UNITED STATES OF AMERICA

Before the

SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING

File No. 3-18292

In the Matter of

Anton & Chia, LLP,

Gregory A. Wahl, CPA,

Georgia Chung, CPA, and

Tommy Shek, CPA,

Respondents.

THE RESPONDENT'S PROPOSED FINDINGS of FACT and CONCLUSIONS OF LAW aka THE TRUTH

FOR PRO SE RESPONDENTS GREGORY A. WAHL AND GEORGIA C. CHUNG

DEFINITION: **HONEST HARDWORKING AMERICANS**

Gregory A. Wahl, Georgia C. Chung and Michael Deutchman, as well as endless other parties referred to throughout this brief, are independently & collectively Honest Hardworking Americans.

These are the real heroes of our people, but they are routinely, wrongly and maliciously attacked and harmed with premeditated fraudulent intention, by a rogue group - The United States Securities and Exchange Commission ("SEC and/or Plaintiffs"). Today, most of this sadly misguided SEC management, narrative and policy is drowning in a terrible fake show and engaged daily in totally disgusting, anti-American values and anti-Small Business behavior. Worse, SEC Enforcement personnel receive excessive salaries and are actually bonused and/or increased in their earning power based on the level of mistreatment to the largest body of taxpayers and employers - Small Businesses and their Honest Hardworking American employees. We are disgusted that the US government pays these very bad actors, by one estimate, at least $32 to $38 million of our hard-earned tax dollars to intentionally harm what was a well-established firm of 100+ great American jobs and tens of millions of dollars in income now lost that had contributed to the U.S. economy for almost nine years and was sure to grow in economy of scale in the coming years.

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B) TOMMY SHEK

C) CHRIS WEN

AS 2501 IT'S STILL MANAGEMENT'S BEST ESTIMATE:

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ACCELERA

N) **GREGORY WAHL**

O) **RAHUL GANDHI**

T) **TOMMY SHEK:**

U) **YODA CHEN:**

V) **RICHARD KOCH**

W) **MICHAEL DEUTCHMAN (ANOTHER HONEST HARDWORKING AMERICAN)**

TERMINATION OF ONE POINT ONE POINT ONE POINT ONE POINT (1.1.1.1) LEADS TO THE TERMINATION OF THE S POINT E POINT C POINT (S.E.C's) CASE BOOM!

US GAAP – BUSINESS COMBINATION AND CONTROL = CONSOLIDATE BHCA!

1) THE ACQUISITION METHOD:

a) WITH CONSIDERATION (ASC 805-10-25-1)

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ASC 810-10-10-20 GLOSSARY:

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2) *Deephaven*, 454 F.3d at 1171 (citing Section 18, 15 U.S.C. § 78r(a))
3) *Great Neck Capital Appreciation Inv. P'ship, L.P. v. PricewaterhouseCoopers, L.L.P.*, 137 F. Supp. 2d 1114, 1121 (E.D. Wis. 2001)
4) *In re Ikon Office Solutions, Inc. Sec. Litig.*, 131 F. Supp. 2d 680, 685 n. 5 (E.D. Pa. 2001)
5) *In re Kendall Square Research Corporation Securities Litigation, 868 F. Supp. 26, 28 (D. Mass. 1994)*
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7) *Lattanzio v. Deloitte & Touche LLP (Warnaco Sec. Litig.)*, 476 F.3d 147, 154-156 (2d Cir. 2007)
8) *Ziemba v. Cascade Intel, Inc.*, 256 F.3d 1194, 1205 (11th Cir. 2001)

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1) *Dura Pharms., Inc. v. Broudo*, 544 U.S. 336, 341–42 (2005)
2) *In re Lernout & Hauspie Sec. Litig.*, 208 F. Supp. 2d 74, 88 (D. Mass. 2002)
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4) *Parmalat Securities Litigation*, 376 F. Supp. 2d 472, 503 (S.D.N.Y. 2005)
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6) *Simpson v. AOL Time Warner, 452 F.3d 1040, 1048 (9th Cir. 2006)*
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2) *In re Stone & Webster, Inc., Sec. Litig.*, 253 F. Supp. 2d 102, 135 (D. Mass. 2003)
3) *Matrixx Initiatives, Inc. v. Siracusan*o, 131 S.Ct. 1309 (2011)
4) *Litwin v. Blackstone Grp., L.P.*, 634 F.3d 706, 717 (2d Cir. 2011)

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1) *DSAM Global Value Fund v. Altris Software, Inc.*, 288 F.3d 385, 390 (9th Cir. 2002) (citations omitted)
2) *ECA & Local 134 IBEW Joint Pension Trust of Chicago v. JP Morgan Chase Co.*, 553 F.3d 187, 200–01 (2d Cir. 2009)
3) *Ernst & Ernst v. Hochfelder*, 1976)
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5) *Ferris, Baker Watts, Inc. v. Ernst & Young, LLP*, 395 F.3d 851, 855 (8th Cir. 2005)
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7) *In re National Century Financial Ent., Inc.*, 03-md-1565, 2007 WL 2331929, *6 (S.D. Ohio Aug. 13, 2007)
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9) *Rahman v. Kid Brands, Inc.*, 736 F.3d 237, 243–44 (3d Cir. 2013)
10) *Raytheon Sec. Litig.*, 157 F. Supp. 2d 131, 154 (D. Mass. 2001)
11) *Rothman v. Gregor*, 220 F.3d 81, 98 (2nd Cir. 2000) (same)
12) *Royal Ahold N.V. Sec. & ERISA Litig.*, 351 F. Supp. 2d 334, 390 (D. Md. 2004)
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16) Ezra Charitable Trust, 466 F.3d at 12

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3) Charter Communications, Inc. Sec. Litig., 443 F.3d 987, 992 (8th Cir. 2006)

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2) *In re Omnicom Grp., Inc. Sec. Litig*., 597 F.3d 501, 511 (2d Cir. 2010)

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2) *In re Faro Technologies Securities Litigation*, 2007 WL 430731, *15-20 (M.D. Fla. Feb 03, 2007)

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4) *PR Diamonds, Inc. v. Chandler*, 364 F.3d 671, 693 (6th Cir. 2004))

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1) *In the Matter of Michael J. Marrie, CPA and Brian L. Berry, CPA*

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1) *Ponce v. SEC*, 345 F.3d 722 (9th Cir. 2003)

2) *SEC v. Pricewaterhouse,* 797 F. Supp. 1217, 1240 (S.D.N.Y. 1992)

Anton & Chia was a Quality Firm:

1) *James River Holdings Corporation v. Anton and Chia LLP et al case #8:13-cv-01396*

Daubert Celebrity, Harris Devor:

1) *Ambrosini v. Labarraque,* 101 F.3d 129 (D.C. Cir. 1996)
2) *Bourjaily v. United States,* 483 U.S. 171 (1987)
3) *Claar v. Burlington N.R.R.,* 29 F.3d 499 (9th Cir. 1994)
4) *Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 509 U.S. 579 (1993)
5) *Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 43 F.3d 1311, 1319 (9th Cir. 1995)
6) *In re Acceptance Ins. Cos., Inc. Securities Litigation*, 352 F. Supp. 2d 940 (D. Neb. 2004)
7) *In re Burlington Coat Factory,* 1997
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9) *Kumho Tire Co. v. Carmichael,* 119 S.Ct. 1167 (1999)
10) *Lauzon v. Senco Prod., Inc*., 270 F.3d 681, 687 (8th Cir. 2001); Jaurequi v. Carter Mfg. Co., Inc., 173 F.3d 1076, 1082 (8th Cr. 1999)
11) *Lawrence E. Jaffe Pension Plan vs Household International, Inc. Case No. 02-C5893*
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13) *O'Conner v. Commonwealth Edison Co.,* 13 F.3d 1090 (7th Cir. 1994)
14) *Sheehan v. Daily Racing Form, Inc*., 104 F.3d 940, 942 (7th Cir. 1997)
15) *Tassin v. Sears Roebuck,* 946 F.Supp. 1241, 1248 (M.D. La. 1996)
16) *Turner v. Iowa Fire Equip., Co.* 229 R.3d 1202, 1208 (8th Cir. 2000)
17) *United States v. Jones,* 107 F.3d 1147 (6th Cir. 1997)
18) *SEC v. Guenthner*

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20) Bragdon v. Abott, 1998

Going Concern - Auditor's Most Conspicuous Red Flag:

1) *In re North American Acceptance Corp. Securities Cases,* 513 F.Supp. 608, 636 n. 15 (N.D.Ga. 1981)

Auditor Fees:

1) *Ezra Charitable Trust v. Tyco International, Ltd.*, 466 F.3d 1, 12 n.10 (1st Cir. 2006)
2) *Fidel*, 392 F.3d at 232
3) *In re Philip Services Corp. Sec. Litig.*, 383 F. Supp. 2d 463, 470 (S.D.N.Y. 2004)
4) *Lewis v. Straka*, No. 05-1008, 2007 WL 2332421, *4 (E.D.Wis. Aug. 13, 2007)

Auditor Reports:

1) *AOL Time Warner, Inc. Sec. Litig.*, 503 F. Supp. 2d 666 (S.D.N.Y. 2007)
2) *Billy v. Arthur Young & Co.*, 834 P.2d 745, 750 (Cal. 1992)
3) *Bond Opportunity Fund v. Unilab Corp.*, No 99-11074, 2003 WL 21058251, *5 (S.D.N.Y. May 9, 2003)
4) *Harmonic, Inc, Securities Litigation*, 00-2287, 2006 WL 3591148, *16 (N.D.Cal. Dec. 11, 2006)
5) *Herman & MacLean v. Huddleston*, 459 U.S. 375, 386 n.22 (1983)
6) *U.S. v. Arthur Young & Co.*, 465 U.S. 805, 810-11 (1984)
7) *Virginia Bankshares, Inc. v. Sandberg*, 501 U.S. 1083, 1095-96 (1991)

Impact of Applying US GAAP:

1) *Barron v. Smith*, 2004
2) *Decker v. GlenFed, Inc.*, 1994

3) *DSAM Global Value Fund v. Altris Software, Inc.*, 288 F.3d 385, 390 (9th Cir. 2002)

4) *Ezra Charitable Trust*, 466 F.3d at 12

5) *Fidel*, 392 F.3d at 230

6) *Godchaux v. Conveying Techniques, Inc.*, 1988

7) *Grand Lodge of Pa. v. Peters*, 07-479, 2008 WL 697340, *6 (M.D.Fla. March 13, 2008)

