

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 93133 / September 27, 2021**

**ACCOUNTING AND AUDITING ENFORCEMENT**  
**Release No. 4258 / September 27, 2021**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-20600**

**In the Matter of**

**Ravindranathan Raghunathan,**  
**CPA**  
**and**  
**Craig A. Golding, CPA,**

**Respondents.**

**ORDER INSTITUTING PUBLIC  
ADMINISTRATIVE AND CEASE-AND-  
DESIST PROCEEDINGS PURSUANT TO  
SECTIONS 4C AND SECTION 21C OF  
THE SECURITIES EXCHANGE ACT OF  
1934 AND RULE 102(e) OF THE  
COMMISSION'S RULES OF PRACTICE,  
MAKING FINDINGS, AND IMPOSING  
REMEDIAL SANCTIONS AND A  
CEASE-AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 4C<sup>1</sup> and 21C of the Securities Exchange Act of 1934 (“Exchange Act”), and Rule 102(e)(1)(ii) of the Commission’s Rules of Practice<sup>2</sup> against Respondents, Ravindranathan Raghunathan, CPA (“Raghunathan”) and Craig A. Golding, CPA (“Golding”), (collectively, “Respondents”).

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<sup>1</sup> Section 4C provides, in relevant part, that:

The Commission may censure any person, or deny, temporarily or permanently, to any person the privilege of appearing or practicing before the Commission in any way, if that person is found . . . (1) not to possess the requisite qualifications to represent others; (2) to be lacking in character or integrity, or to have engaged in unethical or improper professional conduct; or (3) to have willfully violated, or willfully aided and abetted the violation of, any provision of the securities laws or the rules and regulations thereunder.

<sup>2</sup> Rule 102(e)(1)(ii) provides, in pertinent part, that:

The Commission may . . . deny, temporarily or permanently, the privilege of appearing or practicing before it . . . to any person who is found . . . to have engaged in unethical or improper professional conduct.

## II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (“Offers”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondents consent to the entry of this Order Instituting Public Administrative and Cease-and-Desist Proceedings Pursuant to Sections 4C and 21C of the Securities Exchange Act of 1934 and Rule 102(e) of the Commission’s Rules of Practice, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

## III.

On the basis of this Order and Respondents’ Offers, the Commission finds<sup>3</sup> that:

### **SUMMARY**

1. These proceedings involve improper professional conduct regarding the 2017 audit of Longfin Corp. (“Longfin”) by Ravindranathan Raghunathan and Craig A. Golding, both partners in a Public Company Accounting Oversight Board (“PCAOB”) registered audit firm (“audit firm”). Over the course of the audit, Raghunathan, who served as the engagement partner, did not adhere to numerous PCAOB standards, resulting in audit failures in three critical areas, including recognition of revenue and related party transactions. Golding served as the engagement quality review (“EQR”) partner and did not adequately conduct his review of two of these areas in accordance with the applicable PCAOB standard.

2. The audit deficiencies included, among other things, the failure to: (i) properly plan the audit and assess and respond to the risks of material misstatements in Longfin’s financial statements; (ii) conduct appropriate procedures to obtain reasonable assurance that Longfin’s financial statements were free of material misstatements caused by fraud; (iii) obtain sufficient appropriate audit evidence; (iv) identify and properly audit related party transactions; and (v) exercise due professional care and skepticism, in connection with related-party transactions, revenue recognition, and the valuation of intangible assets. Notwithstanding these deficiencies in these three areas, Raghunathan approved the issuance of the audit report, which was inaccurate because it stated that the firm’s audit was conducted in accordance with PCAOB standards.

### **RESPONDENTS AND RELEVANT ENTITIES**

#### **Respondents**

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<sup>3</sup> The findings herein are made pursuant to Respondents’ Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

3. **Ravindranathan Raghunathan**, age 49, who resides in Edison, New Jersey, is a licensed certified public accountant (“CPA”) in New Jersey since 2004. Raghunathan is a partner of a PCAOB registered audit firm. Raghunathan served as the audit partner for the audit of Longfin’s 2017 financial statements.

4. **Craig A. Golding**, age 50, who resides in San Diego, California, is a licensed CPA in California since 1999. Golding is a partner of a PCAOB registered audit firm. Golding served as the EQR partner for the audit of Longfin’s 2017 financial statements.

### **Relevant Entities**

5. **Longfin** was a Delaware corporation formed in February 2017 and headquartered in New York, New York. Longfin’s Class A common stock was previously registered with the Commission pursuant to Section 12(b) of Exchange Act. Between December 13, 2017 and its voluntary delisting from Nasdaq in May 2018, Longfin’s Class A common stock traded on the Nasdaq Capital Market under the symbol “LFIN.” On May 24, 2018, Longfin’s Class A common stock began trading over the counter. On November 21 and November 27, 2018, Longfin filed Forms 8-K announcing that the company had entered into an Assignment for the Benefit of Creditors on November 14, 2018 in New Jersey state court and, as a result, had terminated all of its employees and disbanded its Board of Directors.

