UNITED STATES OF AMERICA
BEFORE THE
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 205-49

In the Matter of
:
Anton & Chia, LLP **:**
: Administrative
Gregory A. Wahl, CPA **:** Proceeding:
Michael Deutchman, CPA **:** File No. 3-
: 18292
Georgia Chung, CPA and **:**
:
Tommy Shek, CPA

REPLY BRIEF OF RESPONDENTS GREGORY A. WAHL, CPA, CA - INACTIVE, NY – INACTIVE, GEORGIA CHUNG, CPA, CA – INACTIVE AND MICHAEL DEUTCHMAN IN SUPPORT OF THEIR PETITION FOR REVIEW

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RECORD CITATION ABBREVIATIONS

"ID-____"	Initial Decision, dated February 8, 2021-Page Number
"PFF #_"	Respondents' Proposed Findings of Fact, dated July 13, 2020
"RCB-___"	Respondents Closing Brief, dated July 14, 2020
"Tr. -____"	Transcript of Hearing-Page Number
"Mo--____"	Respondents' July 8, 2020 Motion
"RX--____"	Respondents' Exhibit
"DX--____"	Divisions' Exhibit
"GCM Opening-"	Respondents' Opening Brief (April 21, 2021) – Page Number
"Div. Opposition-"	The Division of Enforcement's Opposition to Respondent's Opening Brief (April 21, 2021) – Page Number

WELCOME TO THE DISCLAIMER

The Div. Opposition-1-45 is an indictment of the Division, the partisan judge, Devor, Friedman and these attorneys ("Attorneys"). They are ethically bankrupt Attorneys that are committing intentional crimes against honest professionals, Wahl, Chung, and Deutchman (the "Respondents").

The Division, Devor and Friedman committed malpractice and orchestrated the OIP and the Press Release that has no support under US GAAP and GAAS. The OIP and the Press Release wasn't supported by US GAAP and GAAS because it was devised by Devor whom understands nothing about accounting and auditing. Devor's lack of knowledge of US GAAP and GAAS is so extensive that he changed US GAAP and GAAS over 100 times in Friedman's fraudulent report (the "Report")[1]. Respondents identified this in their July 8, 2020 motion but the partisan judge blamed Respondents for Friedman's flagrant disregard for the facts in the case and professional standards. The partisan judge even with the information provided by Respondents demonstrating Friedman's fraudulent acts, he relied on the Report[2].

The Division did not comprehend Devor's incompetence and dishonesty until it was demonstrated in front of the partisan judge by John Armstrong, esq[3] and Wahl[4].

The Division doesn't understand the definition of due process, they look at everything with a "jaundice eye" only focused on penalties, fines, etc. Lie, bully, "pounding the tables, we'll see you in court!" when it's "not even a negligence charge." It was Wahl and Armstrong that pointed out the misdeeds of Devor and Friedman not the Division nor the partisan judge, clearly indicates the Division's and the partisan judge's incompetency with US GAAP and GAAS. The Division references their "kangaroo court" case decisions as "legal precedent" from their group of partisan "rubber-stamping" judges.

The OIP and the press release contained a "crazy amount of bad facts", which denied the Respondents due process, which is our demand to be reimbursed **$167,661,372**. The Respondents were intentionally harmed, the attorneys were malicious, unethical, continue to act in "bad faith" and even went so far to change the record evidence, ignore facts[5] and when they didn't like the accounts of witnesses they bullied them to submit to their fraudulent story. The Attorneys have attempted to back fill against the false allegations and they have failed because of Devor and Friedman's incompetency and flagrant disregard for the authenticated professional standards.

There is no "jury nullification" in this case as the Division placed Respondents in their kangaroo court, which is nothing more than a show trial in front of a partisan judge that rubber-stamped

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[1] Friedman doesn't let Devor audit public companies because he would create his own little GAAP and GAAS.

[2] GCM Opening-1; ID-13

[3] Tr.-1806 Lines 17-15 to Tr.-1845 Lines 1-15.

[4] GCM Opening-1.

[5] The Attorneys pick and choose facts and testimony. Since, 2013 investigative testimony clearly demonstrates that Respondents have been very consistent in their analysis of the transactions. Reading the Division's witnesses investigative testimony compared to their testimony at trial further confirms their lack of ethics to change testimony. Nothing is more damning to the Division's case than comparing the investigative testimony of Shek, Wen and Canote to see the extent that the Attorney's bullied these witnesses to change their testimony at trial in order to support their false case. The fact that the partisan judge ignored this is further evidence of his rubber-stamping the Division's case. The Attorney's ignoring these facts, changing testimony is another action of "bad faith" and "unethical" conduct by the Attorneys.

everything that the Division falsely claimed and when the Division was incorrect[6]. The partisan judge found a way to cover up their crimes.

The Attorneys made "the US government look like a bunch of morons!"

The Respondents filed their Motion on July 8, 2020 and the Division still has not posted the document to the case website. Why?[7]

INTRODUCTION:

The Initial Decision's conclusion should be rejected because it's in violation of the Administrative Procedure Act ("APA") and due process, it (i) retroactively imposes "novel" professional standards that are inconsistent with US GAAP because the Partisan Judge relied on the Report, (ii) fails to address evidence that contradicted the Initial Decision's conclusion, (iii) conflates the legal requirements for a violation of Rule 102(e), and misapplies US GAAP and GAAS to incorrectly conclude that Respondents' violated Federal Securities Law.

