BEFORE THE
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.

Admin. Proc. File No. 3-16518

In the Matter of the Application of

KABANI & COMPANY, INC.,
HAMID KABANI, CPA,
MICHAEL DEUTCHMAN, CPA,
and
KARIM KHAN MUHAMMAD, CPA

For Review of Disciplinary Action Taken By the

PUBLIC COMPANY ACCOUNTING
OVERSIGHT BOARD

PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD'S OPPOSITION TO APPLICANTS' MOTION FOR STAY OF SANCTIONS PENDING APPEAL TO THE NINTH CIRCUIT

March 30, 2017

J. Gordon Seymour
Luis de la Torre
Jodie Dalton Young
Office of the General Counsel
Public Company Accounting Oversight Board
1666 K Street, N.W.
Washington, D.C. 20006
202-207-9100 (phone)
202-862-8435 (facsimile)
seymourg@pcaobus.org
delatorrel@pcaobus.org
youngj1@pcaobus.org

Applicants "embarked on a determined effort to undermine the PCAOB's regulatory responsibilities by deceiving PCAOB inspection staff." Specifically, they "intentionally and knowingly violated the PCAOB's rules" when they "added or falsified hundreds of audit documents; intentionally reset internal computer clocks to conceal that the alterations were made before applicable deadlines; and backdated their signatures on relevant work papers" in an attempt to "conceal documentation deficiencies" in audit files in advance of a PCAOB inspection. Acting "egregiously," in "deliberate disregard" of their regulatory responsibilities, "[t]heir scheme involved several weeks of sustained effort to identify and correct hundreds of deficiencies in multiple issuer files." Applicants "harmed the market" and "pose a continuing danger to the investing public." Necessarily, Kabani & Company's PCAOB registration was revoked; Hamid Kabani was permanently barred from associating with a registered public accounting firm; Michael Deutchman was barred with leave to apply to reassociate after two years; Karim Khan Muhammed was barred with leave to apply to reassociate after 18 months; and Applicants were censured and ordered to pay civil money penalties. So found the Commission in its March 10, 2017 decision in this case, based on *de novo* review of the record and careful consideration of Applicants' multitude of strained, scattershot arguments.

Now, nearly five years after the PCAOB instituted disciplinary proceedings charging this extremely serious misconduct, followed by various delays by Applicants, three years after the hearing officer issued the 70-plus page initial decision, and two years after the Board's *de novo* review, summary affirmance, and denial of reconsideration, Applicants seek to maintain the status quo through yet another appeal, while they continue to put investors and the market at risk by continued pursuit of an issuer audit practice for which they have repeatedly been adjudicated unfit. The Board opposes Applicants' March 22 motion for a stay of sanctions in its entirety.

As the Commission has explained, "[t]he imposition of a stay is an extraordinary and drastic remedy," and the party seeking it has the burden of establishing that a stay is warranted. *William Timpinaro*, SEC Rel. No. 34-29927, 1991 SEC LEXIS 2544, *6 (Nov. 12, 1991); *Raymond J. Lucia Cos.*, SEC Rel. No. 34-76241, 2015 WL 6352089 *1 (Oct. 22, 2015); *Steven Altman*, SEC Rel. No. 34-63665, 2011 WL 52087, *2 (Jan. 6, 2011)). Consideration of a request for a stay pending judicial review under SEC Rule of Practice 401(c), 17 C.F.R. 201.401(c), is governed by four factors: "(1) whether the stay applicant has made a strong showing that he or she is likely to succeed on the merits; (2) whether the applicant will be irreparably injured absent a stay; (3) whether issuance of the stay will substantially injure the other parties interested in the proceeding; and (4) where the public interest lies." *Mohammed Riad*, SEC Rel. No. 34-78272, 2016 WL 3648316, *1 (July 8, 2016) (citing cases). Further, "the first two factors are the most critical," and thus "an applicant's failure to demonstrate the requisite likelihood of success or irreparable harm ordinarily will be dispositive of the stay inquiry." *Id.* at *1 (citing cases).[1/]

Applicants, who claim to continue to audit issuers, have not shown that any of the four factors weigh in favor of lifting the stay. Nor have they shown that the circumstances of this case are appropriate for a purely discretionary stay. Their motion for a stay should be denied.

