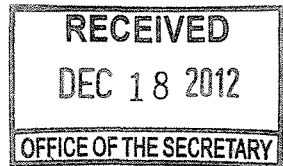


UNITED STATES OF AMERICA
BEFORE THE
SECURITIES AND EXCHANGE COMMISSION



ADMINISTRATIVE PROCEEDING
FILE NO. 3-15116

In the Matter of

BDO China Dahua CPA Co., Ltd.;

Ernst & Young Hua Ming LLP;

KPMG Huazhen (Special General
Partnership);

Deloitte Touche Tohmatsu Certified
Public Accountants Ltd.;

PricewaterhouseCoopers Zhong Tian
CPAs Limited

Respondents.

**RESPONSE OF RESPONDENTS BDO CHINA DAHUA CPA CO., LTD.,
ERNST & YOUNG HUA MING LLP,
KPMG HUAZHEN (SPECIAL GENERAL PARTNERSHIP), AND
PRICEWATERHOUSECOOPERS ZHONG TIAN CPAS LIMITED COMPANY
TO DIVISION OF ENFORCEMENT'S MOTION TO CONSOLIDATE**

Respondents BDO China Dahua CPA Co., Ltd., Ernst & Young Hua Ming LLP, KPMG Huazhen (Special General Partnership), and PricewaterhouseCoopers Zhong Tian CPAs Limited Company (collectively, the "Firms") submit this response to the Division of Enforcement's Motion to Consolidate this proceeding with the proceeding *In the Matter of Deloitte Touche Tohmatsu Certified Public Accountants Ltd.*, File No. 3-14872 (the "DTTC Proceeding").¹ As

¹ By filing this response, the Firms do not waive or intend to waive any applicable defenses, including defenses asserting improper service and lack of jurisdiction, nor does the pre-Answer nature of this filing constitute a waiver

explained below, the Firms do not object to consolidation, provided that the Firms are not prejudiced – in terms of scheduling or otherwise – by any consolidation order.

BACKGROUND

1. This Proceeding

On December 3, 2012, the United States Securities and Exchange Commission (the “SEC” or the “Commission”) issued an Order Instituting Administrative Proceedings (the “OIP”) against the Firms and two other Respondents. Pursuant to Rule 220 of the Commission’s Rule of Practice, 17 C.F.R. § 201.220, the Respondents’ Answers to the OIP will be due within twenty days after service of the OIP.

On December 7, 2012, the Division of Enforcement (the “Division”) filed its Motion to Consolidate this proceeding with the earlier-instituted DTTC Proceeding. In its Motion, the Division argued that this proceeding and the DTTC Proceeding present similar legal issues which are “best answered by one Hearing Officer in one administrative proceeding, rather than in two different proceedings.” (Div. Mot. at 5.) The Division further argued that the schedules of this proceeding and the DTTC Proceeding should be aligned by extending the deadline in the DTTC Proceeding. (*Id.* at 6-7.)

2. The DTTC Proceeding

On May 9, 2012, the SEC issued an OIP against DTTC. DTTC answered the OIP on June 4, 2012 and moved to dismiss the OIP on June 20, 2012. The Division filed an opposition to DTTC’s motion to dismiss on July 5, 2012. Two weeks later, the Division filed an unopposed motion for a six-month stay of the DTTC Proceeding. On July 19, 2012, the Hearing Officer

of or intention to waive any other applicable defenses and denials which will be set forth in the Firms’ Answers in this proceeding. The Division of Enforcement agrees that all defenses, including those as to service and jurisdiction, are preserved and that the filing of this response does not constitute a waiver of any defense by the Firms.

assigned to the DTTC Proceeding denied the Division's motion, but determined that a six-month postponement was warranted and ordered the Division to file a status report by January 18, 2013.