8) *Greebel v. FTP Software, Inc.*, 194 F.3d 185, 203-04 (1st Cir. 1999)

9) *Gross v. Summa Four, Inc.*, 93 F.3d 987, 996 (1st Cir. 1996)

10) *In re IKON Office Solutions, Inc.*, 2002

11) *In re Adaptive Broadband Sec. Litig.*, 2002 WL 989478 (N.D. Cal. April 2, 2002

12) *In re IKON Office Solutions, Inc.*, 2002

13) *In re Hypercom Corp. Sec. Litig.*, 2006 WL 726791, *4-5 (D. Ariz. Jan. 25, 2006)

14) *In re Software Toolworks Inc. Sec. Litig.*, 50 F.3d 615, 627-28 (9th Cir. 1994)

15) *In re Sportsline.com Sec. Litig.*, 366 F. Supp. 2d 1159 (S.D. Fla. 2004)

16) *Malone v. Microdyne Corp.*, 1994

17) *Reiger v. PricewaterhouseCoopers LLP*, 117 F. Supp. 2d 1003, 1009 (S.D. Cal. 2000)

18) *SBC Computer Tech., Inc. Sec. Litig.*, 149 F. Supp. 2d 334, 357 (W.D. Tenn. 2001)

19) *Shalala v. Guernsey Mem'l Hosp.*, 1995

20) *Thor Power Tool Co. v. C.I.R.*, 439 U.S. 522, 544 (1979)

21) *Zucker v. Sasaki*, 963 F. Supp. 301, 307 (S.D.N.Y. 1997)

22) Decker v. GlenFed, Inc., 1994

23) Godchaux v. Conveying Techniques, Inc., 1988

US GAAS REQUIRES PROFESSIONAL JUDGMENT:

1) Ezra Charitable Trust, 466 F.3d at 13

2) *In re Cardinal Health Inc. Sec. Litig.*, 426 F. Supp. 2d 688, 778 (S.D. Ohio 2006)

3) *In re Stone & Webster Sec. Litig.*, 414 F.3d 187, 214 (1st Cir. 2005)

4) Global Crossing, Ltd. Securities Litigation, 313 F. Supp. 2d 189, 210 (S.D.N.Y. 2003)

5) Nappier v. PricewaterhouseCoopers LLP, 227 F. Supp. 2d 263, 278 (D.N.J. 2002)

Constitutional Cases 5th and 14th Amendment:

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2) *Basic Inc. v. Levinson*, 485 U.S. 224 (1998)
3) *BDO USA, LLP*, Exchange Act Release No. 75862, 2015 WL 5243894 (Sept. 9, 2015)
4) *In the Matter of Dohan + Company CPAs, Steven H. Dohan, CPA, Nancy L. Brown, CPA, and Erez Bahar, CA*, Initial Decision Release No. 420, 2011 WL 2544473 (June 27, 2011)
5) *Dolphin & Bradbury, Inc. v. SEC*, 512 F.3d 634 (D.C. Cir. 2008)
6) *In the Matter of EFP Rottenberg, LLP and Nicholas Bottini, CPA*, Exchange Act Release No. 78393, 2016 WL 4363837 (July 22, 2016)

7) *Fundamental Portfolio Advisors*, Securities Act Release. No. 8251, 2003 WL 23737286 (July 15, 2003)

8) *Gebhart v. SEC*, 595 F.3d 1034 (9th Cir. 2010)

9) *Geiger v. SEC*, 363 F.3d 481 (D.C. Cir. 2004)

10) *Gould v. Winstar Communications, Inc.*, 692 F.3d 148 (2d Cir. 2012)

11) *Graham v. SEC*, 222 F.3d 994 (D.C. Cir. 2000)

12) *Howard v. Everex Systems, Inc.*, 228 F.3d 1057 (9th Cir. 2000)

13) *Howard v. SEC*, 376 F.3d 1136 (D.C. Cir. 2004)

14) *In re Countrywide Fin. Corp.* Securities Litig., 588 F. Supp. 2d 1132 (C.D Cal. 2008)

15) *In re Halpern & Associates*, Initial Decision Release No. 939, 2016 WL 64862 (Jan. 5, 2016)

16) *In re Kidder Peabody* Securities Litig.,10 F. Supp. 2d 398 (S.D.N.Y. 1998)

17) *In re Lehman Bros. Securities and ERISA Litig.*, 131 F. Supp. 3d 241 (S.D.N.Y. 2015)

18) *In re Omnicare, Inc.* Securities Litig., 769 F.3d 455 (6th Cir. 2014)

19) *In re Software Toolworks Inc.*, 50 F.3d 615 (9th Cir. 1994)

20) *James Thomas McCurdy, CPA*, Exchange Act Release. No. 49182, 2004 WL 2160606 (Feb. 4, 2004)

21) *John Briner, Esq.*, Exchange Act Release. No. 74065, 015 WL 220959 (Jan. 15, 2015)

22) *John Briner, Esq.*, Securities Act Release. No. 9918, 015 WL 5472559 (Sept. 18, 2015)

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24) *J.S. Oliver Capital Mgmt., LP*, Securities Act Release No. 101006 WL 3361166 (June 17, 2016)

25) *KPMG Peat Marwick, LLP*, Securities Act Release No. 1360, 2001 WL 47245 (Jan. 19, 2001)

26) *Maria T. Giesige*, Initial Decision Release No. 359, 8 WL 4489677 (Oct. 7, 2008)

27) *Marrie v. SEC*, 374 F.3d 1196 (D.C. Cir. 2004)

28) *McCurdy v. SEC*, 396 F.3d 1258 (D.C. Cir. 2005)

29) *Michael J Marrie, CPA*, Exchange Act Release No. 48246, 2003 WL 21741785 (July 29, 2003)

30) *New Mexico State Inv. Counsel v. Ernst & Young LLP*, 641 F.3d 1089 (9th Cir. 2011)

31) *Omnicare, Inc. v. Laborers District Council Construction Industry Pension Fund*, 575 U.S. 175 (2015)

32) *Peter Messineo*, CPA, Exchange Act Release No. 76607, 2015 WL 8478008 (Dec. 10, 2015)

33) *Philip L. Pascale*, Exchange Act Release No. 51393, 2005 WL 636868 (Mar. 18, 2005)

34) *Richard J. Koch*, Exchange Act Release No. 82207, 2017 WL 6015563 (Dec. 4, 2017)

35) *Robert Fuller*, Securities Act Release No. 8273, 2003 WL 22016309 (Aug. 25, 2003)

36) *SEC v. First City Fin. Corp.*, 890 F.2d 1215 (D.C. Cir. 1989)

37) *SEC v. Manor Nursing Centers, Inc.*, 458 F.2d 1082 (2d Cir. 1972)

38) *SEC v. McNulty*, 137 F.3d 732 (2d Cir. 1998)

39) *SEC v. Platforms Wireless Int'l Corp.*, 559 F. Supp. 2d 1091 (S.D. Cal. 2008)

40) *SEC v. RPM International Inc.*, 282 F. Supp. 3d 1 (D. DC. 2017)

41) *SEC v. Savoy Industries, Inc.*, 587 F.2d 1149 (D.C. Cir. 1978)

42) *Steadman v. SEC*, 603 F.2d 1126 (5th Cir. 1979)

43) *Timothy Quintanilla, CPA*, Exchange Act Release No. 78145, 2016 WL 4363433 (June 23, 2016)

44) *Tommy Shek, CPA*, Exchange Act Release No. 8362, 2018 WL 3388553 (July 12, 2018)

45) *Touche Ross & Co. v. SEC*, 609 F.2d 570 (2d Cir. 1979)

46) *Wendy McNeeley, CPA*, Securities Act Release No. 68431, 2012 WL 6457291 (Dec. 13, 2012)

47) *ZPR Investment Mgmt., Inc.*, Advisers Act Release No. 4249, 2015 WL 6575683 (Oct. 30, 2015)

DEFINITIONS:

CannaVEST Corp. is “CannaVEST”.

Premier Holding Corporation is “Premier”.

Accelera Innovations, Inc. is “Accelera”.

CannaVEST, Premier and Accelera are “Registrants”.

Anton & Chia, LLP is“A&C”.

Respondents’ Proposed Findings of Fact and Conclusion of Law is “P.F.F”.

United States Securities and Exchange Commission is “SEC”.

THE INTENTIONAL AND PREMEDITATED IMPACT ON DUE PROCESS

A) THE DECEMBER 4, 2017 PRESS RELEASE:

1. The December 4, 2017 Press Release accuses Wahl and Honest Hardworking Americans of **Fraud** and acting **fraudulently** atleast six times.

2. “*Auditors are crucial gatekeepers whose careful oversight of financial statements helps ensure that public companies provide accurate information to investors*,” said Stephanie Avakian, Co-Director of the SEC’s Enforcement Division.

3. Steven Peikin, Co-Director of the SEC’s Enforcement Division, added, “*As alleged in the order, Anton & Chia and its accountants left investors with false assurances that financial information for three microcap companies had been properly audited or reviewed. They had the opportunity to stop multiple frauds in their tracks but failed to do so*.”

4. Steven Peikin and Stephanie Avakian are both highly educated and experienced attorneys in respected positions at the Division of Enforcement. Their statements would carry significant weight to investing public and to Anton & Chia's client base and the Division made these statements intentionally to destroy Honest Hardworking Americans, which with their level of education and experience its appalling that they would even consider publicly making this incorrect statements.

5. Peikin and Avakian obviously did not read the case or the case law before they issued this press release.

6. Anton & Chia had oversight of financial statements but not responsibility. The accuracy and completeness of the company's financial statements are the responsibility of management, which this press release embodies that A&C had some much larger role than it did.

7. Peikin and Avakian make it sound like investors were harmed with the *three microcap companies* but make no mention that there was not one penny of evidence that there was an investor that was harmed.

8. To further Peikin's and Avakian's false story they state *"The Enforcement Division is alleging that certain conduct by Anton & Chia in connection with the audits was fraudulent, charging the firm with violations of Section 10(b) of the Securities Exchange Act."*

9. Peikin and Avakian are experienced and well educated attorneys. They knew the damage the press release and allegations would destroy Honest Hardworking Americans. The Supreme Court and Federal district court (See Tellabs; Central Bank) cases place substantial weight on the Division to be able to successfully charge auditors with these illegitimate accusations.