1. Applicants' entire showing of likelihood of success on the merits consists of two assertions lacking any detail, reasoning, or support: "Appellants and the Commission disagree

---

1/ *See Humane Society of U.S. v. Gutierrez*, 523 F.3d 990, 991 (9th Cir. 2008); *Busboom Grain Co., Inc. v. ICC*, 830 F.2d 74, 75 (7th Cir. 1987) ("A strong presumption of regularity supports any order of an administrative agency; a stay pending judicial review is a rare event and depends on a demonstration that the administrative process has misfired."); *Montford & Co., Inc.*, No. 14-1126 (D.C. Cir. Nov. 12, 2014) (per curiam) (denying motion for stay of sanctions including bars, cease-and-desist orders, and monetary sanctions where "[p]etitioners have not satisfied the stringent requirements for a stay pending review") (attached).

mightily as to the merits of the PCAOB's findings"; "Appellants contend that they were not provided a fair and impartial hearing and that the disciplinary proceedings were unconstitutional and violated [their] procedural due process rights," which, "coupled with insufficient evidence upon which the sanctions were based[,] warrants reversal." Mot. 4.

Despite litigating this case for years, Applicants have never presented a coherent or supportable defense to defeat the overwhelming evidence and arguments against them. Instead, a clear pattern emerged in which Applicants advanced far-fetched claims that, once refuted, were hastily abandoned and replaced by different but equally unavailing contentions, often in conflict with the earlier positions. As the Commission noted, the Board found that "the changing, conflicting, and patently incredible explanations for the[] document alterations offered by [Applicants] throughout this proceeding accentuate the gravity of the misconduct and underscore how meritless [Applicants'] arguments to the contrary now are." Op. 8; *see, e.g.,* PCAOB Appeal Brief 10 n.3, 14 n.6, 14 n.7, 17 n.9, 21 n.10 (numerous examples). In the process, Applicants offered "changing, conflicting, and patently unbelievable testimony." Op. 2, 10. They also belatedly attempted to introduce "new" "evidence": untimely, immaterial polygraph test results and a purported table of metadata appended to their SEC Appeal Brief without a source or explanation. The Commission rejected both of those efforts. Op. 11, 12 n.17; *see* PCAOB Appeal Brief 24-25 (discrediting table, which was then abandoned without explanation by Applicants' Reply Brief and which, in any event, contradicted another argument by them)). Most recently, Applicants tried to avoid the substance of the charges altogether by resorting to newly invented procedural or constitutional arguments, deemed waived. *See* Op. 23, 26.

Cutting through the clutter, the Commission determined that "[s]ubstantial evidence" "establishes that Applicants intentionally and knowingly violated the PCAOB's rules and that the

PCAOB's imposition of sanctions for those violations was an appropriate remedy." Op. 2. After considering their various arguments—including that they did not improperly alter the audit files (Op. 9-13), that the PCAOB was biased against them (Op. 20-21), that the hearing officer improperly denied their request to designate a substitute expert witness (Op. 21-23), that they were denied a speedy trial and a jury trial (Op. 23-25), that they were denied the protections of *Brady v. Maryland*, 373 U.S. 83 (1963) (Op. 25-27), and that the sanctions were unsupported and unwarranted (Op. 16-19)—the Commission found "no reversible error." Op. 9, 27.[2/]

In sum, Applicants' motion amounts, at best, to making a mere assertion, "in conclusory fashion, that there are errors in the Commission's analysis." *Riad*, 2016 WL 3648316, *1. This does not begin to approach a "strong showing that [they] [are] likely to succeed on the merits." *Id.*; *see id.* at *1 n.6 ("respondents failed to establish a strong likelihood of success," for they "merely repeat[ed] arguments that the Commission already considered and rejected"); *Thomas C. Gonnella*, SEC Rel. No. 34-78990, 2016 WL 5461957, *1 & n.7 (Sept. 29, 2016) (same).[3/]