Contemporaneous with the filing in this proceeding of the Motion to Consolidate on December 7, 2012, the Division filed in the DTTC Proceeding a status report in accordance with the Hearing Officer's July 19, 2012 order and moved for an extension of the deadline for the initial decision in the DTTC Proceeding to conform to the deadline for the initial decision in this matter. On December 10, 2012, the Hearing Officer denied without prejudice the Division's request for an extension of the initial decision deadline in the DTTC Proceeding. That deadline thus remains March 11, 2013. After a conference with DTTC and the Division, the Hearing Officer issued a further order on December 13, 2012 delaying the hearing, "if necessary," until February 25, 2013, and "in view of changed circumstances," cancelling a previously-scheduled prehearing conference.

ARGUMENT

The Firms do not object to consolidation of this proceeding and the DTTC Proceeding. The SEC has effectively consolidated all but one of the matters into this proceeding already by filing a single action against five Respondents involving nine companies, so adding one additional company involving one of the existing five Respondents makes sense. Although there will be unique factual and legal issues presented by each of the five Respondents, the overlap of issues and the critical importance of these proceedings to the Firms involved and potentially to U.S.-China relations and the global capital markets, as well as fundamental fairness and prudence put a premium on the need for an orderly proceeding on a reasonable time schedule. The extremely sensitive and complex issues implicated by these proceedings require that the

parties be afforded a fair and complete opportunity to address them and the Court have a fair and complete opportunity to decide them.

The Commission so recognized by setting this matter for the longest track to initial decision available, “after consideration of the nature, complexity, and urgency of the subject matter.” Rule 360(a)(2), 17 C.F.R. § 201.360(a)(2); *see also* OIP § IV. Moreover, Rule 201(a) mandates that the Firms not be prejudiced by any consolidation with the DTTC Proceeding. 17 C.F.R. § 201.201(a) (“Consolidation shall not prejudice any rights under these Rules of Practice and shall not affect the right of any party to raise issues that could have been raised if consolidation had not occurred.”).

Thus, consistent with the views of the Division (*see, e.g.*, Div. Mot. at 6-7) and the Commission’s direction, if this single consolidated proceeding already before Your Honor is to be consolidated with the DTTC Proceeding, the 300-day schedule should be maintained and should not be limited by the earlier-instituted DTTC Proceeding’s different timetable. The DTTC Proceeding, however, is currently proceeding on an expedited basis since it was postponed for nearly five months and has now resumed without an extension of the March 11, 2013 initial decision deadline. Indeed, while Rule 360(a)(2) directs that “[u]nder the 300-day timeline, . . . there shall be approximately 4 months from the order instituting the proceeding to the hearing,” 17 C.F.R. § 201.360(a)(2), the March 11, 2013 deadline for decision in the DTTC proceeding is barely three months after the issuance of the OIP in this proceeding. Any attempt to align the schedule in this proceeding with the schedule in the DTTC Proceeding would severely prejudice the Firms, in contravention of Rule 201(a), 17 C.F.R. § 201.201(a).

The Firms would also be prejudiced if, in a consolidated proceeding, they were constrained in any way by the fact that the DTTC Proceeding is at a more advanced stage. These

matters present complex issues, and the Firms are entitled to a full and fair opportunity to present their defenses and arguments as they see fit, including but certainly not limited to threshold issues that have not been addressed in DTTC's motion to dismiss the DTTC Proceeding, developments since the filing of the DTTC Proceedings, and the particular facts and circumstances relevant to the Firms. Any consolidation must respect the rights of the Firms and the other Respondents to defend themselves properly.

The Firms take no position as to whether the proceedings should be consolidated before Your Honor or Judge Elliot, who is assigned to the DTTC Proceeding.²

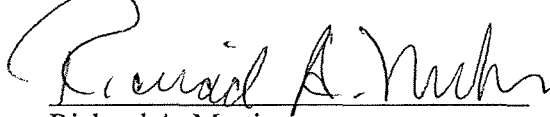
CONCLUSION

The Firms do not oppose consolidation of this proceeding with the DTTC Proceeding, but they have an interest in ensuring that they are not prejudiced by any consolidation. Whatever the right procedure, the outcome should be one proceeding on a reasonable schedule to be worked out among the parties that is consistent with the SEC's 300-day clock in this matter and affords reasonable time to consider, present and assess the important issues that need to be addressed in these matters.