Ignoring all evidence, the Division argues that Respondents violated 102(e), however, their evidence only further supports that Respondents never violated 102(e) nor Federal Securities Laws.

In Administrative Proceeding File No. 3-15168, the Division brought in an expert that never audited a bank before[8] but the case revolved around accounting for loan loss reserves and financial institutions. The defendants used an expert that was a former partner in EY's national office[9] and Professor James that worked at the FDIC and the U.S. Treasury Department[10]. The Division and their partisan-judge ignored the defendants' evidence and their experts' testimony that supported that the defendants acted in accordance with appropriate professional standards.

The Division and the partisan judge urges the Commission to disregard documented procedures, testimony, and the motion filed on July 8, 2020 that support Respondents' compliance with appropriate professional standards. The Division with Devor's assistance made false accusations to fit into their narrative and applied a myopic and crebbed evaluation of the workpapers, the Registrants financial statements and the record. The claims Div. Opposition 32, were one of many that the partisan judge assisted in burying the crimes committed by Devor, Friedman and the Division attorneys.

In applying Rule 102(e), the Commission must, ***without using hindsight***, "compare {} the actions taken by the accountant at the time of the violation with the actions a reasonable accountant should have taken if faced with the same situation."[11]

The Division nor the partisan judge identifies what a reasonable partner should have done differently in evaluating the engagements.

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[6] Even Devor said the Division was not "competent in that area of inquiry ("US GAAP and GAAS) Tr 1805 15-20.
[7] It took the Division 42 days to post Respondents' Opening Brief.
[8] This sounds like Devor 2.0 that has never audited a public company in accordance with PCAOB standards in his life and never touched a public company in over 30 years. Devor couldn't even cite one current US GAAP or GAAS pronouncement under oath. They should bring in a plumber, an electrician, etc. to analyze US GAAP and GAAS.
[9] https://www.linkedin.com/in/sandra-johnigan-cpa-cff-cfe-4232a25/
[10] https://www.cornerstone.com/Experts/Christopher-James
[11] Amendment to Rule 102(e), Exchange Act Release No. 33-7593, 63 Fed. Reg. 57,164, 57,168 (Oct, 26, 1998) ("Rule 102(e) Release")

The Division falsely claims that Respondents did not respond to the false allegations regarding claims of violations of securities laws, see Div. Opposition-24. The Respondents analyzed whether they complied with US GAAP and PCAOB standards, see GCM Opening-4 and GCM-8-28 in its analysis of 102(e), which determined based on the information provided and the analysis completed during their engagements the financial statements and audit reports complied with US GAAP and GAAS. The Respondents complied with the following securities laws: Exchange Act Section 10 (b) and Rule 10b-5; Exchange Act Section 13 (a); Rule 2-02(b) of Regulation S-X and Exchange Act Section 4C[12]. "{T}he evidentiary record"[13] does not support the partisan-judge's conclusions because the Attorney's relied on a fraudulent report prepared by Friedman.

The erroneous admission of the Report and testimony of an unqualified expert determines that the Division's case lacks evidence of unprofessional conduct. The Division and the partisan judge endorses and defends these several errors and in the process commits several more. Any one of the partisan judge's falsity and errors is an independent ground for reversal of the charges and payment of relief.

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[12] The Respondents feel strongly that this case should have been dismissed when the Judge learned of Devor's lack of experience auditing public companies. Instead, the judge decided he was an expert in US GAAP and GAAS. Judges are not qualified CPAs, nor are attorneys. It takes 15 years of practical experience to become an audit partner in a major firm. In the Quintanilla matter, Devor claimed that Quintanilla's work was so deficient it constituted no audit at all. The SEC entered into a settlement with Quintanilla for a mere $100,000 not the millions of dollars they were originally requesting. Approximately seven years later, Devor is in this case. Devor has been impeached, leaving the Judge to draw his own conclusions. Devor will say anything for a dollar and he has submitted Friedman's fraudulent report.

[13] Div. Opposition-25.

ARGUMENT

I. THE INITIAL DECISION MISAPPIES PROFESSIONAL STANDARDS AND FAILS TO ADDRESS RELEVANT EVIDENCE IN VIOLATION OF THE APA AND DUE PROCESS BECAUSE THE DIVISION FABRICATED THE ENTIRE CASE AGAINST RESPONDENT

A. The Initial Decision Fails to and Misapplies Applicable Professional Standards

Respondents' have already demonstrated that the partisan judge misapplied professional standards and violated Rule 102(e) and based its determinations using the Report, then imposing obligation on the engagement team to require to obtain valuation reports; perform audit procedures for accounting standards; etc. when there is no requirement to do so under US GAAP or GAAS.

Rule 102(e) may not be used "to establish new standards for the accounting profession[14]."

ASC 805, ASC 820, ASC 810, ASC 350 and 310 are applicable accounting standards. They are applied to the financial statements under audit. And *must* be applied in the ALJ's and Commission's review of the audit. In assessing whether an auditor met professional standards, an ALJ and the Commission must consider the accounting standards applicable at the time of the challenged audit[15]. If the ALJ and the Commission were free to ignore applicable accounting standards, the proceedings would be rendered unfair to auditors who are duty-bound to apply those standards in the audit. The Respondents applied the applicable standards that are confirmed by the FASB and PCAOB.

ASC 805, 820, and 810 are not separate "procedures", a balance sheet account, or a financial statement assertion to which a certain "procedure" would apply. It is an accounting principle applicable to transactions that qualifies and is required to be applied by management first when they prepare the financial statements.