## **FACTS**

### **Longfin Background**

6. Longfin was formed in February 2017 as a purported finance and technology company specializing in structured trade finance solutions and physical commodities solutions. From its formation and throughout the relevant period, Venkata Meenavalli, an Indian citizen who owned a majority of shares of Longfin’s common stock, served as Longfin’s Chairman and Chief Executive Officer. For the one-month fiscal period from February 1, 2017 ending February 28, 2017, Longfin reported total assets of approximately \$300,000 and net income of approximately \$5,000.

7. In a June 2017 share exchange, Longfin acquired Stampede Tradex (“Stampede”), a purported global trade finance solutions provider in which Meenavalli held a 45% interest, ascribing a fair value of the consideration transferred of \$134.4 million. At or around the same time, Longfin began selling shares pursuant to Regulation A+ of the Securities Act of 1933 (“Securities Act”), and in December 2017, Longfin’s shares began trading on the Nasdaq Capital Market.

8. Longfin reportedly had a total of 18 employees, and conducted almost all of its operations from India and Singapore. Other than a dedicated office space in a shared workspace facility and two corporate bank accounts, Longfin had no presence in the United States. Longfin’s purported business model involved purchasing physical commodities in-transit aboard ships at sea and then immediately reselling the commodities for a small profit. Because these transactions occurred in-transit at sea, the nature of the commodity purchases and sales was such

that they could not be physically verified. Longfin exchanged commodities with certain entities owned or controlled by Meenavalli. Longfin reported \$75 million of revenue in 2017, purportedly derived principally from “structured trade finance, principally the sale of physical commodities,” including \$66.6 million “related to the sale of physical commodities.” Longfin reported a net loss of \$26 million in 2017. The documents Longfin maintained to record commodities sales transactions often lacked information substantiating critical information to support the validity of the transactions, such as the passage of title and transfer of the risk of loss.

9. On February 7, 2018, Longfin engaged an audit firm as its independent auditor.
10. On March 29, 2018, the audit firm learned that Longfin had received a voluntary document request from the Commission’s Division of Enforcement a few weeks earlier.
11. On April 2, 2018, the audit firm issued an audit report containing an unqualified opinion on Longfin’s 2017 financial statements with an explanatory paragraph regarding substantial doubt about the ability of the Company to continue as a going concern.
12. The audit firm resigned from the Longfin engagement on April 5, 2018.
13. On April 6, 2018, an emergency action filed under seal two days earlier by the Commission against Longfin and four Longfin-affiliated individuals, including Meenavalli, was made public. The Commission alleged that Longfin and Meenavalli participated in unregistered offerings in violation of Section 5 of the Securities Act.
14. On April 6, 2018, Nasdaq suspended trading of Longfin’s shares.
15. More than a year later, on June 5, 2019, the Commission filed another complaint against Longfin and Meenavalli, alleging that Longfin and Meenavalli engaged in a scheme to obtain a Nasdaq listing through a fraudulent public offering under Regulation A+. The Commission further alleged that, in 2017 and 2018, Meenavalli perpetrated an accounting fraud by publicly reporting fictitious revenue from commodity transactions in its 2017 annual report and a quarterly report for the first quarter of 2018. Longfin’s scheme allegedly involved numerous round-trip transactions between Longfin and Meenavalli-controlled entities. Longfin also allegedly used several deceptive means to make transactions appear legitimate by including in its books and records forged contracts and phony bills of lading for purported physical commodities. According to the Commission’s complaint, Longfin fraudulently reported over \$66 million of fictitious revenue, constituting over 89% of Longfin’s total revenue in 2017. Meenavalli is further alleged to have concealed the revenue recognition scheme by making false and misleading misrepresentations to the audit firm. In January 2020, Meenavalli agreed to resolve the Commission’s fraud action against him.

### **Failure to Properly Plan the Audit and Assess and Respond to Risks of Material Misstatement**

16. In late December 2017, audit firm personnel had an initial meeting with Meenavalli to discuss the audit firm’s potential engagement as Longfin’s independent auditor. After

performing its client acceptance procedures, the audit firm was formally engaged by Longfin as its independent auditor on February 7, 2018.

17. During the client acceptance process, Raghunathan learned that Longfin did not have effective Internal Control over Financial Reporting (“ICFR”) and that it had several material weaknesses in its ICFR that impacted multiple aspects of its financial statement accounts. The audit firm ultimately issued a material weakness letter to Longfin identifying seven internal control deficiencies that were determined to be material weaknesses. These material weaknesses were also disclosed in the Form 10-K.

18. Raghunathan also learned that Longfin’s former CFO and COO had resigned just prior to Longfin’s IPO, giving rise to another potential audit risk factor. Apart from making inquiries of Meenavalli, Raghunathan took no additional steps to obtain an understanding of the circumstances of the resignations. In addition, Raghunathan learned that Longfin’s financial statements for the one-month period, beginning February 1, 2017 and ending February 28, 2017, were audited by another accounting firm. Raghunathan did not communicate with or make inquiries of the predecessor auditor as required by PCAOB Audit Standard (“AS”) 2101 ¶18 and AS 2610 ¶07.

19. During the planning phase of the audit, Raghunathan learned that Longfin had a limited operating history, low cash balances and operating losses, and that Longfin’s ability to continue as a going concern was dependent on obtaining additional financing and generating profits.

20. Raghunathan did not adequately identify or consider the overall fraud risks to the 2017 Longfin audit and, in doing so, did not appropriately address and respond to the risk of material misstatement to the financial statements. Longfin’s ineffective ICFR, combined with its precarious financial position, created pressure and opportunity for the company to manipulate its financial statements.