[2/] Applicants' Petition for Review to the Ninth Circuit only promises more of the same: "Among the grounds for this Petition are that Petitioners were denied substantive and procedural due process, and that substantial evidence does not support the Order...[and they] intend to bring a motion to adduce further evidence that they were unreasonably precluded from bringing out at the PCAOB 'trial' below." Petition at 1 (attached). Applicants fail to explain what the "further evidence" is, why, if it existed at the time of the hearing before the hearing officer nearly four years ago and was "unreasonably precluded," this was not raised on review to the Board and the Commission or made the subject of a motion to supplement the record under PCAOB Rule 5464 or SEC Rule of Practice 452, 17 C.F.R. 201.452, why it is only being raised now on third-level review to court, and why, if it exists, there is any reason to believe it would be admitted. It is far from likely that Applicants will be able to meet the requirement that they "show[] to the satisfaction of the court that the additional evidence is material and that there was reasonable ground for failure to adduce it before the Commission." 15 U.S.C. 78y(a)(5); *Alton v. SEC*, 229 F.3d 1156 (Table) (9th Cir. 2000); *Cavallo v. SEC*, 993 F.2d 913 (Table) (D.C. Cir. 1993).

[3/] Applicants assert that likelihood of success on the merits "should be strongly considered [by] the Commission, or alternatively be disregarded for purposes of determining this motion."

2. Applicants' non-specific, unsubstantiated assertions of harm, which are not particularized or differentiated by Applicant or sanction, do not come close to proving irreparable injury. They claim their "business will cease operations and they will be saddled with cash flow problems which may inhibit their ability to retain legal counsel." Mot. 5. Earlier, they stated that only the "bulk" of their "present earnings" would be "impaired" if the sanctions went into effect, which meant their "public auditing practice" was not their only business; they had private company clients. *See* Opposition & Motion to Strike at 9-10 (Sept. 16, 2015). Moreover, Kabani, who owns Kabani & Co. in California, has a relationship with at least one other affiliated audit firm, in Beijing, that bears his name. *See* R.D. 162b at 641. Deutchman, now age 71,was employed by Kabani & Co. as of June 2013. Ex. D-156 at 1; R.D. 166b at 2057. But his current job status or prospects and any impact of the sanctions on him are unknown. The same is true of Khan; he joined another PCAOB-registered firm (R.D. 162b at 635), but its registration has since been revoked (PCAOB Rel. No. 105-2016-027 (Sept. 13, 2016) (settled)).

Mot. 5. If it is considered at all, then the motion fails immediately for lack of any showing whatsoever on the point, against an overwhelming case to the contrary. For that factor to be "disregarded," this would have to be an appropriate case for the SEC to grant the motion purely as a matter of discretion, which it most emphatically is not. Contrary to Applicants' altered case quotation (Mot. 4), the discretionary approach has been applied only to monetary sanctions. It has no applicability to the other sanctions here. And it has no application here at all because this is not a case, like the one they cite, in which the stay motion is unopposed or in which granting a partial stay could avert further collateral litigation over a stay. *See, e.g., Thomas C. Gonnella,* SEC Rel. No. 34-78990, 2016 WL 5461957, *2 (Sept. 29, 2016); *J.S. Oliver Capital Mgmt., L.P.*, SEC Rel. No. 34-78575, 2016 WL 4268775, *1 (Aug. 15, 2016); Mot. 4 (citing *Young*). Nor is this a case involving complex provisions of law and a complicated fact pattern. *See, e.g., Larry C. Grossman,* SEC Rel. No. 34-79009, 2016 WL 5571616 (Sept. 30, 2016), later order, SEC Rel. No. 34-79217, 2016 WL 6441565 (Nov. 1, 2016); *ZPR Investment Mgmt., Inc.*, SEC Rel. No. 40-4249, 2015 WL 6575683 (Oct. 30, 2015), later order, SEC Rel. No. 40-4471, 2016 WL 4138418 (Aug. 4, 2016); *Raymond J. Lucia*, SEC Rel. No. 34-75837, 2015 WL 5172953 (Sept. 3, 2015), later order, SEC Rel. No. 34-76241, 2015 WL 6352089 (Oct. 22, 2015). Rather, this is a straightforward case of subversion of basic regulatory standards by gross misconduct.