10. PCAOB standards govern an auditor in consideration of fraud, which is **AS 2401 (SAS99) Consideration of Fraud in a Financial Statement Audit. Description and Characteristics of Fraud** .***05 "Fraud is a broad legal concept and auditors do not make legal determinations of whether fraud has occurred".***

11. Avakian and Peikin intentionally ignored the laws of this country and the underlying PCAOB auditing standards. They are full of malice after years of trying to prosecute accounting fraud that they had to vent their frustration on a small American business and put them out of business b/c they couldn't handle the defenses that the Supreme Court allowed for these incompetent and arrogant CPAs! They took out the Andrew Weissman playbook and put them out of business only to have the Supreme Court reverse it 8 to 0 two years later. Avakian, Peikin and Mary Jo White are going to crucify every CPA on the cross if they don't get their debits or credits balanced. Then Kazon hired Devor. This is going to be interesting. I can feel Avakian's, Peikin's and White's hate.

1) SURPRISED AND UPSET:

Exhibit 17, Page 23, Lines 11-13 and Lines 19-22:

12. What was your reaction to the December 4th press release? KOCH: I was surprised and upset. Because it went out in a press release with alleged fraud committed by the firm and certain others, not myself, I may add. But that's what was upsetting about it.

2) NOT EVEN A NEGLIGENCE CHARGE:

Exhibit 17, Page 26, Lines 15-19:

13. KOCH:-- I don't believe……that the firm committed fraud on any of those three matters, that being CannaVEST, Premier or Accelera. ***It could be debated whether we were negligent or not***.

Koch has not seen all the evidence that Wahl has pulled together. When Koch does, he will agree not even a negligence charge is warranted in all three matters.

3) THE FIRM DIDN'T COMMIT FRAUD AND THE SEC ATTORNEYS KNEW IT BEFORE THE RELEASE:

Exhibit 17, Page 27, Lines 5-6:

14. the firm didn't commit fraud on any of those three matters.

4) THE SEC ADOPTED THE NAPOLEONIC CODE: GUILTY BEFORE INNOCENT. DESTROY THEM BEFORE TRIAL!

Exhibit 17, Page 29, Lines 1-16:

15. KOCH: we -- I do recall, I guess, speaking with Greg. We were both upset by the press release, the SEC press release. What did you talk to him about the press release? All I recall saying is just us discussing that ***how harsh it appeared to be and, you know, with this going out in the public domain when an investigation is ongoing, it was just an extremely damaging press release***.

5) THE SEC INTENTIONALLY INFLICTED FURTHER DAMAGE ON KOCH'S REPUTATION:

16. Damaging to the firm? **KOCH:** Yes, to the firm and those individuals, like myself, referred to in it. In fact, my name is even in that press release. And I had settled and was not charged with fraud. I was charged with negligence.

The SEC rage's in contempt against even the people that settle with them. He settled feed him to the sharks…..alive!

6) HIGHLY DRAMATIC PRESS RELEASE:

Exhibit 17, Page 36, Lines 6-14:

17. KOCH: I think that was the case, because back to my reaction of the press release, that was also kind of puzzling where when you see an SEC enforcement action on the website, on its website, you'll see the registrant being charged or it might be a matter just involving a firm.· But in this case I think both the registrants and our firm were in the same press release, you know, in this ***highly dramatic press release***.

THE SEC's RACKATEERING ENTERPRISE – LETS HOPE THEY DON'T FIGHT BACK!

18. Qualls represents that Avakian and Peikin attitude towards American Small Business is over the top and egregious.

19. Honest Hardworking Americans after sitting through trial and listening the SEC's mix of non-credible witnesses and fake facts realized that Qualls is correct. The only logical explanation for the SEC's behavior in this case and many others was that Avakian and Peikin are delusional.

20. "Cuban gave an impassioned speech after the verdict calling the SEC big bullies for suing him. Cuban spent more on the suit than he would have if he'd just paid a penalty, but he wanted to prove a point: **The SEC never should have gone after him**." Cuban is probably correct, mainly **because the SEC didn't have much evidence on its side**. Sounds familiar. Cuban fought back, Wahl, Chung and Deutchman did the same[1].

21. "This is a horrific example of how government does work," Cuban said. "I won't be bullied," he added, "I don't care if it's the federal government."

22. Cuban attacked the SEC for failing to work with companies to help them understand how to comply with securities laws. "They regulate through litigation," he said, "and that's its own problem." In Cuban's video testimony it was the SEC attorneys "**dishonesty**" that made him disgusted with the trial[2].

    The same pattern of behavior in this case. They couldn't beat a billionaire so they target wimpy CPAs.

[1] https://www.businessinsider.com/how-mark-cuban-defeated-the-sec-2013-10

[2] https://www.businessinsider.com/mark-cuban-slams-the-secs-insider-trading-case-2013-10

23. There is contempt for the taxpayer, their own judges, the laws of this country and this is consistent and persistent criminal behavior by this Enforcement Division.

INCOMPETENT SEC ATTORNEYS AND ACCOUNTANTS

24. According to the 24 SEC attorneys and accountants (plus support staff) on this case, the only criticism of Wahl's credentials is he doesn't have a "post graduate" degree that is incorrect as the Canadian Chartered Accountancy Program is a post graduate program.

25. The SEC and their 23 attorneys and whatever post graduate programs they completed. It didn't help them in this case. The SEC was beat by one person, Wahl and he is not even an attorney. The SEC and their attorney's utilized case law that is not applicable to the case. The SEC attorneys are so arrogant and ignorant that they intentionally ignored case law from the highest courts in the United States of America, see Tellabs; Central Bank, see **Appendix A**. Then the attorneys decided to use Wahl's own employees against him as witnesses, then logically in an accounting case you would bring in a nurse and a psychiatrist b/c that based on the press release and the results of the real evidence. The 23 SEC attorneys would need help from both the nurse and the suspended psychiatrist as a director and an officer of the same company was day trading the stock. Then the CFO that never audited a public company and never been a CFO of a public company had to pay $14,000 to get the job. Plus the CPA Devor that thinks he knows more about US GAAP and GAAS than Honest Hardworking Americans and the joke is on this group of attorneys.

THE SEC's INTERNAL CONTROLS

A) THE SEC'S PORN PROBLEM – RECKLESS BEHAVIOR AND CONTEMPT FOR THE TAX PAYER:

26. Senior employees spent hours on the agency's computers looking at sites such as naughty.com, skankwire and youporn as the financial crisis was unfolding.

27. "These guys in the middle of a financial crisis are spending their time looking at prurient material on the Internet," said Peter Morici, a professor at the University of Maryland and former director of the Office of Economics at the U.S. International Trade Commission.

28. "**It's reckless, and indicates a contempt for the taxpayer and the taxpayer's interest in monitoring financial markets,**" Morici said.

29. The investigation, which was conducted by the SEC's internal watchdog at the request of Sen. Chuck Grassley, R-Iowa, found 31 serious offenders during the past two and a half years. That's less than 1 percent of the agency's 3,500 employees but 17 of the alleged offenders were senior SEC officers whose salaries ranged from $100,000 to $222,000 per year.

30. Some of the big offenders are still on the job, according to sources[3].

31. *Eight Hours a Day Spent on Porn Sites*

32. One senior attorney at SEC headquarters in Washington spent up to eight hours a day accessing Internet porn, according to the report, which has yet to be released. When he filled all the space on his government computer with pornographic images, he downloaded more to CDs and DVDs that accumulated in boxes in his offices[4].

[3] Makes you wonder who that is…….

[4] https://abcnews.go.com/GMA/sec-pornography-employees-spent-hours-surfing-porn-sites/story?id=10452544

33. An SEC accountant attempted to access porn websites 1,800 times in a two-week period and had 600 pornographic images on her computer hard drive[5].

34. Another SEC accountant used his SEC-issued computer to upload his own sexually explicit videos onto porn websites he joined.

35. And another SEC accountant attempted to access porn sites 16,000 times in a single month.

36. In one case, the report noted, an employee tried hundreds of times to access pornographic sites and was denied access. When he used a flash drive, he successfully bypassed the filter to visit a "significant number" of porn sites[6].

    Mr. Clayton, you're not only being hacked from the outside but the inside.

37. A similar SEC report for October 2008 to March 2009 said that a regional supervisor in Los Angeles accessed and attempted to access pornographic and sexually explicit Web sites up to twice a day from his SEC computer during work hours.

B) THE SEC WITH ITS $1.82 BILLION BUDGET GETS HACKED AND CREATES A FINANCIAL FRAUD OF $4.1 MILLION:

[5] https://www.benzinga.com/generallifemisc/topics/11/06/1133735/the-sec-still-has-a-porn-problem

[6] https://www.huffpost.com/entry/secs-porn-problem-was-ram_n_510198

38. Federal prosecutors unveiled charges in an international stock-trading scheme that involved hacking into the Securities and Exchange Commission's EDGAR corporate filing system.

39. The scheme allegedly netted $4.1 million for fraudsters from the U.S., Russia and Ukraine[7]. Using 157 corporate earnings announcements, the group was able to execute trades on material nonpublic information. Most of those filings were "test filings," which corporations upload to the SEC's website.

40. The scheme involves seven individuals and operated from May to at least October 2016. Prosecutors said the traders were part of the same group that previously hacked into newswire services.

41. Carpenito, in a press conference Tuesday, said the thefts included thousands of valuable, private business documents. "After hacking into the EDGAR system they stole drafts of [these] reports before the information was disseminated to the general public," he said.

42. Those documents included quarterly earnings, mergers and acquisitions plans and other sensitive news, and the criminals were able to view it before it was released as a public filing, thus affecting the individual companies' stock prices. The alleged hackers executed trades on the reports and also sold them to other illicit traders. One inside trader made $270,000 in a single day, according to Carpenito.

43. The hackers used malicious software sent via email to SEC employees. Then, after planting the software on the SEC computers, they sent the information they were able to gather from the EDGAR system to servers in

[7] They must have helped Trump in 2016…..

Lithuania, where they either used it or distributed the data to other criminals, Carpenito said. The EDGAR service operates in New Jersey, which is why the Justice Department office in Newark was involved in the case.

44. Stephanie Avakian, co-head of the SEC's Division of Enforcement, said the same criminals also stole advance press releases sent to three newswire services, though she didn't name the newswires. The hackers used multiple broker accounts to collect the illicit gains, she said.