21. In addition to the overall fraud risks, Raghunathan should have given greater consideration to a number of other facts that should have raised red flags concerning the risk of material misstatement to Longfin’s recorded revenue, including: (i) the nature of Longfin’s commodity sales was such that they could not be physically verified, (ii) Longfin was unable to provide reliable documentation memorializing key aspects of its commodities sales, and (iii) Longfin entered into transactions where related parties were involved in both sides of the purchase and sale of commodities.

22. Despite these red flags, in planning the audit Raghunathan did not adequately design the audit in a manner that appropriately addressed and responded to the risk of material misstatement to the financial statements and did not adequately consider the opportunity and pressures to commit fraud (AS 2301 ¶07-09). Raghunathan did not obtain reasonable assurance about whether Longfin’s financial statements were free of material misstatement, whether caused by error or fraud (AS 1101 ¶03), identify and appropriately assess the risks of material misstatement (AS 2110 ¶03), and design and implement audit responses that addressed the risks of material misstatement (AS 2301 ¶03).

## **Failure to Identify Undisclosed Related Parties**

23. Raghunathan identified related party transactions as both a significant and fraud risk due in part to the volume of related party transactions and the large number of Longfin affiliated companies.<sup>4</sup> Related party transactions were also described in the work papers as a “significant high-risk area,” a “complex or troublesome engagement area,” and an “overall risk” to the audit. The audit firm’s material weakness letter to Longfin also included a finding that Longfin lacked formal or documented accounting policies and procedures with respect to monitoring related parties.

24. Despite the identified risks, Raghunathan did not exercise appropriate due professional care and skepticism (AS 1015) and implement appropriate audit responses to those risks associated with related party transactions (AS 2410). He also did not adequately perform procedures necessary to determine whether previously undisclosed relationships or transactions with related parties, in fact, existed (AS 2410 ¶15) and to design and perform appropriate audit procedures in a manner that addressed the risks of material misstatement associated with related parties and relationships and transactions with related parties (AS 2410 ¶11).

## **Failure to Audit Disclosed Related Party Transactions**

25. Longfin engaged in transactions in which it purchased a commodity from a related party and then sold that same commodity to a different related party on the same day. Longfin’s related party purchases and sales were a significant risk, and were therefore subject to the audit procedures articulated in AS 2410 ¶12, which require the auditor to (i) read the underlying documentation and evaluate whether the terms and other information about the transaction were consistent with explanations from inquiries and other audit evidence about the business purpose (or the lack thereof) of the transaction, and (ii) determine whether the transaction were authorized and approved in accordance with the company's established policies and procedures regarding the authorization and approval of transactions with related parties. Despite the increased risks associated with these transactions, Raghunathan did not ensure that adequate procedures were performed with respect to the sale or purchase of commodities with disclosed related parties.

26. In addition to not ensuring that adequate procedures were performed, Raghunathan also did not adequately follow up on red flags concerning the commodities transactions with related parties. After learning that the Commission’s Division of Enforcement had issued an investigative request to Longfin, senior management at the audit firm directed a Director in the firm’s National Office to review the Longfin audit work papers. During her review, the Director flagged a June 9, 2017 commodity purchase by Longfin from a related party and the subsequent sale of that same commodity by Longfin to a different related party on the same day (the “June 9 transaction”). Longfin had engaged in numerous similar transactions, and the Director asked Raghunathan whether the audit team understood their substance to ensure that they were valid transactions.

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<sup>4</sup> AS 2401, Appendix 2 states that opportunities to engage in fraudulent financial reporting can arise from significant transactions with related parties whose financial statements are not audited or are audited by another firm.

27. In response to the Director's question, Raghunathan obtained invoices and contracts for the June 9 transaction and a written explanation for the transaction from a Longfin employee. Raghunathan neither challenged nor questioned the explanation he received and did not direct or perform any further audit procedures with respect to these types of transactions.

28. The June 9 transaction identified by the Director was in fact a sham. Raghunathan obtained supporting documents for the June 9 transaction but did not adequately review them. Raghunathan also did not obtain a sufficient understanding or appropriately evaluate the business purpose (or lack thereof) of any of the other related party transactions in which both the buyer and seller were related parties.

29. In addition to not exercising appropriate due professional care and heightened professional skepticism for the related-party transactions (AS 1015), Raghunathan did not perform adequate 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 (AS 2410 ¶03), perform audit procedures in a manner that addresses the risks of material misstatement associated with related parties and relationships and transactions with related parties (AS 2410 ¶11), read underlying documentation and evaluating whether information about the related party transactions are consistent with audit evidence about the business purpose (or the lack thereof) of the transactions (AS 2410 ¶12), and obtain sufficient appropriate audit evidence for the related-party transactions (AS 1105 ¶4).

### **Failure to Appropriately Audit Revenues and Accounts Receivables**

30. Raghunathan primarily relied on third party confirmation of revenues and related receivables as audit evidence. Many of the confirmations were not relevant, reliable audit evidence because their source was unknown and unverified. Other substantive procedures performed – such as cash receipt testing and vouching of transactions to invoices and contracts – also did not provide sufficient reliable audit evidence to support the auditors' conclusions that revenue and related accounts receivable were not materially misstated.