It is well settled that financial detriment caused by inability to engage in a particular line of business does not rise to the level of irreparable injury necessitating a stay.[4/] Applicants' earlier motion for a protective order was denied exactly because it consisted of mere assertions of a "generalized concern" and lacked any "explanation as to why the harm resulting from the action" they sought to prevent was weighty enough to justify the relief. SEC Rel. No. 76266, at 2, 3 (Oct. 26, 2015). Similarly, the generalized, unsupported claims of harm in the stay motion provide no "proof indicating that the harm is certain to occur in the near future" or that "the alleged harm will directly result from the action" sought to be prevented. *Wisconsin Gas.Co. v. FERC*, 758 F.2d 669, 674 (D.C. Cir. 1985) (denying stay; "economic loss does not, in and of itself, constitute" irreparable harm); *Los Angeles Memorial Coliseum Comm'n v. NFL*, 634 F.2d 1197, 1202 (9th Cir. 1980) ("monetary injury" is "not normally considered irreparable").

The notion that payment of a monetary sanction constitutes "irreparable harm" has been rejected by courts and the Commission."[5/] Furthermore, even though Deutchman's and Khan's

---

[4/] *See, e.g., Riad*, 2016 WL 3648316, *1; *Atlantis Internet Group Corp.*, SEC Rel. No. 34-70620, 2013 SEC LEXIS 3121, *18 (Oct. 7, 2013) (citing *Harry W. Hunt*, SEC Rel. No. 34-68755, 2013 SEC LEXIS 297, *16 n.27 (Jan. 29, 2013)); *John Montelbano*, SEC Rel. No. 34-45107, 2001 WL 1511604, *3 (Nov. 27, 2001); *Robert J. Prager*, SEC Rel. No. 34-50634, 2004 SEC LEXIS 2578, *2 (Nov. 4, 2004); *see also Timpinaro*, 1991 SEC LEXIS 2544, *8 ("'The key word in this consideration is irreparable. Mere injuries, however substantial, in terms of money, time, and energy necessarily expended in the absence of a stay, are not enough.'") (quoting *Va. Petroleum Jobbers Ass'n v. FPC*, 259 F.2d 921, 925 (D.C. Cir. 1958)).

[5/] *See, e.g., Lubow v. U.S. Dept. of State*, 934 F. Supp. 2d 311, 313 (D.D.C. 2013) ("It is elementary that a payment of money causes no irreparable harm—if plaintiffs prevail on appeal, the Department will simply refund the money it collected."); *James Gerard O'Callaghan*, SEC Rel. No. 34-61134, 2009 WL 4731651, *4 (Dec. 10, 2009) (noting denial of applicant's motion to stay censure and fine because "he neither addressed the merits of staying those sanctions in his motion nor provided any basis for concluding that a stay would serve the public interest"); *PennMont Secs.*, SEC Rel. No. 34-54434, 2006 WL 2661212, *1 & *1 n.6 (Sept. 13, 2006) (noting Commission denied request for stay of all sanctions including censure and fine).

associational bars provide for leave to petition to associate in 24 months and 18 months, respectively, neither is "in jeopardy of losing the benefit of a successful appeal." *Riad*, 2016 WL 3648316, *2 (internal quotation omitted).[6/] Lastly, even if Applicants offered any substantiation of their claims of a "cease [in] operations" and "cash flow problems" directly traceable to the sanctions, that still would not compel a stay where, as we discuss below, the misconduct is "especially serious" and "risk[s] exposing investors and the markets" to further misconduct. *Johnny Clifton*, SEC Rel. No. 34-70639, 2013 WL 5553865, *4 (Oct. 9, 2013) (denying stay in all respects, including $150,000 civil money penalty, in fraud case).