² To the extent that it proves difficult procedurally to fold the DTTC Proceeding into a fair schedule to be set for this proceeding, perhaps the SEC could withdraw its order instituting the DTTC Proceeding and amend the OIP in this proceeding to include allegations related to DTTC's Client A.

Dated: December 17, 2012

Respectfully submitted,



Richard A. Martin
Robert G. Cohen
ORRICK, HERRINGTON & SUTCLIFFE LLP
51 West 52nd Street
New York, NY 10019
(212) 506-5000
rmartin@orrick.com
rgcohen@orrick.com

*Counsel for Ernst & Young Hua Ming
LLP*

Geoffrey F. Aronow
Timothy B. Nagy
BINGHAM MCCUTCHEN LLP
2020 K Street NW
Washington, DC 20006
(202) 373-6000
geoffrey.aronow@bingham.com
timothy.nagy@bingham.com

*Counsel for KPMG Huazhen (Special
General Partnership)*

Michael S. Flynn
Gina Caruso
DAVIS POLK & WARDWELL LLP
450 Lexington Avenue
New York, NY 10017
(212) 450-4000
michael.flynn@davispolk.com
gina.caruso@davispolk.com

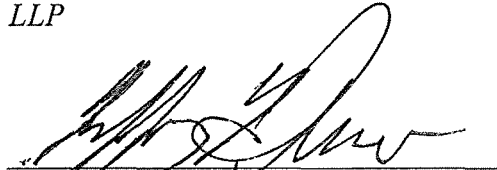
*Counsel for Pricewaterhouse Coopers
Zhong Tian CPAs Limited Company*

Dated: December 17, 2012

Respectfully submitted,

Richard A. Martin
Robert G. Cohen
ORRICK, HERRINGTON & SUTCLIFFE LLP
51 West 52nd Street
New York, NY 10019
(212) 506-5000
rmartin@orrick.com
rgcohen@orrick.com

*Counsel for Ernst & Young Hua Ming
LLP*



Geoffrey F. Aronow
Timothy B. Nagy
BINGHAM MCCUTCHEN LLP
2020 K Street NW
Washington, DC 20006
(202) 373-6000
geoffrey.aronow@bingham.com
timothy.nagy@bingham.com

*Counsel for KPMG Huazhen (Special
General Partnership)*

Michael S. Flynn
Gina Caruso
DAVIS POLK & WARDWELL LLP
450 Lexington Avenue
New York, NY 10017
(212) 450-4000
michael.flynn@davispolk.com
gina.caruso@davispolk.com

*Counsel for Pricewaterhouse Coopers
Zhong Tian CPAs Limited Company*

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Respectfully submitted,

Richard A. Martin
Robert G. Cohen
ORRICK, HERRINGTON & SUTCLIFFE LLP
51 West 52nd Street
New York, NY 10019
(212) 506-5000
rmartin@orrick.com
rgcohen@orrick.com

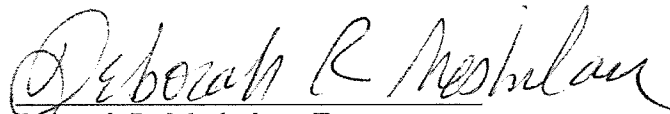
*Counsel for Ernst & Young Hua Ming
LLP*

Geoffrey F. Aronow
Timothy B. Nagy
BINGHAM MCCUTCHEN LLP
2020 K Street NW
Washington, DC 20006
(202) 373-6000
geoffrey.aronow@bingham.com
timothy.nagy@bingham.com

*Counsel for KPMG Huazhen (Special
General Partnership)*


Michael S. Flynn
Gina Caruso
DAVIS POLK & WARDWELL LLP
450 Lexington Avenue
New York, NY 10017
(212) 450-4000
michael.flynn@davispolk.com
gina.caruso@davispolk.com

*Counsel for Pricewaterhouse Coopers
Zhong Tian CPAs Limited Company*



Deborah R. Meshulam, Esq.

DLA PIPER LLP

500 8th Street N.W.

Washington, D.C. 20004

(202) 799-4511

deborah.meshulam@dlapiper.com

*Counsel for BDO China Dahua CPA Co.,
Ltd.*