31. The audit procedures with respect to the confirmation process were inadequate despite the existence of red flags. Longfin supplied the audit staff with: (i) the same contact person for three different entities; (ii) an address in the same office building for different entities; (iii) the same email address provided for two different customers or suppliers; and (iv) non-company network domain email accounts (*e.g.*, @gmail.com domains) as the contact for four customers.

32. The audit staff sent and received confirmations to and from several of the non-company network domain email accounts. Raghunathan did not implement adequate procedures to understand what persons and/or entities were associated with these non-company network domain email addresses, and thus could not reasonably expect that the results from the confirmation responses would not be biased because of interception and alteration of the confirmation requests or responses (AS 2310 ¶28). Because Raghunathan did not know the recipients of the confirmations, he could not direct the confirmation request to a third party who he believed to be knowledgeable about the information to be confirmed (AS 2310 ¶26), and he

lacked a sufficient basis for concluding that the confirmation requests were sent to a respondent from whom he could expect the response to provide meaningful and appropriate evidence (AS 2310 ¶27).

33. These matters undermined the audit of Longfin's revenues. In addition to having reviewed a selection of underlying transaction documentation, the audit staff and Raghunathan relied on confirmations from non-company network domain email accounts as audit evidence to support \$22.6 million in revenue – approximately one-third of Longfin's total commodity revenue – without otherwise obtaining other sufficient appropriate evidence to substantiate that revenue. Raghunathan's reliance on these confirmations was inconsistent with the guidance published by the PCAOB in "Staff Audit Practice Alert No. 8" which states that "the auditor might determine that confirmation responses cannot be relied upon if it appears that management interfered with the process because responses to confirmation requests were received from a personal e-mail account rather than a company network domain ...."

34. The audit staff did not adequately document that it performed certain procedures contained in the accounts receivable audit program related to the confirmation process. The audit program called for the auditors to "verify the source and content of the replies by telephoning the respondent and requesting that the respondent mail the original confirmation directly to the auditor" for those replies that were received by email. The audit staff received confirmation responses via email but in contravention of their own audit program and audit standards (AS 2310 ¶29) either did not adequately document or did not obtain additional evidence to support their validity, such as telephoning the respondents or requesting that original confirmations be mailed to the audit firm.

35. The other substantive audit procedures performed with respect to commodity revenues – cash receipt testing and vouching to invoices and contracts – also did not provide sufficient audit evidence to conclude that commodity revenue was not materially misstated. Cash receipts accounted for approximately \$8 million of the \$52 million in revenues that Longfin recorded for commodity sales to unrelated third parties. The audit staff randomly selected eight transactions representing 27% of the unrelated third party commodity revenue that were vouched to source documents. But the source documents provided insufficient reliability because they were not obtained from an independent source, the internal controls related to the creation and recording of those documents were non-existent, the accuracy and completeness of the source documents was not subject to testing, and only copies and/or digitized documents were available for the auditor's examination (AS 1105 ¶8).

36. Raghunathan did not appropriately evaluate whether the objectives of the procedures were achieved and the results of the work adequately supported the conclusions reached concerning revenues and accounts receivables (AS 1201 ¶5) or to ensure that audit procedures were planned and performed to obtain sufficient appropriate audit evidence concerning revenues and accounts receivables (AS 1105 ¶4). Raghunathan also did not appropriately ensure that the audit team was complying with PCAOB standards with respect to the confirmation process and did not adequately assess whether the confirmations and other evidence to substantiate revenues were sufficient reliable audit evidence. Additionally, Raghunathan did not design and implement audit responses that adequately address the risks of material misstatement of revenues or



accounts receivables (AS 2301 ¶03).

### **Failure to Appropriately Audit Longfin's Technology Assets**

37. Longfin's 2017 balance sheet reported a \$32 million developed technology asset,<sup>5</sup> which it acquired through Longfin's acquisition of Stampede in June 2017. The audit work papers characterized the Stampede acquisition as a "significant risk" and "material event," and identified acquisition accounting as a "complex or troublesome engagement area." Valuations related to acquisition were also identified as a "significant estimate." Further, several relevant material weaknesses were identified as impacting the recording of transactions such as the developed technology asset.

38. Raghunathan knew of the material weaknesses and identified the valuation as a significant estimate and, therefore, should have been highly skeptical of management's projections, which were incorporated into a valuation of the developed technology asset prepared by Longfin's outside third party valuation specialist and reviewed by the audit firm's valuation advisory services group. Although the financial projections were subject to testing by the audit team, the testing performed did not provide sufficient appropriate evidence to conclude that those projections were reasonable (AS 2502 ¶11-13 and ¶31-32).

39. In connection with the audit of intangible assets, Raghunathan did not adequately evaluate the reasonableness of accounting estimates made by management for the intangible asset (AS 2501 ¶04), obtain sufficient appropriate evidential matter to provide reasonable assurance that all accounting estimates that could be material to the financial statements have been developed and those accounting estimates are reasonable in the circumstances concerning the intangible asset (AS 2501 ¶07), and adequately evaluate the sufficiency and competence of the audit evidence obtained from auditing fair value measurements and disclosures as well as the consistency of that evidence with other audit evidence obtained and evaluated during the audit of the intangible asset (AS 2502 ¶47).