    It begs the question if these same criminals stole Avakian's criminal press releases that were about to be issued[8].

45. Also at the time, the incident sparked fears over the SEC's Consolidated Audit Trail database, known as CAT. The CAT was meant to record every trade and order — either stock or option — made in the U.S., with the goal of providing enough data to analyze for detecting market manipulations and other malicious behavior[9].

    This might also spark fears over the SEC's CAT database which never detected Dr. Blaise Wolfrum a suspended psychiatrist that was day trading in the stock of Accelera while he was a director and an officer for over two years (**see P.F.F#620**). This could be the malicious behavior that the CAT database should have detected. Martha Stewart served jail time for insider trading.

[8] https://money.cnn.com/2017/09/21/news/sec-edgar-hack/index.html

[9] https://www.cnbc.com/2019/01/15/international-stock-trading-scheme-hacked-into-sec-database-justice-dept-says.html

46. In September 2017, SEC chairman Jay Clayton announced the EDGAR database had been hacked in a lengthy statement. The commission said **the database was penetrated in 2016 but the incident wasn't detected until August 2017.**

Sounds like the SEC needs an overhaul.

47. "Cybersecurity is critical to the operations of our markets, and the risks are significant and, in many cases, systemic," Clayton said at the time. "We also must recognize — in both the public and private sectors, including the SEC — that there will be intrusions, and that a key component of cyber risk management is resilience and recovery."

48. The Securities and Exchange Commission receives $1.82 Billion of taxpayer's money and they are unable to detect when their systems were timely hacked from the inside or the outside. This is "**systemic**", Honest Hardworking American shave identified another systemic issue at the outside of their porn problem, it's called racketeering, when the Division brings fake cases against American Small Businesses, knowingly lie, mischaracterize facts and overstate cases against hard working and honest professionals. The SEC's budget is to create capital formation and enforce the federal securities laws.

The SEC issued a disclaimer regarding Chinese companies on the New York Stock Exchange and the NASDAQ. Buyer beware but refused to enforce USA Federal Securities laws against the companies in international jurisdictions.

C) **SEC REQUESTS BUDGET INCREASE TO DESTROY ANOTHER 250+ JOBS:**

49. The administration's budget proposal includes $1.9 billion for the Securities and Exchange Commission, an increase of about $80 million from its enacted fiscal 2020 budget.

50. The budget boost would allow the SEC to add 30 positions to "enhance the agency's depth of expertise in emerging or evolving areas relating to financial innovation, cybersecurity, **small business capital formation**, and market oversight, as well as other policy and operational areas," the SEC states in its budget request.

51. The SEC requested $80M of tax payer's funds to add 30 people (or $2.67MM per person). The SEC requires more depth of expertise in emerging or evolving areas like "small business capital formation". The SEC has destroyed every small broker dealer, audit firm, attorney firm that supported small reporting companies and COVID-19 has officially put every small business in bankruptcy. There is no capital to form right now with 30 million + in unemployment nationwide.

23 attorneys and accountants trashed Honest Hardworking Americans and the SEC utilized $32 to $38 million in tax payer's funds destroying a firm with 100+ jobs that supported 5,000+ small business jobs through its client base.

The SEC issues a disclaimer against international and Chinese companies on the NYSE and the NASDAQ and will not enforce federal securities laws against these companies. The companies on the NYSE and NASDAQ should comply with the United States of America federal securities laws or be delisted and criminally charged[10]. Heck Weissman destroyed Arthur Anderson and put 200,000 people out on the street to be overturned by SCOTUS 8 to 0 two years later. The SEC has no problem destroying viable, productive American businesses but will not challenge large international firms, Google, Facebook or Microsoft for their violations of federal securities law[11].

[10] https://www.sec.gov/news/public-statement/emerging-market-investments-disclosure-reporting

[11] RK&O partner Michael D. Mann and former SEC Chairman Arthur Levitt Jr. have published the joint opinion piece "The SEC's China Evasion" in *The Wall Street Journal*. Their article addresses the SEC's recent "buyer beware" announcement that warned investors that disclosures by SEC-registered companies from emerging markets may be incomplete and misleading, and that the

52. The $80MM budget increase will facilitate the SEC's ability to destroy another 2 to 2.5 other American small businesses destroying another 200 to 250 jobs so that unemployment claims can surpass 30.3 million[12].

D) THE PCAOB:

53. President Trump is looking to phase out the PCAOB by 2022. Trump listened to Wahl[13]. The PCAOB is a joke[14]! However, based on the actions and behaviors by this group of attorneys and accountants it's obvious that the SEC does not have the professional qualifications to take over the oversight of the CPA profession.

ANTON & CHIA, LLP BUSINESS PLAN

A) CREATION:

54. Anton & Chia, LLP ("A&C" and the "Firm") was created in January 2009 but the operations and business did not start in full capacity until January 2010.

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commission's cross-border regulation, oversight and enforcement—especially for activity from China—cannot be relied upon. Messrs Mann and Levitt outline why they feel this is the wrong approach and how it can serve to diminish U.S. markets.

Mr. Mann was founding director of the SEC's Office of International Affairs from 1989-1996, while Mr. Levitt was SEC Chairman from 1993-2001.

[12] https://news.bloomberglaw.com/securities-law/sec-gets-budget-boost-in-trumps-fiscal-2021-plan

[13] https://www.natlawreview.com/article/trump-budget-proposes-folding-pcaob-sec-2022

[14] https://www.accountingtoday.com/news/sec-charges-former-kpmg-and-pcaob-officials-with-stealing-inspection-exam

B) LIFE OF THE PARTY:

55. The Firm started in a garage, took down 750 square feet of office space in early 2010, then 3,500 square feet of office space in late 2010. Then expanded into seven other offices that Wahl was an owner in and then 32 international affiliate offices. The entire life of the Firm up until the press release was 8 years.

C) ENFORCEMENT:

56. Anton & Chia, was and still is the only small business accounting firm targeted for fraud under 10(b) by the SEC enforcement division. The negotiations to settle with the SEC were disengaged in May 2017 creating internal stress by not achieving a reasonable arrangement with the SEC. In June / July 2017, Wahl had to inform employee / non-equity partners that there was strong potential for litigation with the SEC[15]. This lead to further financial distress as partners started taking A&C clients to other firms or created their own firms and took clients. The China practice which was approximately $3.0MM of existing business and $1.5M of projected new business left the firm in August of 2017, which started the financial distress for A&C.

Exhibit 23 Page 52 Lines 4-9:

And was the firm registered with the PCAOB and the AICPA until – I guess through what time period? WAHL: Well, I – the trustee's taken over the – the firm, so I don't even know if it's still registered or not.

No Disciplinary History

Exhibit 23 Page 52 Lines 13-20:

[15] EXHIBIT 16 Page 26 Lines 1-6 KOCH: Yes, it was, because, again, the firm had a substantial majority of public company clients which I couldn't serve. The firm was also in some financial distress and I was obviously concerned as to whether I'd be able to continue working at Anton& Chia.

And had the firm had any disciplinary issues with the PCAOB or AICPA during that 2013 to 2016 time period? WAHL: Not that I'm aware of. How about earlier than 2013, were there any disciplinary issues with the PCAOB or AICPA prior to 2013? WAHL: Not that I'm aware of.

Exhibit 23 Page 53 Lines 5-16:

- did you personally have any disciplinary issues with your C.P.A. license? WAHL: No. Did you have any disciplinary

did you personally have any disciplinary issues with your C.P.A. license? WAHL: No. Did you have any disciplinary issues during that time period with any of the – with the PCAOB? WAHL: No. I'd like to clarify, though, on my licensing. That because of the administrative proceedings, they did inquire about those proceedings. And because they are mere allegations of – not supported, unsubstantiated allegations at this time, that they will – potentially once – whenever this is resolved,

Exhibit 23 Page 54 Lines 7-13:

you hadn't had any disciplinary issues -- WAHL No. – with your personal C.P.A. license? WAHL No, never And same with eh firm. The firm, as of the time in mid 2016, hadn't had any disciplinary issues? WAHL: No.

D) CONTROLLED GROWTH:

57. Even under bombardment by the SEC and the PCAOB with Subpoenas and over exaggerated inspections. The Firm grew at a controlled pace and diversified substantially from almost exclusively retaining public company clients in 2013 to increase the amount of private companies, tax, consulting and audit advisory. The plan (as Wahl testified to) was to remove or substantially reduce the public company audit practice. Wahl even discussed with the private equity group to dispose of the public company practice entirely. Wahl had no problem with this. Actually, Wahl wanted to go in that direction as it was a similar business strategy that the KPMG Burnaby office maintains, where Wahl originally started his career as a Chartered Accountant. The public company audit practice is and was always considered "high risk" by CPAs. Not b/c of the clients themselves but b/c of the disdain that the regulators, such as the SEC, Congress, FINRA, etc. have for the industry. There were no quality or risk issues with

the client's b/c every client easily found another accounting firm to take over their work once A&C was violently purged by the SEC.

Exhibit 23 Page 49 Line 7 and Lines 12-13:

58. A portion of Anton & Chia's website. "We service over 2400 clients"?

Exhibit 23 Page 49 Lines 24-25:

WAHL: But at the peak of our – peak of Anton & Chia's existence, probably 2016 or mid 2017

Exhibit 23 Page 50 Lines 1-6:

59. WAHL: we had clients in Canada and the U.S. and all over the world. The mix would be probably 50 percent public companies, where they were audits and reviews. Pardon me. I'm talking about revenue here, not exactly individual clients.

Exhibit 23 Page 50 Lines 10-19:

WAHL: And then we would probably have another 20 percent, that would be of revenue, of private company audits. And then the balance would probably be, like, individuals for tax and – personal tax and corporations and small owner – small owner-managed small businesses. And they would make up the bulk of these clients because of, you know, those individuals would be charge a lot smaller dollar amount than, let's say, a public company audit.

Exhibit 23 Page 51 Lines 1-14:

And did the mix in terms of public and private, had that changed over the period of 2013 to 2016? WAHL: Yes, substantially. How did it change? WAHL: As a percentage of revenues, we decreased the number of public companies that we worked on it terms of diversification into more private company and tax work and consulting work. Why is that? WAHL: We just felt that that was a more defensive strategy to – you know, given the changes with Dodd-Frank in 2012 and based on advise from counsel that we should diversify.