The ALJ must consider and weigh the whole record and must demonstrate the basis of its ruling on each finding, conclusion or exception presented. 5 U.S.C. 556(d). The partisan judge **FAILS**, for disregarding not just the testimony by Respondents but also the testimony offered by other CPAs presented by the defense. Even the Commission within its authority to interpret professional standards, it cannot do so in a way that deprives Respondents notice of the standards by which their previous conduct would be judged[16]. The standards that the Division and partisan judge used were changed by Friedman which don't comply with the authenticated FASB and PCAOB standards and it wasn't until Wahl uncovered these changes that the Respondents understood that they were being judged based on false professional standards. The determinations by the Division and the partisan judge are tainted and the Commission should reject the Division's misleading defense of the partisan judge's inadequate, phony analysis.

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[14] See GCM Opening–5 (quoting Rule 102(e) Release, 63 Fed. Reg. at 57,166).
[15] See, e.g., Harbrecht, Exchange Act Release No. 56469, 2007 WL 2726795, at *11 n.7 (Sept 19, 2007) (applying standards in effect at the time of the audit in question).
[16] See Marrie v. SEC, 374 F. 3d 1196, 1206 (D.C. Cir. 2004).

GAAP—"is not [a] lucid or encyclopedia set of pre-existing rules… GAAP changes, even at any one point, is often indeterminate.[17]" To uphold this element of the Decision is to say that ALJs have such a high degree of competence in accounting standards as complicated as ASC 805, ASC 820, ASC 810, ASC 350 and ASC 310, which is not possible as Rule 102(e) was not intended to handle complicated areas of US GAAP.

The Division might be excused from mentioning evidence contrary to its theories of the case in the interest of advocacy, the Decision cannot escape its obligation to weigh the evidence. An ALJ must not only mention this evidence, but also weigh it in the context of the full record. But the partisan judge here adopted nearly wholesale the Division's characterizations of the record, without explaining whether it considered Respondents' evidence in the context of the full record. Without any such analysis or explanation, the partisan judge ruling is nothing more than a rubber-stamp on the Division's interpretations and threatens the legitimacy of the entire process.

Div. Opposition-8 "inexperienced staff" The Division attorneys are racist they hated Wahl's Asian staff that were qualified and good citizens[18]. Searles treatment of Ms. Chung in her deposition clearly demonstrated his bigotry towards Asians. Alex Oh an Asian American resigned from the Division "for personal reasons" only to be replaced by a white person[19]. The Division attorneys on this case are not ethnically diverse. The fictional allegations created by the Division attorneys represent hate crimes against ethnic minorities.

Div. Opposition-8 "Deutchman" In 45 years of practice Deutchman has only the following blemishes on his record, 10 years ago he was censured for filing an unregistered audit opinion. The opinion stated he was in the process of registering; the company which had no significant assets or income and was not trading.

Deutchman moved forward and performed well. He served as an engagement partner for approximately 30 companies with few if any adjustments, many on the NYSE and NASDAQ and with all sorts of levels of complexity[20].

In the other matter, Deutchman was an employee at an accounting firm and took direction from the 100% owner. Deutchman was vilified for not stopping the 100% owner from operating his firm. Deutchman changed no documents and he didn't tell employees to change documentation. Deutchman was fined and paid $35,000.

Deutchman believes his decisions complied with professional standards and BHCA should have been consolidated[21].

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[17] Shalala v. Geurnsey Mem. Hosp, 514 U.S. 87, 101 (1995).

[18] The Division attorneys hated on Chen, Wen, Shek and La's capabilities making them look like unqualified fools.

[19] https://www.pli.edu/faculty/melissa-r.-hodgman-30863

[20] He has been an author of documents that constitute US GAAP for the American Institute of Certified Public Accountants. He maintained an active CPA license for over 45 years. He has worked for KPMG and for the Commission itself.

[21] GCM Opening-8-13 There were continuing contracts between the acquirer and Accelera that stayed in effect. Respondents received a confirmation each year for $4.5MM that confirmed Accelera's obligation. Confirmations are the strongest form of independent audit evidence that an obligation cannot be avoided, which further confirmed consolidation.

Dan Freeman had no public company experience[22]. The Division asserts that Freeman put up red flags[23]. There is no evidence that he received an opinion from a professional firm that stated consolidation was not warranted[24]. Even more egregious, Freeman never submitted any support for his position regarding BHCA[25].

Div. Opposition-10 “Accelera wrote down……the goodwill….” The Division asserts that Deutchman ignored the write off of the goodwill. Deutchman forced Accelera to write off the goodwill[26].

Div. Opposition-8 “would only obtain the stock of BHCA” The Attorneys and Punch-Drunk-Glaser fabricated the case based on this false statement. The structure of the contracts and all the other information weigh substantially against the Attorneys' position.[27]

Div. Oppostion-9 “missed the first…...” “….never issued consideration for……” This statement demonstrates the Attorneys lack of understanding of basic contract law and US GAAP and GAAS. For every amendment to the SPA, Wolfrum received compensation in the form of shares[28].

Div. Opposition-10 “Contrary to Wahl's………………” The statements are false and ASC 810 is not an audit procedure it's an accounting pronouncement applied to the financial statements prepared by management. The contracts are not complex but clearly delineate control of BHCA to Accelera[29]. They claim that “variable entities” don't apply but provide no evidence that it doesn't.

Div. Opposition-10 “….not misconstrue……..” They did because the ALJ relied on the Report, then the partisan judge ignored the contracts, the amendments to the contracts[30].