### **Failure to Conduct a Proper Engagement Quality Review**

40. Golding did not perform an adequate EQR in connection with the 2017 audit of Longfin's related party transactions and intangible assets. Golding knew that significant and fraud risks were identified in the areas of related party transactions and intangible assets. Golding did not appropriately evaluate whether the documentation reviewed for those audit areas indicated that the engagement team responded appropriately to the identified risks and supported the conclusions reached by the engagement team (AS 1220 ¶11). The work papers reviewed by Golding did not provide sufficient information to enable him to evaluate whether the engagement team's audit testing had appropriately responded to the identified risks in these areas (AS 1220 ¶10).

41. Golding reviewed all relevant audit planning work papers that identified related party transactions and intangible assets as either a significant or fraud risk. Golding also reviewed the

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<sup>5</sup> This was Longfin's third largest asset behind \$90 million in goodwill and \$36.8 million of accounts receivable.

relevant audit testing work papers related to these two areas. Golding did not sufficiently recognize that related party audit procedures performed did not sufficiently address the identified risk of fraud or that significant and unusual related party transactions were not agreed to supporting documents.

42. Golding also did not sufficiently evaluate whether the engagement team responded appropriately to the significant risk associated with Longfin's intangible asset. Golding did not appropriately identify that the engagement team did not obtain sufficient appropriate audit evidence to conclude that the projections used in the valuation of the intangible asset were reasonable.

43. As a result of the foregoing, Golding did not sufficiently fulfill his responsibilities as EQR under AS 1220, Engagement Quality Review.

### **Failure to Issue Accurate Audit Reports**

44. AS 3101, Report on Audited Financial Statements, requires that the auditor's report contain an opinion on the financial statements taken as a whole and contain a clear indication of the character of the auditor's work. The auditor is in a position to express an unqualified opinion on the financial statements when the auditor conducted an audit in accordance with the standards of the PCAOB 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. Additionally, Regulation S-X, 17 CFR § 210 et seq., prescribes the qualifications of accountants and the contents of the accountants' reports that must be submitted with corporate financial statements.

45. The sum total of Raghunathan's audit deficiencies rendered any representations that the audits were conducted in accordance with PCAOB standards materially false and misleading because the audits were out of compliance. Raghunathan made such representations in the audit report for Longfin, inaccurately certifying that the audit of Longfin's financial statements was conducted in accordance with the standards of the PCAOB.

### **VIOLATIONS**

46. During the time period at issue herein, Rule 2-02(b)(1) of Regulation S-X required an accountant's report to state "whether the audit was made in accordance with generally accepted auditing standards" ("GAAS"). "[R]eferences in Commission rules and staff guidance and in the federal securities laws to GAAS or to specific standards under GAAS, as they relate to issuers, should be understood to mean the standards of the PCAOB plus any applicable rules of the Commission." *See* SEC Release No. 34-49708 (May 14, 2004). Through the conduct described above, Raghunathan and Golding caused the audit firm to violate Regulation S-X Rule 2-02(b)(1) when the audit firm issued the Longfin audit report stating that it had conducted the audit in accordance with PCAOB standards when, in fact, it had not.

47. Section 4C of the Exchange Act and Rule 102(e)(1)(ii) of the Commission's Rules of Practice provide, in part, that the Commission may censure or deny, temporarily or permanently,

the privilege of appearing or practicing before the Commission to any person who is found by the Commission to have engaged in improper professional conduct. Exchange Act Section 4C(b) and Rule 102(e)(1)(iv) of the Commission's Rules of Practice define improper professional conduct with respect to persons associated with public accounting firms and persons licensed to practice as accountants, respectively, as (1) a single instance of highly unreasonable conduct in circumstances for which heightened scrutiny is warranted; or (2) repeated instances of unreasonable conduct that indicate a lack of competence.

48. An issuer violates Section 13(a) of the Exchange Act and Rule 13a-1 thereunder when such issuer files with the Commission annual reports that contain materially false or misleading information. Scienter is not required for a violation of Section 13(a). In administrative proceedings, the Commission may impose sanctions upon any person that is, was, or would be a cause of a violation, due to an act or omission the person knew or should have known would contribute to such violation. In order to establish that a person caused a non-scienter based violation, a showing of negligence will suffice. By not conducting the audits of Longfin's financial statements in accordance with PCAOB standards, yet allowing the audit firm to issue an audit report falsely stating that it had conducted the audit in accordance with PCAOB standards, Raghunathan and Golding were a cause of Longfin's violations of Section 13(a) and Rule 13a-1.

#### **FINDINGS**

49. Based on the foregoing, the Commission finds that Raghunathan and Golding caused the audit firm's violations of Regulation S-X Rule 2-02(b)(1).

50. Based on the foregoing, the Commission finds that Respondents engaged in improper professional conduct pursuant to Section 4C(a)(2) of the Exchange Act and Rule 102(e)(1)(ii) of the Commission's Rules of Practice.

51. Based on the foregoing, the Commission finds that Respondents were a cause of Longfin's violations of Section 13(a) of the Exchange Act and Rule 13a-1 thereunder.

#### **IV.**

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in the Respondents' Offers.

