2061
Attorneys for Complainant

**THIS IS NOT A DISCIPLINARY
ACTION OR FINAL DECISION
OF THE BOARD**

8
9 **BEFORE THE**
10 **CALIFORNIA BOARD OF ACCOUNTANCY**
11 **DEPARTMENT OF CONSUMER AFFAIRS**
12 **STATE OF CALIFORNIA**

13 In the Matter of the Accusation Against:

Case No. AC-2022-9

14 **JU CHI LEE**
15 **12840 Orangeburg Avenue**
San Diego, CA 92129

ACCUSATION

16 **Certified Public Accountant Certificate No.**
17 **CPA 111842**

18 Respondent.

19 **PARTIES**

20 1. Patti Bowers (Complainant) brings this Accusation solely in her official capacity as
21 the Executive Officer of the California Board of Accountancy (CBA), Department of Consumer
22 Affairs.

23 2. On or about March 23, 2011, the CBA issued Certified Public Accountant Certificate
24 Number CPA 111842 to Ju Chi Lee (Respondent). The Certified Public Accountant Certificate
25 was in full force and effect at all times relevant to the charges brought herein and will expire on
26 April 30, 2024, unless renewed.

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1 **JURISDICTION AND STATUTORY PROVISIONS**

2 3. This Accusation is brought before the CBA under the authority of the following laws.

3 All section references are to the Business and Professions Code (Code) unless otherwise
4 indicated.

5 4. Section 141 of the Code states:

6 (a) For any licensee holding a license issued by a board under the jurisdiction of
7 the department, a disciplinary action taken by another state, by any agency of the
8 federal government, or by another country for any act substantially related to the
9 practice regulated by the California license, may be a ground for disciplinary action by
the respective state licensing board. A certified copy of the record of the disciplinary
action taken against the licensee by another state, an agency of the federal government,
or another country shall be conclusive evidence of the events related therein.

10 (b) Nothing in this section shall preclude a board from applying a specific
11 statutory provision in the licensing act administered by that board that provides for
12 discipline based upon a disciplinary action taken against the licensee by another state,
an agency of the federal government, or another country.

13 5. Section 5100 of the Code states, in pertinent part:

14 After notice and hearing the board may revoke, suspend, or refuse to renew any
15 permit or certificate granted under Article 4 (commencing with Section 5070) and
16 Article 5 (commencing with Section 5080), or may censure the holder of that permit or
certificate for unprofessional conduct that includes, but is not limited to, one or any
combination of the following causes:

17 . . .

18 (h) Suspension or revocation of the right to practice before any governmental
19 body or agency.

20 . . .

21 (l) The imposition of any discipline, penalty, or sanction on a registered public
22 accounting firm or any associated person of such firm, or both, or on any other holder
23 of a permit, certificate, license, or other authority to practice in this state, by the Public
Company Accounting Oversight Board or the United States Securities and Exchange
Commission, or their designees under the Sarbanes-Oxley Act of 2002 or other federal
legislation.

24 . . .

25 6. Section 5100.1 of the Code states that notwithstanding any other law, in causes for
26 discipline against a licensee under subdivisions (d), (h), or (l) of Section 5100, the board shall rely
27 on the findings or events stated in a certified or true and correct copy of the disciplinary or other
28 action as conclusive evidence for the purpose of determining discipline.

1 Respondent was one of the three auditors at PLS and was generally responsible for preparing
2 PLS’s audit documentation and assembling and storing the audit binders.

3 12. On or about July 9, 2021, the SEC issued an “Order Making Findings and Imposing
4 Remedial Sanctions and a Cease-and-Desist Order Pursuant to Sections 4C and 21C of the
5 Securities Exchange Act of 1934 (Exchange Act) and Rule 102(e) of the Commission’s Rules of
6 Practice” in the SEC Action, which made the following findings:

7 **IMMA Audits – Fiscal Years Ended October 31, 2014 and 2015**

8 (a) PLS performed the audit for IMMA, a British Virgin Islands corporation, for
9 the fiscal years ended October 31, 2014 (IMMA 2014 audit) and October 31, 2015 (IMMA 2015
10 audit). C.P.¹ was identified as the engagement quality reviewer and reviewed the audit binders
11 for the IMMA 2014 audit and IMMA 2015 audit, and Respondent was described as the
12 engagement partner. Respondent was also the lead auditor for the IMMA 2014 audit and IMMA
13 2015 audit.

14 (b) The audit reports for the IMMA 2014 audit and IMMA 2015 audit stated that
15 PLS had conducted the audits in accordance with Public Company Accounting Oversight Board
16 (PCAOB) standards. The SEC found Respondent knew, or was reckless in not knowing, that the
17 IMMA 2014 audit and IMMA 2015 audit had not actually been conducted in accordance with
18 PCAOB standards.