Div. Opposition-11 “deviated from PCAOB standards….violated GAAP.” False, the Note was settled for 7,500,000 shares supporting its cost in the financial statements[31]. The Attorney's ignored the facts and how the transaction was disclosed and recorded in the 2013 and the 2014 financial statements[32].

Div. Opposition-11 “was not…from a valuation” There is no requirement for a valuation under ASC 820 or GAAS. The Note was recorded at fair value[33].

Div. Opposition-12-13 “…ALJ found…………” This is false and does not consider the time that Wahl expended in each interim review in 2013 reviewing the Note transaction and does not

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[22] How insulting, Dan Freeman and a Nurse, CFO of a public company raising fake issues? How about using a plumber or an electrician as an expert or a witness?

[23] Accelera refused to pay him for his shoddy work and Freeman had to pay $14,000 for the privilege of taking a job that he was unqualified for.

[24] Freeman claims with no evidence that he went to the AICPA hotline which is non authoritative and only deals with private companies.

[25] GCM Opening-8-13

[26] GCM Opening-8-13

[27] GCM Opening–8-13; PFF #656-#749

[28] See PFF #656-724 and PFF #726-749. The contracts clearly delineate control to Accelera over BHCA and the amendments provided share compensation to Wolfrum in each amendment for the Attorneys to make this false claims is fraud against Respondents.

[29] GCM Opening-8-13

[30] GCM Opening-8-13; PFF #656 to #749.

[31] Settled on March 4, 2014 before the financial statements and A&C's audit opinion were issued for 7,500,000 shares or $1,057,500, which is $188,500 higher than the value recorded in Premier's financial statements.

[32] GCM Opening-13-17

[33] GCM Opening-13-17

consider discussions with Premier's management that confirm the Note was settled for 7,500,000 shares[34].

Div. Opposition-14 "…………………..a two-step quantitative assessment….." The Attorneys don't understand US GAAP. The first step is to perform a qualitative assessment, if the qualitative assessment determines that there is no impairment there is no second step required. The Attorneys don't understand the intricacies of ASC 350 and ASC 805 as neither the impairment analysis nor the purchase price allocation was required until February 27, 2014, which is almost two months after the December 31, 2013 financial statements[35].

Div. Opposition-3, "That valuation………" IRC 409A report is not sufficient and appropriate audit evidence to complete a restatement[36], they ignore US GAAP regarding ASC 805 provisional period, further to this hindsight cannot be used in assessing 102(e) claims. ASC 805 is a very complicated accounting standard which was not intended to be analyzed under Rule 102(e).

Div. Opposition-15 "improper accounting for the Phytosphere………." ASC 805 provisional period is an accounting standard that is to be applied by management in preparing the financial statements. There was no "improper accounting" based on the information provided to Respondents' at the time the financial statements were issued[37].

Div. Opposition-17 "rubber-stamp…." This is false, the record indicates that Ms. Chung carried out her duties in accordance with professional standards[38].

Div. Opposition-19-20 "Additionally, Wahl and…….." CannaVEST didn't restate until fourteen months after the original transaction was recorded then the SEC's Division of Corporate finance blocked the restatement. CannaVEST had to file an appeal to restate. This is post-hoc analysis which does not comply with Rule 102(e)[39].

Div. Opposition-33 "…..there are very few differences in accounting issues and standards between private and public companies…" The Attorneys assert that there is little difference in the audit of public and private companies. Nothing could be more inane, insulting and stupid than this statement. No CPA that audits public companies would ever consider an assertion like this. If public companies are the same as a private company, there is no need for a PCAOB or an SEC!

B. The Initial Decisions Fails to Address Relevant Evidence

Respondents previously demonstrated that the partisan judge ignored critical evidence submitted by Respondents, including the testimony of Thomas Parry, Shane Garbutt, and failed to reconcile that evidence with its determinations[40].

First, the partisan judge's citation to "requires that audit and interim review documentation" Div. Opposition-44, or false claims that these arguments are "post-hoc" Div. Opposition-34,35, does

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[34] GCM Opening-13-17
[35] GCM Opening-13-17
[36] PCAOB 2805.03 to 2805.09, GCM Opening-19-23
[37] GCM Opening-19-23
[38] The partisan judge claimed that he would take into effect that Ms. Chung completed the work over seven years ago TR 425 Lines 1-19 and in the partisan judge turns around and faults Ms. Chung for not being able to remember her work. ID-112
[39] GCM Opening-19-23
[40] GCM Opening-3

not relieve the partisan judge of his obligations under the APA and due process. Here, the Initial Decision never attempts to reconcile its analysis with the substantial evidence provided by Respondents. The partisan judge never attempted to reconcile their evidence, testimony, contracts with the Initial Decision's liability determinations. As result, the Initial Decision should be rejected as it does not reflect "consideration of the evidence on both sides."[41][42]

Second, Div. Opposition-34 the Division misses the point, the partisan judge's lack discretion to summarize evidence to clear arguments. That discretion, however, is not a license to disregard evidence that Respondents complied with professional standards and that refutes the ALJ's liability determinations[43]. As explained by the D.C. Circuit, the agency is obligated "to consider relevant contradictory evidence.[44]" The APA and due process required the ALJ not only to acknowledge, in passing, that Respondents' witnesses testified, but to consider and reconcile their evidence with the ultimate liability determinations.

Div. Opposition-13 "The minutes….." The Division is denying that Premier's management and its board of directors signed board minutes that are in the working papers that clearly determine the initial recording of the Note was for 5,000,000 shares. They deny the settlement of the Note, how it was recorded in the 2013 and 2014 financial statements which is blatant disregard of the facts supported by Premier management's testimony.