Accordingly, it is hereby ORDERED, effective immediately, that:

A. Respondents, Raghunathan and Golding, shall cease and desist from committing or causing any violations and any future violations of Regulation S-X Rule 2-02(b)(1) and Section 13(a) of the Exchange Act and Rule 13a-1 promulgated thereunder.

B. Respondent Raghunathan is denied the privilege of appearing or practicing before the Commission as an accountant.

C. After three years from the date of the Order, Raghunathan may request that the Commission consider Raghunathan's reinstatement by submitting an application to the attention of the Office of the Chief Accountant.

D. In support of any application for reinstatement to appear and practice before the Commission as a preparer or reviewer, or a person responsible for the preparation or review, of financial statements of a public company to be filed with the Commission, other than as a member of an audit committee, as that term is defined in Section 3(a)(58) of the Exchange Act, Raghunathan shall submit a written statement attesting to an undertaking to have Raghunathan's work reviewed by the independent audit committee of any public company for which Raghunathan works or in some other manner acceptable to the Commission, as long as Raghunathan practices before the Commission in this capacity and will comply with any Commission or other requirements related to the appearance and practice before the Commission as an accountant.

E. In support of any application for reinstatement to appear and practice before the Commission as a member of an audit committee, as that term is defined in Section 3(a)(58) of the Exchange Act, as a preparer or reviewer, or as a person responsible for the preparation or review, of any public company's financial statements that are filed with the Commission, Raghunathan shall submit a statement prepared by the audit committee(s) with which Raghunathan will be associated, including the following information:

1. A summary of the responsibilities and duties of the specific audit committee(s) with which Raghunathan will be associated;
2. A description of Raghunathan's role on the specific audit committee(s) with which Raghunathan will be associated;
3. A description of any policies, procedures, or controls designed to mitigate any potential risk to the Commission by such service;
4. A description relating to the necessity of Raghunathan's service on the specific audit committee; and
5. A statement noting whether Raghunathan will be able to act unilaterally on behalf of the Audit Committee as a whole.

F. In support of any application for reinstatement to appear and practice before the Commission as an independent accountant (auditor) before the Commission, Raghunathan must be associated with a public accounting firm registered with PCAOB and Raghunathan shall submit the following additional information:

1. A statement from the public accounting firm (the "Firm") with which Raghunathan is associated, stating that the firm is registered with the PCAOB in accordance with the Sarbanes-Oxley Act of 2002;

2. A statement from the Firm with which Raghunathan is associated that the Firm has been inspected by the PCAOB and that the PCAOB did not identify any criticisms of or potential defects in the Firm's quality control system that would indicate that Raghunathan will not receive appropriate supervision; and
3. A statement from Raghunathan indicating that the PCAOB has taken no disciplinary actions against Raghunathan since seven (7) years prior to the date of the Order other than for the conduct that was the basis for the Order.

G. In support of any application for reinstatement, Raghunathan shall provide documentation showing that Raghunathan is currently licensed as a CPA and that Raghunathan has resolved all other disciplinary issues with any applicable state boards of accountancy. If Raghunathan is not currently licensed as a CPA, Raghunathan shall provide documentation showing that Raghunathan's licensure is dependent upon reinstatement by the Commission.

H. In support of any application for reinstatement, Raghunathan shall also submit a signed affidavit truthfully stating, under penalty of perjury:

1. That Raghunathan has complied with the Commission suspension Order, and with any related orders and undertakings, including any orders in *SEC v. Longfin Corp., et al.*, Case No. 19-cv-5296-DLC (S.D.N.Y.), or any related Commission proceedings, including any orders requiring payment of disgorgement or penalties;
2. That Raghunathan undertakes to notify the Commission immediately in writing if any information submitted in support of the application for reinstatement becomes materially false or misleading or otherwise changes in any material way while the application is pending;
3. That Raghunathan, since the entry of the Order, has not been convicted of a felony or a misdemeanor involving moral turpitude that would constitute a basis for a forthwith suspension from appearing or practicing before the Commission pursuant to Rule 102(e)(2);
4. That Raghunathan, since the entry of the Order:
  - a. has not been charged with a felony or a misdemeanor involving moral turpitude as set forth in Rule 102(e)(2) of the Commission's Rules of Practice, except for any charge concerning the conduct that was the basis for the Order;
  - b. has not been found by the Commission or a court of the United States to have committed a violation of the federal securities laws, and has not been enjoined from violating the federal securities laws, except for any finding or injunction concerning the conduct that was the basis for the Order;