3. Regarding harm to third parties, Applicants argue that denying the stay would harm their public company clients, who would be "forced to retain new auditors and may incur additional fees and costs for work that was recently performed." Mot. 5. This ignores that Applicants, for the sake of their "cash flow," are placing those very clients and the investors at current and continuing risk. Protecting them—and unwitting potential clients and more investors—from auditors who have demonstrated no regard for fundamental regulatory requirements is precisely the reason the sanctions must remain in place.[7/]

[6/] As the Commission explained, a bar with leave to reapply "does not create an entitlement to *automatically* rejoin" the industry "after a pre-determined period of time" and thus the considerations relevant to a stay of a time-out such as a suspension that expires with the mere passage of time "have no application" to associational bars like those here. *Id.* (emphasis in original). Additionally, for the 12-month period ending December 31, 2016, the median time from the filing of a notice of appeal to disposition on the merits by the Ninth Circuit was 15.1 months, well within the periods of time Deutchman and Khan must wait before they may apply to associate. Administrative Office of the U.S. Courts, *Federal Court Management Statistics—Summary* (Dec. 31, 2016), *available at* http://www.uscourts.gov/file/19991/download (last visited March 28, 2017); *see Riad*, 2016 WL 3648316, *3 n.21.

[7/] *Dennis J. Malouf*, SEC Rel. No. 34-78739, 2016 WL 4537671, *3 (Aug. 31, 2016) ("The Commission has held repeatedly that 'failures to appreciate one's regulatory obligations

4. Applicants undermined requirements on which the quality and integrity of issuer audits largely depend and which are fundamental to performing such audits. Op. 17. Their misconduct "interfered with the PCAOB's ability to fulfill its regulatory function of ensuring that auditors comply with their professional responsibilities." Op. 14. Applicants engaged in "an egregious attempt to deceive the PCAOB" (Op. 15), altering and backdating work papers, and thereby delaying discovery of the misconduct, rendering the audit documentation utterly unreliable, and thwarting the detection of defects in the audit work itself. The lengths to which they went to conceal their acts might have succeeded in deceiving the PCAOB if a cooperating witness had not come forward. Applicants "were experienced auditors who knowingly, intentionally, and recklessly subverted basic regulatory standards, thus demonstrating an extreme disregard for regulatory authority over a prolonged period." Op. 17-18. They claim to "continue to practice as public auditors," and "pose a continuing danger to the investing public." Op. 18.[8/]

None of the Applicants can "show[] that the financial losses he claims he will suffer

---

outweigh[] claims...about the possible impact to clients.'"); *Davis Accounting Group*, Admin. Proc. File No. 3-14370 (June 4, 2011) ("Any detriment that Applicants may incur from lifting the stay is outweighed by the danger that Applicants pose to the investing public") (citing *David Henry Disraeli*, SEC Rel. No. 34-57027, 2007 WL 4481515, *16 (Dec. 21, 2007).

8/ *See, e.g.*, Forms 10-K and 10-K/A filed by China Green Agriculture, Inc. on Oct. 7, 2016 & Form 10-K filed by NetSol Technologies on Sept. 15, 2016 (recent issuer audit reports by Kabani & Co., from EDGAR database). Not only did Applicants engage in the misconduct, but when confronted by the PCAOB with overwhelming evidence, they have tried to brazen it out, never once showing any appreciation of the seriousness of what they have done. In fact, after falsifying the record of what audit work was done, they claim their work was "consist[ent] with the standards of the [PCAOB]" and "accurate." SEC Reply Brief 1, 11. They even go so far as to boast that their conduct was an "act of grace" and "good deed" that should be "applaud[ed]." *Id.* at 1, 5, 17. This highlights the importance of the sanctions to the public interest. *See, e.g., Horning v. SEC*, 570 F.3d 337, 346 (D.C. Cir. 2009); *Geiger v. SEC*, 363 F.3d 481, 489 (D.C. Cir. 2004); *SEC v. Commonwealth Chem. Sec., Inc.*, 574 F.2d 90, 100 (2d Cir. 1978).

outweigh protecting the public" from conduct like this. *Clifton*, 2013 WL 5553865, *4. There is a strong public interest in the continuing effectiveness of the sanctions imposed in this case.[9/]