Div. Opposition-15 "shares that had little value" – The Division deny the shares had tremendous value and so did the acquisition[45].

Div. Opposition-23 "………………..obtain an independent valuation to determine fair value." There is no requirement under US GAAP or GAAS to obtain an independent valuation. This further demonstrates the Attorneys lack of knowledge of US GAAP and GAAS. This does not comply with 102(e) using post-hoc analysis and rule making by enforcement[46].

Div. Opposition -22 "But she clearly…………………….." The Attorneys couldn't even determine that Devor changed US GAAP and GAAS and put Friedman's fabrication in their briefs filed with the Commission. The Attorneys have impeached themselves, they do not have the requisite knowledge or experience to analyze US GAAP and GAAS and Rule 102(e)[47].

Div. Opposition-24 "…Chung was not…………….." The statements ignore her 20+ career working as a vice president in banking. They claim she is not qualified is as insulting as claiming that Bozo the Clown Devor knows anything about US GAAP and GAAS[48]. The Division and the partisan judge rubber-stamp their non-credible witnesses. Even more baffling is the partisan judge "impeaches" Devor then reads Wahl's Motion filed on June 8, 2020 and then relies on Friedman's fraudulent report which Wahl just demonstrated was falsely written and had intentional departures from the authentic standards of US GAAP and GAAS. The partisan judge with all the ALJ

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[41] Landry v. FDIC, 204 F.3d 1125, 1140 (D.C. Cir. 2000)
[42] The partisan judge's failure to address this evidence is critically flawed because the Division's expert Devor has no experience auditing micro-cap companies specific to this case and has never audited a public company in 30 years.
[43] Devor lied non-stop on the stand and the partisan judge saw this when John Armstrong cross examined him additionally when Respondents' filed their July 8, 2020 motion which clearly determined that Friedman's expert report was fraudulent and provided no basis to bring the case against Respondents.
[44] Morall v. DEA, 412 F.3d 165, 180 (D.C. Cir. 2005).
[45] GCM Opening-19
[46] GCM Opening-20
[47] GCM Opening-29-35
[48] Nurses', barred doctors' and a CFO that paid $14,000 to get the job, etc.

resources did not determine the same obvious flaws in the Report that Wahl demonstrated. This clearly demonstrates that the partisan judge and the Division are clearly not qualified to analyze US GAAP and GAAS[49].

Div. Opposition-35 “Respondent’s argument about quality controls…..” They claim there is no record evidence, which is not truthful[50].

Div. Opposition-38 “Even Accelera and CannaVEST” This statement clearly ignores record evidence and the fact that the restatement for CannaVEST took over 20 months to complete from the transaction date, which is hindsight. For Accelera, Respondents were not part of the 2015 engagement, which Accelera didn’t provide documentation in accordance with US GAAP for the restatement and is hindsight. The restatements were part of separate engagements that Respondents were not part of and had no knowledge of these restatements[51].

Div. Opposition-39 “Respondent’s………………..harmed…...” The Division makes these statements much like the “no evidence of investor harm” they provide no evidence to support these false statements.

Div. Opposition-39 “Mountain of “fake” evidence”. The foundation of the Division’s case crumbles they based it on an expert that has never audited a public company and Friedman created a fraudulent report. Then the Division used it in their briefs and the partisan judge used it to support his conclusions[52].

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[49] GCM Opening 29-35
[50] GCM Opening-3
[51] GCM Opening-13, 23
[52] GCM Opening-29-35

C. The Initial Decision Fails to and Misapplies PCAOB Documentation Standards To Disregard Relevant Evidence

The Division argues the partisan judge properly interpreted professional standards because it "did not exclude" "evidence of undocumented procedures." Div. Oppossition-34-36. Respondents' demonstrated that not only did the Initial Decision misapplied professional standards by improperly "disregarding or minimizing, probative evidence," which itself was reflected in the work papers it based its decisions on clear evidence that was identified by Respondents to be completely fraudulent[53].

The Division has encouraged that result, by not publicly filing the Respondents' July 8, 2020 motion and by arguing the "Their assertion about procedures and considerations…………" Div. Opposition-37. As discussed below, the Division and the partisan judge not only misinterprets the work papers but relies on the Report, including its suggestion that ASC 805, 820, 810, and 310 are "procedures" to be documented rather than an accounting principle to be applied by the Company's management! The Attorney's unsupported criticisms are not a legitimate basis for disregarding credible evidence demonstrating the reasonableness of Respondent's conduct.

Div. Opposition-9 "Acquisition Memo." False, the memorandum addresses the acquisition date and ASC 810 is not an audit procedure. It's an accounting pronouncement to be applied by management when they prepare their financial statements. The Division identifies the Div. Opposition-9 "different tenses" knowing that Chen's second language was English, demonstrates their bigotry towards Asians.

Div. Opposition-2, "Instead, he relied on preliminary…..." Their statements do not comply with PCAOB standards and 102(e). Nor the case record, first and foremost Wahl relied upon board minutes that approved 5,000,000 shares at $0.18 per share which determined the fair value[54]. Scott created preliminary valuation based on rolling forward projections that were based on WePower's management calculations[55]. Scott also provided the tables to the Respondents and mentioned nothing to the contrary that they were incorrect, preliminary, etc. Then Scott changes his story post-hoc but the evidence doesn't support Doty's false representations[56].