- c. has not been charged by the Commission or the United States with a violation of the federal securities laws, except for any charge concerning the conduct that was the basis for the Order;
  - d. has not been found by a court of the United States (or any agency of the United States) or any state, territory, district, commonwealth, or possession, or any bar thereof to have committed an offense (civil or criminal) involving moral turpitude, except for any finding concerning the conduct that was the basis for the Order; and
  - e. has not been charged by the United States (or any agency of the United States) or any state, territory, district, commonwealth, or possession, civilly or criminally, with having committed an act of moral turpitude, except for any charge concerning the conduct that was the basis for the Order.
5. That Raghunathan's conduct is not at issue in any pending investigation of the Commission's Division of Enforcement, the PCAOB's Division of Enforcement and Investigations, any criminal law enforcement investigation, or any pending proceeding of a State Board of Accountancy, except to the extent that such conduct concerns that which was the basis for the Order.
6. That Raghunathan has complied with any and all orders, undertakings, or other remedial, disciplinary, or punitive sanctions resulting from any action taken by any State Board of Accountancy, or other regulatory body.
- I. Raghunathan shall also provide a detailed description of:
- 1. Raghunathan's professional history since the imposition of the Order, including
    - a. all job titles, responsibilities and role at any employer;
    - b. the identification and description of any work performed for entities regulated by the Commission, and the persons to whom Raghunathan reported for such work; and
  - 2. Raghunathan's plans for any future appearance or practice before the Commission.
- J. The Commission may conduct its own investigation to determine if the foregoing attestations are accurate.
- K. If Raghunathan provides the documentation and attestations required in this Order and the Commission (1) discovers no contrary information therein, and (2) determines that

Raghunathan truthfully and accurately attested to each of the items required in Raghunathan's affidavit, and the Commission discovers no information, including under Paragraph J, indicating that Raghunathan has violated a federal securities law, rule or regulation or rule of professional conduct applicable to Raghunathan since entry of the Order (other than by conduct underlying Raghunathan's original Rule 102(e) suspension), then, unless the Commission determines that reinstatement would not be in the public interest, the Commission shall reinstate Raghunathan for cause shown.

L. If Raghunathan is not able to provide the documentation and truthful and accurate attestations required in this Order or if the Commission has discovered contrary information, including under Paragraph J, the burden shall be on Raghunathan to provide an explanation as to the facts and circumstances pertaining to the matter setting forth why Raghunathan believes cause for reinstatement nonetheless exists and reinstatement would not be contrary to the public interest. The Commission may then, in its discretion, reinstate Raghunathan for cause shown.

M. If the Commission declines to reinstate Raghunathan pursuant to Paragraphs K and L, it may, at Raghunathan's request, hold a hearing to determine whether cause has been shown to permit Raghunathan to resume appearing and practicing before the Commission as an accountant.

N. Respondent Golding is denied the privilege of appearing or practicing before the Commission as an accountant.

O. After one year from the date of the Order, Golding may request that the Commission consider Golding's reinstatement by submitting an application to the attention of the Office of the Chief Accountant.

P. In support of any application for reinstatement to appear and practice before the Commission as a preparer or reviewer, or a person responsible for the preparation or review, of financial statements of a public company to be filed with the Commission, other than as a member of an audit committee, as that term is defined in Section 3(a)(58) of the Exchange Act, Golding shall submit a written statement attesting to an undertaking to have Golding's work reviewed by the independent audit committee of any public company for which Golding works or in some other manner acceptable to the Commission, as long as Golding practices before the Commission in this capacity and will comply with any Commission or other requirements related to the appearance and practice before the Commission as an accountant.

Q. In support of any application for reinstatement to appear and practice before the Commission as a member of an audit committee, as that term is defined in Section 3(a)(58) of the Exchange Act, as a preparer or reviewer, or as a person responsible for the preparation or review, of any public company's financial statements that are filed with the Commission, Golding shall submit a statement prepared by the audit committee(s) with which Golding will be associated, including the following information:

1. A summary of the responsibilities and duties of the specific audit committee(s) with which Golding will be associated;

2. A description of Golding's role on the specific audit committee(s) with which Golding will be associated;
3. A description of any policies, procedures, or controls designed to mitigate any potential risk to the Commission by such service;
4. A description relating to the necessity of Golding's service on the specific audit committee; and
5. A statement noting whether Golding will be able to act unilaterally on behalf of the Audit Committee as a whole.

R. In support of any application for reinstatement to appear and practice before the Commission as an independent accountant (auditor) before the Commission, Golding must be associated with a public accounting firm registered with the PCAOB and Golding shall submit the following additional information:

1. A statement from the public accounting firm (the "Firm") with which Golding is associated, stating that the firm is registered with the PCAOB in accordance with the Sarbanes-Oxley Act of 2002;
2. A statement from the Firm with which Golding is associated that the Firm has been inspected by the PCAOB and that the PCAOB did not identify any criticisms of or potential defects in the Firm's quality control system that would indicate that Golding will not receive appropriate supervision; and
3. A statement from Golding indicating that the PCAOB has taken no disciplinary actions against Golding since seven (7) years prior to the date of the Order other than for the conduct that was the basis for the Order.

S. In support of any application for reinstatement, Golding shall provide documentation showing that Golding is currently licensed as a CPA and that Golding has resolved all other disciplinary issues with any applicable state boards of accountancy. If Golding is not currently licensed as a CPA, Golding shall provide documentation showing that Golding's licensure is dependent upon reinstatement by the Commission.