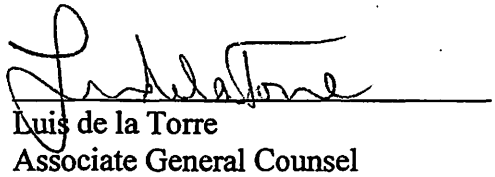
Particular sanctions were imposed on each Applicant in tandem, calibrated to address the specific misconduct of each in the circumstances and to serve the public interest, including satisfying the need for specific and general deterrence. Those sanctions, upheld in full by the Commission (Op. 15), should remain in force in their entirety. None should be lessened in effectiveness by delay, such as risking the deterrent effect or collectability of the penalty. *See, e.g.*, Comment to SEC Rule 401 (discussing "safeguards" like escrow or bond, which are lacking here); *Fed. Prescription Serv., Inc. v. Am. Pharm. Ass'n*, 636 F.2d 755, 760-61 (D.C. Cir. 1980).

For the foregoing reasons, Applicants' motion for a stay should be denied.

Dated: March 30, 2017

Respectfully submitted,

J. Gordon Seymour
General Counsel



Luis de la Torre
Associate General Counsel

Jodie Dalton Young
Assistant General Counsel

Public Company Accounting Oversight Board
1666 K Street, N.W.
Washington, DC 20006
202-207-9100 (phone) / 202-862-8435 (fax)

9/ *See, e.g., North Woodward Financial Corp.*, SEC Rel. No. 34-72828, 2014 SEC LEXIS 2894, *16 & n.16 (Aug. 12, 2014) (denying stay of bar for noncooperation, which "'subverts [FINRA's] ability to execute its regulatory responsibilities'"); *Gregory W. Gray, Jr.*, Admin Proc. File No. 3-13344 (Feb. 19, 2009) (denying stay of bar), *later order*, SEC Rel. No. 34-60361, 2009 WL 2176836, n. 2 (July 20, 2009); *Janet Gurley Katz*, Admin. Proc. File No. 13279 (Nov. 3 & 25, 2008), *later order*, SEC Rel. No. 34-61449, 2010 WL 358737, n.5 (Feb. 1, 2010).

Attachments

United States Court of Appeals

FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 14-1126 **September Term, 2014**

SEC-Rel40-3829

Filed On: November 12, 2014

Montford and Company, Inc., doing business as Montford Associates and Ernest V. Montford, Sr.,

Petitioners

v.

Securities and Exchange Commission,

Respondent

BEFORE: Henderson, Srinivasan, and Millett, Circuit Judges

ORDER

Upon consideration of the motion to stay, the response thereto, and the reply; and the letter filed September 3, 2014, it is

ORDERED that the motion to stay be denied. Petitioners have not satisfied the stringent requirements for a stay pending court review. See Winter v. Natural Res. Def. Council, 555 U.S. 7, 20 (2008); D.C. Circuit Handbook of Practice and Internal Procedures 33 (2013).

Per Curiam

In the

U.S. Ninth Circuit Court of Appeals

KABANI & COMPANY, Inc., Hamid Kabani, CPA, Michael Deutchman, CPA, and Karim Khan Muhammad, CPA

Defendants and Petitioners,

versus

United States Securities Exchange Commission,

Plaintiff and Respondent.

PETITION FOR REVIEW OF ORDER BY THE U.S. SECURITIES EXCHANGE COMMISSION

John R. Armstrong, Cal. Bar No. 183912

Horwitz & Armstrong, a professional Law Corporation

14 Orchard, Suite 200
Lake Forest, California 92630
jarmstrong@hcalaw.biz
(949) 540-6540 (tel.)/(949) 334-0696 (fax.)
Attorney for Appellants

To the Court, all parties, and their attorneys of record:

KABANI & COMPANY, Inc., Hamid Kabani, CPA, Michael Deutchman, CPA, and Karim Khan Muhammad, CPA, now hereby petition the U.S. Ninth Circuit Court of Appeals for review of the Order of the U.S. Securities Exchange Commission entered on March 10, 2017, at true and correct copy of which is attached as Exhibit "A."

Venue is proper under Title 15 U.S. Code § 78y, subdivision (a)(1) in that all of the Petitioners reside within the jurisdiction of the U.S. Ninth Circuit Court of Appeal, and have filed this petition within the statutory time from review of such orders that the U.S. Securities & Exchange Commission issues.