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[53] Friedman's report as described in our July 8, 2020 motion, which the Division refuses to put on their case website.
[54] GCM Opening-13
[55] ID at P.F.F.#384-#387 and RCB-58
[56] RCB-58 and TR 6198 Lines 14-18

Div. Opposition-17 “In contravention to AU 722,…………..” False, the work paper analyzed the changes in the purchase price from Q1 to Q2[57]. The analyzing of Q1 to Q2 can take many forms[58].

Div. Opposition-18 “It was incumbent upon Wahl……….” There is no audit standard to determine whether the payment of consideration in a business combination is fair value[59].

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[57] **Goodwill Increased $26,998,125**
Upon acquisition of Phytopshere, CannaVEST acquired a Goodwill Balance that consisted of the following:

Cash:	50,774.55
Accounts Receivable:	396,437.50
Inventory - Raw Oil:	345,478.00
Prepaid Inventory:	260,510.00
Equipment:	1,287.95
Intangibles:	**32,945,512.00**

Right to Purchase Agreement: (947,387.50) Non Compete Agreement: (5,000,000.00)
Goodwill:
26,998,124.50

With a growing demand in the cannabis industry, we anticipate that the company would have growth in their sales and their business and therefore find that Goodwill balance is deemed

Change in Intangibles and Amortization
The increase in intangibles ties back to the breakdown of acquisition of Phytosphere. The total is presented as:

Rights to Purchase:	947,387.50
Non-Compete Agreement:	5,000,000.00
Amortization:	(668,157.50)
	(33,333.33)
	(250,000.00)
Total:	**4,995,896.67**

[58] GCM Opening-20
[59] GCM Opening-19

Div. Opposition-18 “Level 3 analysis” False, the purchase price allocation is a level III analysis not the consideration that was paid. The purchase price and the liability to be paid was fixed in the contract[60].

Div. Opposition-19 “….should not have drafted…..a representations……….” The Attorneys understand nothing about US GAAP and GAAS, are rule making by enforcement and telling CPA’s how to write their rep letter(s).

II. RESPONDENT’S DID NOT VIOLATE PROFESSIONAL STANDARDS AND RULE 102(e) BECAUSE THE DIVISION INTENTIONALLY FABRICATED THE ENTIRE CASE AGAINST RESPONDENTS

A. Respondents’ Conduct with Respects to the Audits and Reviews of the Registrants Complied With Professional Standards

The Division and the partisan judge cannot negate indisputable evidence of the engagement team’s efforts based on a misguided analysis of the workpapers.

There is no obligation to document each specific conversation with management and… Div. Opposition-3, “….the Respondents’ egregious, repeated misconduct demonstrates that they…..” The Division make these outlandish statements but their idea of “egregious, repeated misconduct” doesn’t comply with US GAAP or GAAS nor do they represent violations of 102(e).

Div. Opposition-6 “………violations constitute improper professional conduct under….three criteria,…..Chung’s under highly unreasonable.” The partisan judge’s analysis does not comply with the requirement under 102(e) and the Division references another case claiming it’s comparable. It is not. The Attorneys **FAIL** because they provide no analysis under 102(e).

Div. Opposition-15 “In April 2014,………………..” The Division and the partisan judge only look at hindsight. Instead of completing interim reviews of each quarter for 2013. The new auditor completed an audit of each quarter, which is a much higher standard[61]. The Division and the partisan judge are attempting to hold Respondents to higher standards than the interim review standards which does not comply with Rule 102(e).

The Division and the partisan judge does not identify any other substantive procedure that a reasonable partner should have performed. They incorrectly mention just “minimal inquiries[62]”. Inquiries are not substantive audit procedures. Respondents had substantial conversations with all of the Registrants and the purported information that would have been obtained by these erroneous “inquiries” was never proffered by the Registrant’s management[63].

B. Respondents Did Not Engage in Highly Unreasonable Conduct Or Repeated Instances of Unreasonable Conduct

Respondents’ demonstrated that the Initial Decision nowhere addressed Rule 102(e)’s requirements for a determination of “highly unreasonable conduct,” i.e. based on “the degree of

[60] RX 1001

[61] ID at PFF# 224

[62] ID-108

[63] The Division trivializes the role of Deutchman as a concurring partner, who was a well-respected partner with decades of experience relevant to the Accelera audit.

the departure from professional standards" that "conclusively demonstrates that the accountant lacks competence to practice before it." The partisan judge can't determine the degree of the departure from professional standards because the Respondents' never departed from professional standards and Respondents' don't lack competence to practice before the Commission[64]. Respondents demonstrated that the partisan judge conflated the two separate standards for a determination of "improper professional conduct and there was no basis for a determination of multiple instances of unreasonable conduct. The Division attempts to call these conclusions into question but provides no analysis that complies with 102(e).

The Division ignores the separate elements necessary to establish "highly unreasonable conduct" under Rule 102(e). Rule 102(e) requires both (1) "a single instance of highly unreasonable conduct that results in a violation of applicable professional standards," and (2) "circumstances in which an accountant knows, or should know, that heightened scrutiny is warranted. Rule 102(e)(1)(iv)(B)(1). As to this first element, the Commission "rais{ed} the threshold for improper professional conduct from an instance of 'unreasonable' conduct to one instance of 'highly unreasonable' conduct,"[65] and explained that whether conduct rises to the level of "highly unreasonable" must be "measured by the degree of the departure from professional standards," id at 57,167-68. And in explaining the second element, the Commission further required that the circumstances that make "{h}eightened scrutiny….appropriate" would include evidence that "matters are important or material, or when warning signals or other factors should alert an accountant of heightened risk." ID at 57,168.

