



ADMINISTRATIVE PROCEEDING
FILE NOS. 3-14872, 3-15116

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

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.; and
PricewaterhouseCoopers Zhong Tian CPAs
Limited

**BRIEF OF POINTS AND AUTHORITIES IN SUPPORT OF
MOTION OF ZHONGGUANCUN LISTED COMPANIES ASSOCIATION
FOR LEAVE TO FILE AMICUS *CURIAE* BRIEF**

Dated: May 28, 2014

Pursuant to Rule 210(d) of the Commission's Rules of Practice, 17 C.F.R. § 201.210(d), the Zhongguancun Listed Companies Association ("ZLCA"), through its undersigned counsel, respectfully submits this motion for leave to file an amicus *curiae* brief, or, in the alternative, for leave to file its amicus brief as a statement of its views pursuant to Rule 210(e), 17 C.F.R. § 201.210(e), *In the Matter of BDO China Dahua CPA Co., LLP; Ernst & Yung Hua Ming LLP; KPMG Huazhen (Special General Partnership); Deloitte Touch Tohmatsu Certified Public Accountants Ltd.; PricewaterhouseCoopers Zhong Tian CPAs Limited*, SEC Administrative Proceeding File Nos. 3-14872, 3-15116.

Background

On December 3, 2012, the SEC initiated an administrative proceeding (the "Proceeding") against BDO China Dahua CPA Co., LLP; Ernst & Yung Hua Ming LLP; KPMG Huazhen (Special General Partnership); Deloitte Touch Tohmatsu Certified Public Accountants Ltd.; PricewaterhouseCoopers Zhong Tian CPAs Limited (collectively, the "Respondents"), for the Respondents' "willful refusal" to provide the SEC with audit work papers and other materials in connection with audit work and interim reviews performed for nine (9) U.S. listed Chinese companies in violation of Section 106 of the Sarbanes-Oxley Act of 2002, as amended ("Sarbanes-Oxley"), in connection with the SEC's investigation into possible violations of the U.S. Federal Securities Laws by these companies. In the Proceeding, the SEC sought to Censure the Respondents and sought an order barring the Respondents from "practicing before the SEC" by issuing audit opinions on companies that are registered with the SEC. Collectively, the Respondents have issued audit opinions on over one hundred U.S. listed Chinese companies that are registered with the SEC each year, many of which are members of the ZLCA.

After a full trial on the merits of the allegations in the Proceeding before an Administrative Law Judge (“ALJ”), on January 22, 2014, the ALJ issued an initial decision censuring all Respondents and barring every Respondent except BDO China Dahua CPA Co., LLP from practicing before the SEC for a period of six (6) months. This censure makes it impossible for the Respondents (except BDO) to review U.S. listed companies quarterly financial statements and to issue any audit opinions for that period.

The Respondents moved for an order permitting review of the ALJ’s Initial Decision. In addition, the Respondents moved for leave to adduce additional evidence. An Order granting leave to adduce additional evidence and granting the petitions for review was entered on May 9, 2014.

Argument

The ZLCA respectfully requests that the Commission grant its motion for leave to file an amicus *curiae* brief given the significant issues presented in this matter that directly impact the ZLCA and its members. The current decision would have a significant adverse impact on the ZLCA, its members, and on the United States investors of many Chinese companies. If the decision is not reversed or modified, all of the ZLCA’s members who are U.S. listed and have their financial statements audited by a Chinese certified public accountant (or who more than fifty percent (50%) of the audit work is performed by a Chinese certified public accountant) will face the possibility of having their shares delisted from U.S. stock exchanges unless their Chinese accountants choose to willfully violate the law of the People’s Republic of China in providing audit work papers to the SEC in response to a request for these work papers by the SEC pursuant to Section 106 of Sarbanes-Oxley. This is a precarious position for these firms and their United States investors and given the broad based policy interests that are implicated by

the ALJ's decision, the ZLCA firmly believes that the Commission will benefit from having the ZLCA's views before it.

Conclusion

For the foregoing reasons, the ZLCA respectfully requests that the Commission grant its motion for leave to file an amicus *curiae* brief, or, in the alternative, for leave to file its amicus brief as a statement of its views.

Dated: May 28, 2014

Respectfully submitted,



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