Among the grounds for this Petition are that Petitioners were denied substantive and procedural due process, and that substantial evidence does not support the Order, as will be more fully addressed on briefing on the merits. Additionally, Petitioners intend to bring a motion to adduce further evidence that they were unreasonably precluded from bringing out at the PCAOB "trial" below.

Attorneys for Petitioners:

/s John R. Armstrong
John R. Armstrong, Cal. Bar No. 183912
Horwitz & Armstrong, a professional Law Corporation
14 Orchard, Suite 200
Lake Forest, California 92630
jarmstrong@hcalaw.biz
(949) 540-6540 (tel.)/(949) 334-0696 (fax.)
Attorney for Petitioners

PROOF OF SERVICE

I, Janina M. Gather, declare under penalty of perjury under the laws of the State of California that the following is true and correct:

I am over the age of 18 years, and not a party to or interested in the within entitled action. I am an employee of HORWITZ + ARMSTRONG and my business address is 14 Orchard, Suite 200, Lake Forest, CA 92630.

On March 20, 2017 I served the within **PETITION FOR REVIEW OF ORDER BY THE U.S. SECURITIES EXCHANGE COMMISSION** on the interested parties in this action.

PLEASE SEE ATTACHED SERVICE LIST

IT IS HEREBY CERTIFIED BY THE ACT OF FILING OR SERVICE, THAT THE DOCUMENT WAS PRODUCED ON PAPER PURCHASED AS RECYCLED.

[xx] by placing the original and/or a true copy thereof enclosed in (a) sealed envelope(s), addressed as follows:

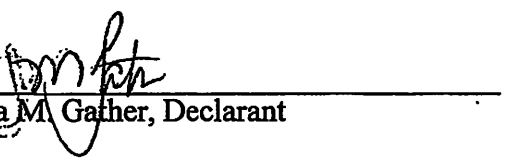
[xx] (BY MAIL) I am readily familiar with this office's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with the U.S. Postal Service on the same day with postage thereon fully prepaid at Irvine, California, in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

[ ] (BY OVERNIGHT COURIER-OVERNITE EXPRESS) I served the above-described document(s) by overnight courier: OVERNITE EXPRESS.

[ ] (BY FACSIMILE) On March 20, 2017, all of the pages of the above-entitled document were to be sent to the recipient(s) noted above via facsimile, to the respective facsimile numbers indicated above, pursuant to California Rule of Court 2009. The facsimile machine I used complied with rule 2003(3) and no error was reported by the machine. Pursuant to rule 2005(i), I caused the machine to print a transmission record of the transmission.

[ ] (BY EMAIL) I caused such documents to be emailed to the offices with the following email addresses:

Executed on March 20, 2017 at Lake Forest, California. I declare under penalty of perjury that the above is true and correct.



Janina M. Gather, Declarant

PROOF OF SERVICE

PROOF OF SERVICE MAILING LIST

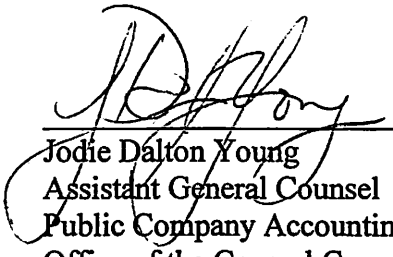
J. Gordon Seymour
Luis de la Torre
Jodie J. Young
PCAOB
1666 K. Street, NW
Washington, DC 20006

PROOF OF SERVICE

CERTIFICATE OF SERVICE

I hereby certify that on March 30, 2017, I caused to be sent to John R. Armstrong and Matthew S. Henderson via Federal Express a copy of the PCAOB's foregoing opposition to Applicants' motion for stay of sanctions (the original and three copies of which were filed today via hand delivery with the Commission's Office of the Secretary) addressed as follows:

John R. Armstrong
Matthew S. Henderson
Horwitz + Armstrong APC
14 Orchard, Suite 200
Lake Forest, CA 92630



Jodie Dalton Young
Assistant General Counsel
Public Company Accounting Oversight Board
Office of the General Counsel
1666 K Street, N.W.
Washington, D.C. 20006