Notwithstanding these limitations, the Division argues that Respondents' conduct qualifies as "highly unreasonable conduct" because Respondents "failed to exercise professional due care." Oppostion-15. The Division, like the partisan judge, makes no effort to "measure{}… the degree of the departure from professional standards" or to distinguish between the lower standard of "unreasonable conduct" and the heightened showing of "highly unreasonable conduct" necessary under Rule 102(e)(1)(iv)(B)(1)[66]. The lengthy quotation offered by the Division addresses the second element – reasons that "deterring such conduct." Div. Opposition-45. The Division and the Partisan judge draws no distinction between purportedly "unreasonable" and "highly unreasonable conduct."

Attorneys identify no simple, obvious steps, or any that would comply with US GAAS only to use hindsight from facts determined substantially after the fact.

The Division advances ordinary negligence claims against Respondents, arguing that Respondents "following the rules." Div. Opposition-1. As shown above, that assessment is mistaken, and, in all events, the Division's argument cannot support a heightened finding of "highly unreasonable conduct."

The Division conflates the legal distinction between a "single instance of highly unreasonable" conduct and "repeated instances of unreasonable conduct" in Rule 102(e). It argues that the "the alternative holding" – that Respondents committed repeated acts of "unreasonable" conduct-is fully supported by the "failures constitute improper professional conduct under each prong." Div.

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[64] Respondents defending themselves pro se in this matter clearly demonstrates their competency to practice before the Commission.
[65] Rule 102(e) Release, 68 Fed. Reg. at 57,168
[66] Rule 102(e) Release, 63 Fed. Reg, at 57,168

Opposition-20, “Unreasonable conduct” Div. Opposition-22[67]. The Division’s argument ignores the text of Rule 102(e)(1)(iv)(B), which draws a clear distinction between a showing of “a single instance of highly unreasonable conduct” and “repeated instances of unreasonable conduct.” As a matter of logic, a single instance of conduct is not the same as “repeated instances.” As a legal matter, that distinction between the two different violations is important because, as the Commission has recognized, “an undue fear that an isolated error in judgment would result in a 102(e) proceeding could be counterproductive and could chill accountants’ use of their judgment.”[68] The Commission explained that “a single error that results in an issuer’s financial statement being misstated in more than one place would not, by itself, constitute a violation” of the subparagraph addressed to “repeated instances of unreasonable conduct.” Id at 57,169.

That legal distinction is particularly important in this case. Here, the partisan judge explained that the Division’s charges “are based on {Respondents’} alleged improper practices related to the audits and reviews. The Division’s failure to prove “a single instance of highly unreasonable” conduct cannot be salvaged by subdividing the same conduct-all of which addressed the business combinations, consolidation, goodwill and the note receivable. There has been no showing that each of the “discrete parts” satisfied the requirement that the unreasonable conduct independently indicated “a lack of competence to practice before Commission.” Rule 102(e)(1)(iv)(B)(2).

Div. Opposition-41 “………………G.A. Wahl” this final sentence is not tied to any transcript because it is not true[69].

Div. Opposition-41 “Wahl….did work…………..” Wahl in November 2019 *voluntarily* placed his California CPA license on inactive status. In November 2020, Wahl *voluntarily* placed his New York CPA license on inactive status[70].

The Division provides no analysis to determine the facts at the time of the transaction(s). The Attorneys use a “post-hoc” analysis which does not comply with 102(e)[71].

III THE PARTISAN JUDGE’S RUBBER-STAMPING OF RESPONDANTS’ VIOLATION OF SECURTIES LAWS FAILS DUE TO THE DIVISION’S INTENTIONAL FABRICATION OF THE ENTIRE CASE

A. The Division Fabricated The Section 10(b) of the Exchange Act and Rule 10b-5 Claims Against Respondents and the Partisan Judge Rubber-Stamped Them

Respondents completed this analysis **RCB-24-32** and responded to the alleged violations of securities laws see **GCM Opening-4**.

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[67] The Division improperly analyzes 102(e) for Chung and Deutchman. However, even more problematic they never responded to Wahl’s legal claims that they partisan judge and the Division inappropriately applied 102(e) to Wahl’s conduct. On this oversight alone, the case should be dismissed against Respondents and relief paid.
[68] Rule 102(e) Release, 63 Fed. Reg. 57,168
[69] This is nothing more than continued character assassination of Wahl. Halpern himself admitted he created G.A. Wahl and Wahl had no knowledge of this. TR 3738 Lines 7-19; TR 3746 Lines 8-12.

[70] The Division and Kazon allowed Bernie Madoff to steal billions of dollars from investors for more than 20 years. The Attorneys have spent millions of dollars on harming Wahl that has done nothing incorrectly and has not harmed an investor. Their malicious behavior clearly displays their animus towards Wahl.
[71] The partisan judge requested that Wahl testify in the manner what he recalled at the time Wahl audited or reviewed the transactions versus after the fact. Wahl more than willingly complied with the partisan judge’s request and did. TR 3378 Lines 5-11; TR 3812 Lines 5-11 Wahl testified for seven days on the stand walking through each working paper and financial statement only to have the partisan judge reject Wahl’s entire testimony.

B. The Division Fabricated The Section 10(b) Claims Against Anton & Chia's Violations of Section 10(b) of the Exchange Act and Rule 10b-5 and the Partisan Judge Rubber-Stamped Them

Respondents completed this analysis **RCB-24-32** and responded to the alleged violations of securities laws see **GCM Opening-4**.