T. In support of any application for reinstatement, Golding shall also submit a signed affidavit truthfully stating, under penalty of perjury:

1. That Golding has complied with the Commission suspension Order, and with any related orders and undertakings, including any orders in *SEC v. Longfin Corp., et al.*, Case No. 19-cv-5296-DLC (S.D.N.Y.), or any related Commission proceedings, including any orders requiring payment of disgorgement or penalties;



2. That Golding undertakes to notify the Commission immediately in writing if any information submitted in support of the application for reinstatement becomes materially false or misleading or otherwise changes in any material way while the application is pending;
3. That Golding, since the entry of the Order, has not been convicted of a felony or a misdemeanor involving moral turpitude that would constitute a basis for a forthwith suspension from appearing or practicing before the Commission pursuant to Rule 102(e)(2);
4. That Golding, since the entry of the Order:
  - a. has not been charged with a felony or a misdemeanor involving moral turpitude as set forth in Rule 102(e)(2) of the Commission's Rules of Practice, except for any charge concerning the conduct that was the basis for the Order;
  - b. has not been found by the Commission or a court of the United States to have committed a violation of the federal securities laws, and has not been enjoined from violating the federal securities laws, except for any finding or injunction concerning the conduct that was the basis for the Order;
  - c. has not been charged by the Commission or the United States with a violation of the federal securities laws, except for any charge concerning the conduct that was the basis for the Order;
  - d. has not been found by a court of the United States (or any agency of the United States) or any state, territory, district, commonwealth, or possession, or any bar thereof to have committed an offense (civil or criminal) involving moral turpitude, except for any finding concerning the conduct that was the basis for the Order; and
  - e. has not been charged by the United States (or any agency of the United States) or any state, territory, district, commonwealth, or possession, civilly or criminally, with having committed an act of moral turpitude, except for any charge concerning the conduct that was the basis for the Order.
5. That Golding's conduct is not at issue in any pending investigation of the Commission's Division of Enforcement, the PCAOB's Division of Enforcement and Investigations, any criminal law enforcement investigation, or any pending proceeding of a State Board of Accountancy, except to the extent that such conduct concerns that which was the basis for the Order.

6. That Golding has complied with any and all orders, undertakings, or other remedial, disciplinary, or punitive sanctions resulting from any action taken by any State Board of Accountancy, or other regulatory body.

U. Golding shall also provide a detailed description of:

1. Golding's professional history since the imposition of the Order, including
  - a. all job titles, responsibilities and role at any employer;
  - b. the identification and description of any work performed for entities regulated by the Commission, and the persons to whom Golding reported for such work; and
2. Golding's plans for any future appearance or practice before the Commission.

V. The Commission may conduct its own investigation to determine if the foregoing attestations are accurate.

W. If Golding provides the documentation and attestations required in this Order and the Commission (1) discovers no contrary information therein, and (2) determines that Golding truthfully and accurately attested to each of the items required in Golding's affidavit, and the Commission discovers no information, including under Paragraph V, indicating that Golding has violated a federal securities law, rule or regulation or rule of professional conduct applicable to Golding since entry of the Order (other than by conduct underlying Golding's original Rule 102(e) suspension), then, unless the Commission determines that reinstatement would not be in the public interest, the Commission shall reinstate Golding for cause shown.

X. If Golding is not able to provide the documentation and truthful and accurate attestations required in this Order or if the Commission has discovered contrary information, including under Paragraph V, the burden shall be on Golding to provide an explanation as to the facts and circumstances pertaining to the matter setting forth why Golding believes cause for reinstatement nonetheless exists and reinstatement would not be contrary to the public interest. The Commission may then, in its discretion, reinstate Golding for cause shown.

Y. If the Commission declines to reinstate Golding pursuant to Paragraphs W and X, it may, at Golding's request, hold a hearing to determine whether cause has been shown to permit Golding to resume appearing and practicing before the Commission as an accountant.

Z. Respondent Raghunathan shall, within 21 days of the entry of this Order, pay a civil money penalty in the amount of \$25,000 to the Securities and Exchange Commission. The Commission may distribute civil money penalties collected in this proceeding if, in its discretion, the Commission orders the establishment of a Fair Fund pursuant to 15 U.S.C. § 7246, Section 308(a) of the Sarbanes-Oxley Act of 2002. The Commission will hold funds paid pursuant to this paragraph in an account at the United States Treasury pending a decision whether the Commission, in its discretion, will seek to distribute funds or transfer them to the general fund of

the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

AA. Respondent Golding shall, within 21 days of the entry of this Order, pay a civil money penalty in the amount of \$10,000 to the Securities and Exchange Commission. The Commission may distribute civil money penalties collected in this proceeding if, in its discretion, the Commission orders the establishment of a Fair Fund pursuant to 15 U.S.C. § 7246, Section 308(a) of the Sarbanes-Oxley Act of 2002. The Commission will hold funds paid pursuant to this paragraph in an account at the United States Treasury pending a decision whether the Commission, in its discretion, will seek to distribute funds or transfer them to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

BB. Payment must be made in one of the following ways:

- (1) Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondents may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondents may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

CC. Payments by check or money order must be accompanied by a cover letter identifying each Respondent in these proceedings, and the file number of these proceedings. A copy of the cover letter and check or money order must be simultaneously sent to Anita Bandy, Associate Director, Division of Enforcement, Securities and Exchange Commission, 100 F St., N.E., Washington, DC 20549.

DD. Regardless of whether the Commission in its discretion orders the creation of a Fair Fund for the penalties ordered in this proceeding, amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondents' payment of a civil penalty in this action ("Penalty Offset").

If the court in any Related Investor Action grants such a Penalty Offset, Respondents agree that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondents by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

**V.**

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondents Raghunathan and Golding, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondents under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondents of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Vanessa A. Countryman  
Secretary