19 (c) In response to subpoenas from the SEC for PLS’s audit work papers,
20 Respondent prepared and backdated documents for the IMMA 2014 audit and IMMA 2015 audit.

21 (d) On or about July 27, 2016, Respondent prepared a form titled “Engagement
22 Completion Document” for the IMMA 2015 audit and backdated the document to February 10,
23 2016 – the same date as the IMMA 2015 audit report. The documentation completion date for the
24 IMMA 2015 audit was March 26, 2016. C.P. signed the “Engagement Completion Document”
25 and admitted backdating C.P.’s signature to February 10, 2016.

26 13. Based on the above, the SEC found that Respondent engaged in improper
27 professional conduct within the meaning of Section 4C(a)(2) of the Exchange Act and Rule

28 ¹ C.P. is a certified public accountant licensed in California and the founder of PLS.

1 102(e)(1)(ii) of the Commission's Rules of Practice by engaging in repeated instances of
2 unreasonable conduct and/or engaging in intentional or knowing conduct, including reckless
3 conduct. The SEC further found that Respondent willfully violated or willfully aided and abetted
4 violation of the federal securities laws within the meaning of Section 4C (a)(3) of the Exchange
5 Act and Rule 102 (e)(1)(iii) of the Commission's Rules of Practice, by willfully aiding and
6 abetting and causing PLS's violations of Rule 2-02 (b)(1) of Regulation S-X, and by willfully
7 violating PCAOB Rule 3500T and PCAOB Rule 4006.

8 14. On July 9, 2021, the SEC deemed it appropriate and in the public interest to impose
9 the sanctions agreed to in Respondent's offer of settlement. Respondent consented to the entry of
10 the Order without admitting or denying the findings therein, except as to jurisdiction and the
11 subject matter of the proceedings, which Respondent admitted. The Order provided the following:

12 (a) Respondent will cease and desist from committing or causing any current or future
13 violations of Exchange Act Rule 2-02(b)(1) of Regulation S-X and PCAOB Rules 3500T and
14 4006;

15 (b) Respondent is denied the privilege of appearing or practicing before the SEC as an
16 accountant; after three years, Respondent may apply to the SEC for reinstatement to appear or
17 practice before the SEC, subject to satisfaction of certain conditions; and

18 (c) Respondent will pay a civil penalty in the amount of \$19,278.00 to the SEC.

19 **FIRST CAUSE FOR DISCIPLINE**

20 **(Suspension or Revocation of Right to Practice Before Government Body)**

21 15. Respondent is subject to disciplinary action under section 5100, subdivision (h), of
22 the Code for unprofessional conduct in that Respondent's right and privilege to practice as an
23 accountant before the SEC, a governmental body or agency, was suspended or revoked as more
24 fully set forth in paragraphs 11-14 above and incorporated herein as though set forth in full.

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1 **SECOND CAUSE FOR DISCIPLINE**

2 **(Imposition of Discipline by the Securities and Exchange Commission)**

3 16. Respondent is subject to disciplinary action under section 5100, subdivision (l), of the
4 Code for unprofessional conduct in that Respondent was disciplined by the SEC as more fully set
5 forth in paragraphs 12-15 above and incorporated herein as though set forth in full.

6 **THIRD CAUSE FOR DISCIPLINE**

7 **(Disciplinary Action by a Federal Agency)**

8 17. Respondent is subject to disciplinary action under section 141, subdivision (a), of the
9 Code in that Respondent was disciplined by the SEC as more fully set forth in paragraphs 11-14
10 above and incorporated herein as though set forth in full.

11 **PRAYER**

12 WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged,
13 and that following the hearing, the California Board of Accountancy issue a decision:

- 14 1. Revoking or suspending, restricting, limiting or otherwise imposing discipline upon
- 15 Certified Public Accountant Certificate Number CPA 111842, issued to Ju Chi Lee;
- 16 2. Ordering Ju Chi Lee to pay the California Board of Accountancy the reasonable costs
- 17 of the investigation and enforcement of this case, pursuant to Code section 5107;
- 18 3. Ordering Ju Chi Lee to pay the California Board of Accountancy an administrative
- 19 penalty pursuant to Code section 5116; and,
- 20 4. Taking such other and further action as deemed necessary and proper.

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23 DATED: 4/6/2022

Patti Bowers

24 PATTI BOWERS
25 Executive Officer
26 California Board of Accountancy
27 Department of Consumer Affairs
28 State of California
Complainant