E) ANTON & CHIA SUPPORTED AMERICAN SMALL BUSINESS:

60. Most of our clients in 2013 were Form 10 companies. These are and were not high risk clients

61. Wahl strategically acquired the Form 10 companies as clients as they would create or acquire operations which they did and that is one of the key reasons A&C became so successful was they did what the US government should be doing. We gave entrepreneurs a chance to raise money, develop business, take an educated business risk and become a profitable company.

ANTON & CHIA, LLP GROWTH OPPORTUNITIES

A) KING KONG (SEC) BEATING UP ON AN ANT – START UP(A&C):

62. To criticize a start up organization that was in its fourth year is pathetic[16]. Every person in the Firm was a person in good standing with their respective boards of accountancy. The Firm was created not to commit fraud, scienter, gross negligence or negligence but to support American small businesses and business operating throughout North America and the World.

Exhibit 23 Page 54 Lines 7-13:

you hadn't had any disciplinary issues -- WAHL No. – with your personal C.P.A. license? WAHL No, never And same with eh firm. The firm, as of the time in mid-2016, hadn't had any disciplinary issues? WAHL: No.

B) COMPETITIVE ADVANTAGES:

63. The Firm was created based on ***<u>two competitive advantages</u>***

1) to provide value in the small to middle market in USA and Canada, including International markets where we had appropriate skill sets and become supporters of American Small Business.

2) Wahl was licensed in Canada and the USA. This provided the opportunity for Wahl to create two partnerships. One in Canada and the other in the USA. This was achieved. The Firm operated as one Firm.

[16] **Exhibit 17, Page 71, Lines 2-3:**KOCH: The firm was only three years old or four years old when I joined.

The Firm obtained and was creating significant synergies with residents in the USA that owned assets in Canada and Canadian residents that owned assets in the USA. The Firm was growing substantially from these opportunities and attracting quality clients. Wahl spent $250,000 on IT infrastructure so when an acquisition was completed A&C could integrate the acquisition in a matter of days, not weeks or months, in any country in the world.

Exhibit 23 Page 50 Lines 1-6:

WAHL: we had clients in Canada and the U.S. and all over the world. The mix would be probably 50 percent public companies, where they were audits and reviews. Pardon me. I'm talking about revenue here, not exactly individual clients.

C) THE BOOT STRAP:

64. Wahl was able to fund and bootstrap Anton & Chia's growth by reinvesting the revenues back into the firm. Wahl was not provided $5.0MM to build the Firm. If Wahl was provided the $5.0MM to create ANC then it would have become a much larger and diversified firm much quicker and it would not have been so skewed into the small public company market.

99% of investors don't invest in startup companies let alone CPA firms. If Wahl's goal was to rape and pillage the firm then it would not have grown and received two clean or no comment PCAOB reports in 2010 and 2013 (**see P.F.F#)**.

Exhibit 17, Page 152, Lines 5-9:

KOCH: during my four and a half tenure there we evolved. We were a fast-growing firm, and we established some disciplines to try to make sure that we had everybody at planning meetings and so on.

D) TURNOVER – DOESN'T EVERY CPA FIRM HAVE TURNOVER?:

65. CPA Practice Advisor reports many CPA firms experience average annual turnover rates upward of 25 percent. That's more than double the national average turnover rate of 11.6 percent, as reported by CompData's Benchmark Pro survey[17].

66. The only reference on the turnover matter was Tommy Shek. Shek never worked at a full service CPA firm before working at A&C. The SEC makes a statement but never bench mark this data as compared to other CPA firms. This is similar to Devor. Devor makes a statement and believes its true b/c he said it but never actually provides an analysis or evidence to support the claim. Wahl was part of an expansion junior hockey team when he was 17 years old and we brought in 100s of players to have them tryout to get down. Wahl ran the human capital side of the business like a General Manager. We have 5 managers, 4 are good. One is average, etc. Wahl always told staff accountants and partners that *"Now, our operation is small, but there's a lot of potential for aggressive expansion. So we're gonna have tryouts!"*

67. The turnover for CPA firms is atleast 25% per year. Garbutt may have said this as well but if you look at the key employee matrix below. On the low end its 2 years on the high end its 5.5 years our key employees were retained. This is not uncommon in the CPA market for people to join a firm for short period then leave to a larger organization or decide to leave the professional service business and go on to other ventures just like Binh La.

Anton & Chia fully operated for 8 years and many people left only b/c of the December 4, 2017 press release and SEC litigation.

[17] https://www.icpas.org/information/copy-desk/insight/article/fall-2018/cpas-why-they-leave-where-they-go

Anton & Chia's retention policies when bench marked were above the industry standard.

Name	Title	Number of Years	Percentage of A&C's Life	Note
Richard Koch	Partner	4 years and seven months	57.29%	Would have stayed if SEC didn't destroy the firm. Left after December 4, 2017 press release.
Michael Deutchman	Partner	2.5 years	31.25%	Would have stayed if the SEC didn't destroy firm.
David Ruan	Partner	2.5 years	31.25%	
Brian Rusywick	Operations	5.5 years	68.75%	
Tommy Shek	Senior Manager	4.5 years	56.25%	
Chris Wen	Senior	4 years	50.0%	
Nancy Lopez	Business Development	3.5 years	43.75%	Left and came back. Didn't need a bus dev person prior to 2013. Left after December 4, 2017 press release.
Wanyee Hon	Marketing and Operations	3 years	37.5%	Would have stayed if the SEC didn't destroy the firm. There wasn't a need for her role until

				2014. Left after December 4, 2017 press release.
Gustavo Fridman	Tax Partner	3 years	37.5%	Would have stayed if the SEC didn't destroy the firm. There wasn't a need for his role until Westlake Village Acquisition in 2014. Left after December 4, 2017 press release.
George Morine	Partner - Canada	4 years	50%	Would have stayed if the SEC didn't destroy the firm. Left after December 4, 2017 press release.
Travis Bryson	Partner – Canada	3 years	37.5%	Would have stayed if the SEC didn't destroy the firm. Left after December 4, 2017 press release.
Kevin Schindler	Tax Partner – Canada	2 years	25%	Would have stayed if the SEC didn't destroy the firm. There wasn't a need for his role until Vancouver, BC Canada acquisitions.

Kevin Su	Partner – Canada / USA	3 years	37.5%	Would have stayed if the SEC didn't destroy the firm. There wasn't a need for his role until Vancouver, BC Canada acquisitions.
Sarah Cui	HR	4 years		
Jennifer Lee	Manager	2 years 1 month	26.25%	Would have stayed if the SEC didn't destroy the firm. Left after December 4, 2017 press release.
Robert Han	CFO	3.5 years	43.75%	Would have stayed if the SEC didn't destroy the firm. There wasn't a need for his role until 2014.
Brian Lam	Manager	4 years and two months	50%	Would have stayed if the SEC didn't destroy the firm.
Yoda Chen	Manager	4 years	50%	Would have stayed if the SEC didn't destroy the firm.
Rahul Gandhi	Partner	3.5 years	43.75%	At the mention of a deposition with the SEC. Rahul got scared and ran. He thought the SEC was going to protect him. Look how that turned out for him.

				Settled on a fake case and he was deported.
Total		65 years	**Average**	**3.42 years employed**

Exhibit 17, Page 71, Lines 2-3:

KOCH: The firm was only three years old or four years old when I joined.

Exhibit 16, Page 11, Lines 10-12:

who are your supervisors today? KOCH: My direct supervisor is Rahul Gandhi. And the ultimate supervisor is Greg Wahl.

Exhibit 16, Page 13, Lines 15-22:

And you said that Rahul Gandhi is your direct –WITNESS: - KOCH That's correct. I forget, I don't want to use supervisor. Direct supervisor. And what is his position? WITNESS KOCH: He is director of assurance services. He heads up our audit practice.

Exhibit 13 page 37: Lines 2:8:

Q All right. Then who are the other four partners who served as engagement partners?

A There is Jaslyn Huynh, Richard Koch, Kevin Su, and Ken Gunderson.

Q Was Mr. Wahl serving as an engagement partner at any time in the summer of '16?

A No.

Exhibit 16, Page 61, Lines 8-14:

So, if we talk about today, Rahul Gandhi who heads up our audit practice or assurance practice. He also maintains the audit schedule. So, he's responsible for allocation of clients to partners, as well as, with the staff. Now, we assist him with respect to the staff. But, he is the day-to-day partner allocation, staff allocation to clients.

Exhibit 70 Page 335 Line 25 and Page 356 Lines 1-6:

United States? Let's start with that. WAHL: About 40, 45 (employees). MS. PURPERO: And how many offices do you have, again? WAHL: In the U.S., we have San Diego, Newport Beach, and Westlake; so three.

Exhibit 70 Page 356 Lines 9-14:

MS. PURPERO: And then the audit partners and tax partners, does that include the Canadians? THE WITNESS: No that does not include the Canadians.

Exhibit 70 Page 356 Lines 23-25:

there's three audit partners up there. I don't want to double count myself, and there's Kevin Schindler, who's a tax partner.

68. How long has the median for a service job that people stay? Industry average is 3.2 years. A&C partners, managers, officers, key employees, etc. all have stayed on average 3.42 years above industry averages[18].

69. This so called high turnover was Wahl firing two partners and two left, which Wahl wanted them to leave so let's get the facts straight. None of these people were critical to the organization.

[18] https://www.thebalancecareers.com/how-long-should-an-employee-stay-at-a-job-2059796

70. Not to mention that many of the staff accountants that "begged" Wahl for a job went on to long term accounting careers in public accounting at large accounting firms and organizations, EY, KPMG, PWC, RSM, the Siegfried Group, Warner Brothers and many others. In Canada, most of the employees ended up at KPMG and MNP LLP all top ten nationwide organizations.

E) CPA's WORK:

71. Anton & Chia employees worked an average 47.1 hours per week. Hardly anything excessive for a profession where 58% of the profession work atleast 50 hours per week year round and 70 hours a week plus in busy season. Firm's that work on public companies and transactional work it's not uncommon that they would work more.