C. The Division Fabricated The Section 13(a) of the Exchange Act Claims Against Respondents and the Partisan Judge Rubber-Stamped Them

Respondents completed this analysis **RCB-39-40** and responded to the alleged violations of securities laws see **GCM Opening-4**.

D. The Division Fabricated The Rule 2-02(b) of Regulation S-X Claims Against Respondents and Anton & Chia and the Partisan Judge Rubber-Stamped Them

Respondents completed this analysis **RCB-40-41** and responded to the alleged violations of securities laws see **GCM Opening-4**.

IV THE PROPOSED SANCTIONS OF RESPONDENTS ARE MATERIALLY OVERSTATED AND DONT SUPPORT THE DIVISION SPENDING OVER $15 MILLION ON THIS CASE AND ARE CONTRARY TO RULE 102(e)

A. Rule 102(e) Cannot be Used to Perform Hindsight Analysis of Difficult Professional Judgments

Rule 102(e) is "not intended to cover all forms of professional misconduct," including "acts of simple 'simple negligence' [of] errors in judgment.[72]" Rather, it addresses only "that category of professional conduct that threatens harm to the Commission's processes." Id at 57,165. Even "[a] single judgment error…..[and] even if unreasonable when made, may not indicate a lack of competence to practice before the Commission." Id. at 57,166. Difficult judgment calls are entirely outside the scope. ASC 805, ASC 820, ASC 810 and ASC 350 are all very technical matters that are explicitly excluded from the types of conduct Rule 102(e) proceedings are intended to address.

It is only through hindsight that the Division question Respondents' judgments.

Rule 102(e)'s heightened negligence standards prohibit the Commission from "evaluat[ing] actions or judgements in the stark light of hindsight,' and ask instead, what "actions a reasonable accountant should have taken if faced with the same situation." 63 Fed. Reg. 57,168. Only through hindsight can the Division argue that Respondents "could have done' with ASC 805, 810, 820 and 350. They never analyzed the "actions of reasonable accountant".

B. Rule 102(e) Requires the Commission to Review the Audit as a Whole and in Context

The Division and the partisan judge treat all other work completed by Respondents as separate instance, seeking to distract the Commission form the context of the audit.

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[72] 63 Fed. Reg. 57,165-68 (Oct. 26, 1998).

Div. Opposition-11 “Wahl’s responsibility…..……” Respondents heavily scrutinized Accelera’s financial statements in each of 2013-(Wahl only) and 2014 where they identified material audit adjustments and control weaknesses[73]. Further proof the Attorneys refused to evaluate the audit(s) as a whole.

Div. Opposition-2 “deviated from……………..” Wahl never deviated from any standards, the Division and the partisan judge continue to ignore substantial audit evidence and the record[74].

Div. Opposition-15 “….wrote-off…..goodwill…………..” We forced management to write it off[75]. Instead of analyzing the engagements as a whole. The Attorneys do not look to the following record evidence[76].

The Division focuses only on the valuation of Phytosphere which doesn’t comply with US GAAP. US GAAP requires that the components of the purchase price to be fair valued. Not the purchase price[77].

Div. Opposition-37 “contrary to the……”? The Attorneys ignored contracts, working papers, transactions recorded in the financial statements, client prepared documents and any testimony that differed from the Division’s fake story.

The Commission should reject the partisan judge’s findings and the Division’s argument suggesting otherwise.

CONCLUSION

Why would Searles seek the advice of partners at Paul Hastings if they weren’t having difficulty with the case? Why did Searles have another attorney show up at Wahl’s testimony?

Why would Searles and Patil waive and wink at each other and have separate meetings together during trial?

The Initial Decision’s incorrect analysis and its erroneous assessment of Respondent’s conduct warrant immediate reversal and they require awarding damages that Respondents requested in the amount of **$167,661,372[78]**, including reimbursement to creditors damaged by the Division[79].

Respectfully submitted,

/s/ Gregory A. Wahl, CPA inactive CA, NY, pro se

/s/ Michael Deutchman, pro se

/s/ Georgia C Chung, CPA inactive CA, pro se   Dated: June 4, 2021

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[73] RCB-27, 46 and PFF#765
[74] RCB-46, Dx-432, pages7, 9 to 11.
[75] RCB-46, Dx-810 page 1, paragraph 5, 6 and page 2 paragraph 1.
[76] GCM Opening-19-23
[77] TR and PFF 157, 224, 338, 340
[78] Wire instructions included, see ID at PFF #840
[79] Consistent with 15 U.S.C. 78y and relevant case law, Respondents reserve for judicial review arguments otherwise challenging the constitutionality of these proceedings where the Commission lacks the power or jurisdiction to decide such challenges or where it would otherwise be unreasonable to raise such issues before the Commission, including where such arguments challenge the very composition or constitution of the agency.

RULE 450(d) CERTIFICATE OF COMPLIANCE

Pursuant to Commission Rule 450(d), we hereby certify that the foregoing Brief of Respondents complies with the length limitation set forth in Commission Rule 450(c'). The Brief is 6,999 word exclusive of the cover page, Table of Contents, Table of Authorities, Table of Record and Brief Citation Abbreviations, this Certificate and the Certificate of Service. This total was calculated using Microsoft Word 2007's word count function.

Respectfully submitted,

/s/ Gregory A. Wahl, CPA inactive CA, NY, pro se

/s/ Michael Deutchman, pro se

/s/ Georgia C Chung, CPA inactive CA, pro se