72. "*Still, Belinda Oster, who's with a small firm in Keene, N.H., works 40 hours to 50 hours most weeks and 50 hours to 60 hours per week during busy season. She typically works evenings and weekends just to keep up. For her, the issue is to "try to stay ahead of the workload so you are not always on."*

73. CPAs are "on" quite a bit according to a CPA Trend lines *study of how much accountants work and how much stress they feel. Only about six percent of our CPAs in all walks of the profession work fewer than 40 hours per week, while 58 percent work at least 50 hours per week year round, including four percent working an average 70-plus hours per week.*

74. Mark Albertz is a CPA with a small public practice firm in Cincinnati, Ohio, where business is up 15 percent from a year ago. He works 50 hours to 60 hours in a normal week and 70-plus during busy season, and he is among those working more, than a year ago[19]*."*

[19] https://www.aicpastore.com/Content/media/PRODUCER_CONTENT/Newsletters/Articles_2008/CPA/Feb/ItLess.jsp

F) THE BEST PLACE TO WORK:

75. The SEC alleges that there was this environment of high turnover, which is inaccurate (**see P.F.F# 65 to 70**). Average stay for key employees at A&C was 3.42 years. This perception was created by one disgruntled ex-employee (Shek) and a part time consultant (Garbutt) that worked with many competitors to A&C. The SEC made these false statements without any due diligence or any actual evidence or compared their allegations against benchmarked CPA industry standards. The SEC attorneys again are negligent and are recklessly publishing public libelous statements against Wahl and Honest Hardworking Americans.

76. The Subpoenas by the intentionally fake investigations by the SEC created a lot of internal turmoil and fear for a small organization with limited resources.

77. despite the constant attacks by the SEC and the PCAOB. A&C grew into a large organization and was managed well by Wahl and his team. Clients still speak of Wahl's marketing efforts and how quickly he grew the organization into a respected business. Clients even say to Wahl "they miss the firm because there is nowhere to go in the market place that had the same skills and capabilities." Michael Deutchman even said that "A&C was the best place he worked".

78. The Firm had parties quarterly in Newport Beach, San Diego and Vancouver. 300 to 400 people turned out. Awards were given to employees to recognize them for their great work in front of a large audience. The parties were fully catered, DJ's playing music with models mingling the party. Michael Deutchman even had his marching band play the big hits in San Diego!

G) AFFIRMATION OF ANTON & CHIA's BUSINESS PLAN - A SUCCESSFUL ORGANIZATION:

79. Wahl spent seven months completing due diligence with an independent private equity group in Los Angeles. During this time we went through integration plans to merge in multiple firms in New York, New Jersey, Westlake

Village and Los Angeles. Plus, the private equity group retained third party CPAs to complete detailed due diligence. The private equity group agreed to a $9.0MM injection but Wahl had to turn it down due to the SEC ramping up Wells Notices on a division (i.e. the public company audit division) of A&C's that would ultimately go away once funding received. The valuation of A&C would have been put at $30,000,000. Providing Wahl with $21,000,000 in value. Wahl entertained a family office at the same time as the private equity due diligence and they were willing to provide Wahl with $20,000,000 for 50% equity in A&C. Again, Wahl had signed documents and everything ready to go but due to the SEC investigations had to turn this investment down. The family office investment would have provided $20MM in value to Wahl at inception of the investment.

Exhibit 21, Page 65, Lines 21-24:

And what was the relationship between Anton & Chia and the firm on the East Coast? SHEK: I have no idea. It was just between Greg and them.

Exhibit 21, Page 66, Lines 23-25:

Did you work with the East Coast firm on any of your other engagements? SHEK: I know we have some like, I want to say, partnership with them on some engagements.

Exhibit 23 Page 39 Lines 10-12:

Did he work for Anton & Chia? ***I can't remember. A lot of people worked for Anton & Chia.***

Exhibit 17, Page 128, Lines 6-7:

KOCH: until we grew further and hired additional partners.

ANTON & CHIA's INTERNAL CONTROLS:

80. Anton & Chia, had an executive committee, a CFO that was in charge of HR, IT and Financial Reporting and assisted with office integration, a full marketing team that had two to three business development professionals

headed by Wahl. Wahl also retained two quality control advisors in Thomas Parry and Shane Garbutt. If the SEC hadn't destroyed A&C, Wahl would have found someone to bring the Quality Control function full time internally and Wahl's long term goal was to create an internal audit group to provide oversight of A&C's operations on a daily basis.

81. **DAILY CONTROLS**

1) **Open Office Policy:** the offices were high end open for organic collaboration and management style. Latham Watkins new Los Angeles office is designed similar to A&C's offices, except at A&C red was the base color and Latham & Watkins is white.

Exhibit 23 Page 62 Lines 1-6:

WAHL: I had an open-office policy. So open-door policy. Or the firm was pretty much wide open, so anyone can talk to anyone. Typically, we go through one of the managers, more the senior if they were staff level. And if they couldn't answer those questions, they would come to me regarding any issues.

2) **Lock downs:** were managed by the CFO and administrative staff. Only the third party IT group and A&C CFO Robert Han had access to software. Wahl, none of the audit staff had access to software or database systems. Lockdowns were managed daily and weekly.

Exhibit 23 Page 62 Lines 21-25:

WAHL: And then – and then once the file is locked or closed, in accordance with PCAOB standards, those – 45 days I believe it is, unless they changed it since I last did an audit, the notes would be taken away from the – the file.

3) Daily cash collection summaries tied to bank statements (A&C accounts) by client by client, by group, by office were sent out to the manager and partner groups[20].

4) Partners, officers and managers were in the office each day to check in on staff, seniors and daily progress.

Exhibit 15 (Gandhi) pages 111 Lines 2:24:

Q. Any other training that was required of you as part of your job at Anton & Chia?

A. There was a mandate to provide training to all of the staff, as well, and it was the responsibility of the partners and managers to provide that training.

Q. And did you participate in training the staff that in particular worked for you on the Accelera engagement?

A. Yes.

5) All employees were required to enter their time on a daily basis. Follow up was done by managers, partners, human resources and the firm's CFO and their team.

Exhibit 16, Page 65, Lines 6-9:

KOCH: we have a stringent rule to post your time by, it's now 7:00 o'clock that night or it used to be recently 10:00 a.m. the following morning.

6) Employees were required to sign in and out when they came into the office so tracking of total time in the office was warranted[21].

7) Accounts receivable analysis by partner and client were available daily.

[20] **Exhibit 46 Page 35 Lines 5-7:** we have controls in place to make sure the standard procedures and checklists happen.

[21] **Exhibit 46 Page 35 Lines 5-7:** we have controls in place to make sure the standard procedures and checklists happen.

Exhibit 17, Page 121, Lines 18-22:

Did you have any role at Anton & Chia with respect to collection of fees from clients? KOCH: For those clients where I was the engagement partner I would have billing and collection responsibility.

8) Invoicing was completed on a daily basis and as needed.

Exhibit 17, Page 121, Lines 18-22:

Did you have any role at Anton & Chia with respect to collection of fees from clients? KOCH: For those clients where I was the engagement partner I would have billing and collection responsibility.

9) Access to accounting research manager so that staff, seniors, managers and partners could research critical audit and accounting issues[22].

10) Utilized PPC audit methodology to assist with US GAAP and GAAS standards for public companies[23].

Exhibit 23 Page 44 Lines 3-10:

WAHL: Wells, we had a checklist for client acceptance that were prepared by PPC. What is PPC? WAHL: PPC is the audit methodology that we utilize, which a lot of the – at lease at the time, a lot of the smaller firms – small to mid-size firms utilized a very standard audit methodology that was fully compliant with all the PCAOB and SEC standards.

11) Utilized PPC quality control manual and Thomas Parry, CPA and Shane Garbutt, CPA to assist with any new quality control implementation matters.

Exhibit 17, Page 50, Lines 11-23

[22] https://shop.wolterskluwer.ca/en/accounting-research-manager-arm html

[23] http://thomsonreuterstaxsupport.force.com/pkb/servlet/fileField?id=0BE0c000000XcXE

Maybe it would help to start with describing your understanding of the process for bringing in a new client to Anton & Chia. KOCH: We had a form and, first of all, I should mention that the firm subscribes to a national subscription practice eTools, PPC eTools it's referred to. And they have standard forms and programs and checklists for audits of smaller businesses. And one of those forms is the pre-acceptance for engagement continuance form.· And that form is required to be completed on new clients and engagement continuance, recurring -- you know,

Exhibit 23 Page 62 Lines 14-15:

WAHL: It's Pfx Engagement. I believe it's a CCH work product.

12) Set up a whistleblower hotline managed by human resources and the executive committee[24].

13) Paid over time meals – anyone working 10 hours or more chargeable would have dinner reimbursed by the Firm. Any employee that worked 4 hours chargeable or more on the weekend would have a meal reimbursed.

14) During busy season, Wahl catered in food daily and on Saturday's if required. Wahl communicated that employees should do their best to get exercise daily. Many of the employees would walk by Back Bay in Newport Beach during the day or play on one of the many video game terminals in the office (Newport Beach and Westlake Village). The offices also had fooze ball tables.

[24] **Exhibit 46 Page 35 Lines 5-7:** we have controls in place to make sure the standard procedures and checklists happen.

15) Hours – Wahl recommended people work Monday to Thursday 10 hours a day. With a standard 8 hour day on Friday and only a half day on Saturdays. His target in busy season was 50 to 55 hours chargeable a week which was substantially less than the 70 to 80 hours the industry is accustomed to. As Deutchman testified the last 3 to 4 weeks of busy season could get busy b/c a lot of clients would rush at the end to meet the March 31 or April 15 deadlines. So we did have mandatory work weeks of 6 days a week and always tried to Sunday off but some times we had to work seven days a week to meet client deadlines but this was normally only one or two weeks out of the year[25].

82. **Weekly Controls**

1) Weekly cash collection summaries (with comparative data and trends) tied to bank statements (A&C accounts) by client by client, by group, by office were sent out to the manager and partner groups[26].

2) Monday – Marketing Meeting – Status of all proposals leads by partner, manager and by marketing person. New clients were identified and moved into Tax and Audit meetings.

Exhibit 17, Page 55, Lines 10-19:

KOCH: We did have weekly marketing meetings which included partners and I believe managers and We had one or two marketing reps, so I would attend those meetings.· Candidly, I wasn't much of a rainmaker for the firm.· I may have worked on a couple proposals, but Greg was the key guy in terms of the rapid growth of the firm with

[25] **Exhibit 46 Page 35 Lines 5-7:** we have controls in place to make sure the standard procedures and checklists happen.

[26] **Exhibit 46 Page 35 Lines 5-7:** we have controls in place to make sure the standard procedures and checklists happen.

his marketing efforts, business development efforts. So to answer your question specifically, I participated in weekly marketing meetings and that was generally my role.

3) Monday – Audit Meeting – review of all clients and projects, new clients, staffing issues for projects, staff training issues, new market developments, new accounting or auditing standards, hold training on any and all subject matters. Hear, listen, and resolve any staff issues or matters from scheduling, to any other work related issues. Hiring updates, etc. **WAHL WANTED EMPLOYEES TO TAKE THEIR JOBS SERIOUSLY:**

Exhibit 23 Page 63 Lines 16-25 and Page 64 Lines 1-7:

If a staff member felt that he or she didn't understand or have enough information to complete the audit work that was being asked of them, would you have expected them to raise the question? MR. COHEN: Objection. Improper hypothetical. Ambiguous. You can answer, if you understand. WAHL: When people were hired – were hired at Anton & Chia, ***we explained the seriousness of the work that we do as auditors***. Not every employee but, you know, if I ever caught them doing certain things, they would be dismissed immediately. One is not – is faking the work I guess is a good word for it, and not doing the work that you're supposed to do. So those are grounds for immediate dismissal. We – if they had their license, we would go after their license as well.

Exhibit 20, Page 26, Lines 22-25:

SHEK: I talked to the staff and, you know, well, we have weekly meetings. We have weekly meetings to check all the job status like what we're missing, can they file on time, the Q or the K audits, those stuff.

Exhibit 21, Page 41, Lines 5-7:

SHEK: Well, I'm the audit manager there. So we have weekly meetings and we talk about that, even though I'm not in the engagement.

Exhibit 21, Page 41, Lines 18-25:

Who participated in those weekly meetings at the firm? The whole company. Every auditor? SHEK: Yes, the whole company, except like the administrative staff. Because all the auditors has to report the status of what they are doing and the status of the job.· So we meet every Monday

Exhibit 21, Page 43, Lines 7-11:

In the weekly meetings that you were talking about where the whole firm -- where all the audit staff was there, did you talk about all the engagements going on, the status of engagements? Yes.

4) Monday – Tax Meeting - review of all clients and projects, new clients, staffing issues for projects, staff training issues, new market developments, new tax standards, hold training on any and all subject matters. Hear, listen, and resolve any staff issues or matters from scheduling, to any other work related issues.

Exhibit 20, Page 26, Lines 22-25:

SHEK: I talked to the staff and, you know, well, we have weekly meetings. We have weekly meetings to check all the job status like what we're missing, can they file on time, the Q or the K audits, those stuff.

5) AR / Collections Meeting – Partners and Managers with CFO. All invoices were to be completed weekly.

Exhibit 20, Page 26, Lines 22-25:

SHEK: I talked to the staff and, you know, well, we have weekly meetings. We have weekly meetings to check all the job status like what we're missing, can they file on time, the Q or the K audits, those stuff.

6) Executive Meeting – if required or any matters on agenda.

Exhibit 20, Page 26, Lines 22-25:

SHEK: I talked to the staff and, you know, well, we have weekly meetings. We have weekly meetings to check all the job status like what we're missing, can they file on time, the Q or the K audits, those stuff.

7) Wahl received various detailed reports on hours, etc.[27].

8) All client press releases and 8-K filings were summarized communicated electronically to everyone at the firm on a weekly basis.

Exhibit 20, Page 20, Lines 10-14:

SHEK: Yes, maybe because the firm has asked our admin assistant to print out all the 8-K's for the client every week or every month. So, sometimes I may just see, oh, they have an acquisition, so I just go in and take a look at what's going on.

83. **Monthly Controls**

Exhibit 46 Page 35 Lines 5-7

we have controls in place to make sure the standard procedures and checklists happen.

1) Monthly cash collection summaries (with comparative data and trends) tied to bank statements (A&C accounts) by client, by group, by office were sent out to the manager and partner groups.

2) AR / Collections Meeting – Partners and Managers with CFO. All invoices were to be completed weekly.

3) Executive Meeting – complete operation review.

4) On the advice of Gandhi and CFO Robert Han, Anton & Chia set up a successful toastmasters program.

[27] **Exhibit 46 Page 35 Lines 5-7:** we have controls in place to make sure the standard procedures and checklists happen.

5) Wahl received various detailed reports on hours, etc.

84. **Quarterly Controls**

Exhibit 46 Page 35 Lines 5-7

we have controls in place to make sure the standard procedures and checklists happen.

1) Quarterly cash collection summaries (with comparative data and trends) tied to bank statements (A&C accounts) by client, by group, by office were sent out to the manager and partner groups.

2) AR / Collections Meeting – Partners and Managers with CFO. All invoices were to be completed weekly.

3) Executive Meeting – complete operation review.

4) Wahl received various detailed reports pertaining to employee hours, cash receipts, weekly and monthly cash expenditure budgets, etc.

5) Planning meetings were required for every engagement. Compilations, reviews, audits for public or private companies.

85. Annual Controls

1) Annual cash collection summaries (with comparative data and trends) tied to bank statements (A&C accounts) by client, by group, by office were sent out to the manager and partner groups[28].

2) Annual minimum 40 hours of CPE paid for by the firm.

Exhibit 21, Page 189, Lines 16-25:

Prior to that was there any training? Yeah, there was some annual training. Was it very good? Well, when I work in a national firm after, then it's a different ball game. MS. WALLER:· Can you say that again.· I didn't hear you. THE WITNESS:· I work in a national firm at McGladery after.· If you compare the training,

3) SEC institute and Practicing Law Institute training

Exhibit 7 Page 20 Lines 1:4:

were you taking any CPE classes or courses? CHEN: Yes, the firm, Anton & Chia, did provide like internal training. Some of those are like CPA. **You can get the CPA credit for those**.

Exhibit 7 Page 20 Lines 15:19:

CHEN: **complex debt and equity transaction**, and I think there is also one is held the ***SEC Institute*** like a third party -- like a trainer, they tell you how to read like maybe Form 10-Ks, like Form 8-Ks,

Exhibit 15 (GANDHI) pages 110 Lines 20:24:

Did it impact your work after the fact?

A. I don't remember specifically, but I doremember going through training based on that report.

[28] **Exhibit 46 Page 35 Lines 5-7** we have controls in place to make sure the standard procedures and checklists happen.

Exhibit 15 pages 111 Lines 2:24:

A. So there was more of a proactive approach the firm took based on that report and the PCAOB's findings to mitigate the same issues coming up again.

Q. Okay. So the firm in response to the report implemented training for everybody?

A. Yes.

Q. And during your time at the firm, were there mandatory trainings as part of your job as an employee at the firm?

A. Yes.

Q. And can you describe that for us?

A. There was an outside consultant who would perform public company audit training for the firm.

Q. And who was that?

A. His name was Shane Garbutt.

Q. Was that in-person training?

A. Yes.

Q. And was that required of everybody who worked on public company audits?

A. Yes.

Q. About how many trainings did you participate in with Mr. Garbutt?

A. As I recall, there would have been ***at least three days every year*** that I was there.

Q. Was it in person? A. Yes.

4) **Thomas Parry – Training and Quality Control (Exhibit 1280):**

Tom is a partner at Navolio & Tallman LLP, a boutique CPA firm located in San Francisco, California. Tom is the immediate past chair of the AICPA Peer Review Board and continuing member of the Board's Oversight Task Force

and Peer Review Practice Monitoring Task Force for Employee Benefit Plans as well as the California Peer Review and Accounting Principles and Auditing Standards Committees.

Tom has over 40 years of public accounting experience providing audit and accounting services to investment funds, not-for-profit organizations and foundations, and employee benefit plans and tax and advisory services to businesses and individuals. He also provides peer review and quality control services to other firms at both the firm and engagement level.

5) **Shane Garbutt – Training and Quality Control (Exhibit 1280):**

Shane Garbutt, a former PCAOB regulator and audit partner to review the audit files of the Firm's largest clients, and to review and advice on high risk audit clients, and to be on call to assist managers and partners with complex audit and reporting issues. Shane Garbutt, CPA ABV is the founder of Shane P. Garbutt, PLLC ("SPG PLLC"), a compliance consulting firm specializing in providing high value auditing and accounting expertise to PCAOB Registered Public Accounting Firms. Mr. Garbutt has approximately 20 years of experience dealing with auditing and accounting issues unique to the microcap issuer audit space, including having worked as an Inspections Leader within the Inspections Department of the PCAOB for five years where he led the inspection of approximately 80 firms and 300+ issuers. He is also a NASBA registered CPE provider who specializes in providing customized CPE solutions specific to the needs of the microcap auditor[29].

Exhibit 21, Page 188, Lines 14-25 and Lines 1-3:

[29] https://www.linkedin.com/in/shane-garbutt-pa-abv-9b83ba29

Okay. Did you have training at Anton & Chia 15 while you worked there? we have an external QC that he is -- I think he used to be the PCAOB chief inspector, called Shane Garbutt. Okay. He came here like once every couple months to do some training, because there's a lot of like complex acquisitions (CLIENTS COMPLETED).

6) Wahl had Garbutt shadow engagement teams on large engagements starting in planning all the way through to pre-issuance. Even Garbutt called his involvement during planning meetings and the planning stage "unprecedented".

7) WAHL sent Tommy Shek, Rahul Gandhi, Gustavo Fridman to Partner training in New York. Fully paid for by A&C.

8) Paid employees to attend any and all training conferences that were to expand professional development.

9) Attended the PCAOB annual trainings in San Diego, Newport Beach, and Los Angeles for audits of public companies and broker dealers[30].

10) State of the Firm: Annual update Wahl, Executive Team and Others presented the state of the Firm, updated business plan, actual financial and operations results, status of acquisitions, changes in firm policies. Required attendance[31].

11) A&C's legal counsel independently reviewed all major contracts – engagement letters, etc.

12) A&C's legal counsel independently reviewed all insurance policies.

[30] https://pcaobus.org/News/Events/Pages/BDF_LasVegas_Invitation.aspx
[31] **Exhibit 46 Page 35 Lines 5-7** we have controls in place to make sure the standard procedures and checklists happen.

13) A&C's legal counsel independently reviewed human resource manual and other related documents.

14) Annual Ethics and Independence training – required all staff.

15) Human Resources completed annual independence reviews for all employees for PCAOB.

Exhibit 23 Page 67 Lines 1-8:

And you wouldn't typically provide a memo or analysis that the engagement team did as part of the engagement for the audit? WAHL: ***It's a – the rules around independence are very strict. Interpretations of the rules offer a lot of gray, especially since 2002, since Sarbanes-Oxley. So on average, these memos would not be provided to management or the company that we were working with***.

16) Annual sexual harassment training – required all staff.

17) IT review.

18) Review and Approval of Venders.

Exhibit 23 Page 57 Lines 7-10:

Does he – does he do work for client of – of Anton & Chia other than Accelera? WAHL: I think he was on our list of approved vendors to – to refer to other clients – to clients.

19) Full operational review and debrief with Executive Team.

20) Independent CPA review engagement was completed of A&C's financial results annually.

21) Review of client quality and rankings: A clients (Big 4 clients); B clients (good clients but target is only small firms); C clients (meet minimum requirements but fees are low or small business); D clients (Unless they improve will move to be fired); and F clients (will be fired).

Exhibit 23 Page 45 Lines 5-15

Do you know where Anton & Chia kept the checklist for client acceptance? WAHL: On average, we were supposed to – we had an electronic software that we use called Engagement, which was linked to our server. So each engagement would have a stand-alone client acceptance checklist in it. And that would be reviewed every year. I believe the operations people would have a copy of the client acceptance as well since they would – as part of our insurance, we'd have to run background on certain named individuals.

Exhibit 23 Page 84 Lines 14-18:

WAHL: annually we would review our client listing and terminate relationships with people, clients as part of, you know, reviewing quality of clients and portfolio analysis for profitability and risk and all those factors.

Exhibit 70 Page 358 Line 10:

Yeah, we have a tracking schedule internally.

Exhibit 70 Page 358 Lines 16-24:

Before you were engaged and before you accepted the engagement? WAHL: Yeah, it was probably when we reviewed the public filings and – and, you know, trial balances or that kind of stuff, just to make sure that, you know, we had clear understanding of what's going on. So you've reviewed trial balances before when you were formally engaged? WAHL: Typically, we do.

Exhibit 70 Page 360 Lines 1-7:

THE WITNESS: Well, I know that we met at least once in person with the attorneys and mike. It might have been twice, and I know we went through the transaction and discussed it. So I – I'm not sure they give us a copy of the agreement at that time or not, but I know we definitely discussed it as part of the client acceptance.

Exhibit 70 Page 362 Lines 8-23:

why was it okay to take a discount on the work? THE WITNESS (WAHL): Well, we -- we initially -- I think we proposed a higher fee, and then Mike wanted a lower fee, is what I remember happening. I think, from a business standpoint, the reason why we took the work was, one, we wanted to build more presence in San Diego in terms of having clients in San Diego; and, two, I think the business developers that brought us the clients, we wanted to build more of a relationship with the law firm, hopefully, if the work panned out. Obviously, that didn't happen. MS. PURPERO: And the fact that you're only paid about $2,500 each review, did that affect the amount of work that you put into the review? THE WITNESS: **No. No. No way.**

22) Busy Season Scheduling: Started in October and built through early January and was managed weekly.

23) Inventory Count Scheduling: Started in October built through December and was managed weekly.

24) Planning meetings were required for every engagement. Compilations, reviews, audits for public or private companies. Planning meetings and high profile, NASDAQ clients and clients that would be expected to be included in the PCAOB's annual inspection. Wahl retained Shane Garbutt to shadow the engagement teams, which started at the planning meetings. The implementation of this procedure by Wahl was "unprecedented" in Garbutt's experience for providing quality control and training to small cap market CPA firms[32].

[32] **Exhibit 46 Page 35 Lines 5-7** we have controls in place to make sure the standard procedures and checklists happen.

86. This is the summary of controls that the Firm implemented to manage its business. There are probably other controls and procedures that Wahl cannot remember. The Firm invested back in the business. The Firm and Honest Hardworking Americans would not run their organization in this manner if they had the intent to commit fraud, scienter, gross negligence or even negligence with three Registrants that two of three were not very good clients. Premier became a good client, they listened and improved their systems of internal controls[33].

87. The 2013 and 2010 inspections completed by Wahl, Chung and A&C were clean, no comment inspections. Wahl has been involved with three no comment or clean inspection reports with the PCAOB. Interesting that Chung has been involved in three no comment inspection reports by the PCAOB.

The relevant PCAOB inspection reports are Exhibits 83[34] and 1281[35].

88. Although the PCAOB had limited comments on the 2014, 2015 and 2016 inspection reports. A&C never had to restate any of its SEC registrant clients due to any of the PCAOB's inspections of A&C's audits related to Respondents.

89. Anton & Chia took the PCAOB oversight inspections seriously and tailored its training programs which were mandatory for all personnel to attend in order to ensure the firm was remediating the identified items by the PCAOB.

[33] **Exhibit 46 Page 35 Lines 5-7** we have controls in place to make sure the standard procedures and checklists happen.

[34] https://pcaobus.org//Inspections/Reports/Documents/2014_Anton_Chia_LLP.pdf

[35] https://pcaobus.org//Inspections/Reports/Documents/2011_Anton_Chia_LLP.pdf

90. In 2015, 2016, and 2017, Anton & Chia basically had to shut down for two full weeks to provide all the information to PCAOB inspectors.

Exhibit 17, Page 48, Lines 10-13:

KOCH: And then I was involved in a shared role with preparing for the PCAOB in terms of -- I think it's the Form B. But ***Greg was the quality control contact with the PCAOB, so he had the ultimate role***.

91. **A) A&C's PROCESS FOR FINALIZING AN AUDIT AND SECOND PARTNER RESPONSIBILITY:**

Exhibit 13 page 37: Lines 9:17:

Q What is the process within Anton & Chia for an audit opinion to actually be issued by the firm? Can you sort of walk us through the logistics of how that works.

A Well, once the audit binder has been completed and all of our work has been completed to – the standards required has been reviewed through our quality control process, the process for issuing an audit opinion is basically getting approval from the engagement partner and the concurring partner.

Exhibit 16, Page 14, Lines 23-25 and Page 15, Lines 1-11:

Backing up a little bit, in general what are the duties of an EQR at Anton & Chia? WITNESS: Well, we follow AS7 engagement quality reviewer. That's the PCAOB standard that is the foundation of an EQR review. And in general, as EQR, how do you determine which work papers you will review? WITNESS: I believe it's a matter of professional judgment. We do use PPC, e-tools, programs, and checklists. And they have forms that require specific sign off by

the EQR. But, predominantly it's a matter of the professional judgment of the EQR. You know, looking at the more significant transactions or events or programs and checklists.

92. **B) ANTON & CHIA HAD AN ANNUAL INTERNAL INSPECTION PERFORMED BY AN INDEPENDENT CPA:**

Exhibit 70 Page 364 Lines 16-25:

MS. PURPERO: Goes back and does like an audit, you know, so, maybe, picks a couple of engagements and looks at them. THE WITNESS: Oh, so like an inspection? MS. PURPERO: Right. THE WITNESS (WAHL): Okay. So I can't remember if we had that implemented then. ***We -- we started sometime in '13 doing quarterly assessments of our engagements, but it's, typically, you know, the larger clients that we pick, the riskier clients***.

Exhibit 70 Page 365 Lines 1-10:

we kind of have a good idea what the PCAOB looks at and what the SEC looks at ***in terms of size and whatnot, and we pick a sample every quarter***, and the QC partners are Tom Perry, who's on our website, and he's on the ACP Peer Review Board, and he chairs the Board, I believe, now, and we have another guy by the name of Sean Garbet (Shane Garbutt). He wasn't around in 2013. He came late in '13, and he does most of the reviews now. ***We, actually, have him audit their (our) top 30 clients to (for) review quality.***

MORE OF DEVOR's NONSENSE

A) RECKLESS DEVOR:

93. The SEC claims that Wahl, Deutchman and Chung are "reckless", yet the SEC attorneys and accountants involved in this case are so incompetent and inept that they hired a "desperate" CPA in Devor that claims that "he is an

expert in US GAAS and GAAP." But has not audited a public company in 30 years and never has audited or reviewed a public company under PCAOB standards.

94. There is nothing more "reckless" than the SEC attorneys in this case completing no due diligence on their own Expert. There is nothing more dishonest than Devor not disclosing his Daubert issues to his largest client the SEC. Devor embarrassed himself and the Securities Exchange Commission all for a fist full of dollars.

If Devor was asked to drive in NASCAR without training. He would say "yes". His argument would be "I drive a car every day. Get Devor behind a wheel." Devor would "recklessly" get behind the wheel and put his sponsors, the other drivers, the fans and himself at risk simply to satisfy his ego. Devor has done the same thing and worse in this case. Devor has maliciously supported the attacks on Honest Hardworking Americans, without considering his Daubert track record (no credibility), Devor has intentionally embarrassed the United States Securities and Exchange Commission.

B) RULE 702. TESTIMONY BY EXPERT WITNESSES:

95. Rule 702. Testimony by Expert Witnesses. "A witness who is qualified as an expert by knowledge, skill, experience, training, or education may testify in the form of an opinion or otherwise if:

Devor doesn't even get past the initial statement:

by knowledge: *Hasn't audited a public company in 30 years or a public company under PCAOB standards in his life.*

by skill: *cant have the skill if you don't have the knowledge, which is supported by various Federal and Supreme court judges.*

by experience: *Hasn't audited a public company in 30 years or a public company under PCAOB standards ever.*

by training or education: *A&C staff accountants, for example, Yoda Chen were better trained than Devor.*

(a) *the expert's scientific, technical, or other specialized knowledge will help the trier of fact to understand the evidence or to determine a fact in issue;*

Devor cant pass the opening statement. No knowledge, no relevant skill, training or knowledge so he is unable to really understand the facts of the case. Bumbling and stumbling through his report.

(b) *the testimony is based on sufficient facts or data;*

Devor's testimony is based on not one credible fact. Not one credible witness. Therefore, his testimony can't be based on "sufficient facts or data";

(c) *the testimony is the product of reliable principles and methods; and*

Based on not meeting the criteria in the opening statement, point a and b. The testimony is not reliable. The APBS were reliable in 1970. Not 2020. The AICPA is not the reporting standard for the Registrants in this case. The PCAOB standards is the requirement. Fail.

(d) *the expert has reliably applied the principles and methods to the facts of the case.*

Based on not meeting the criteria in the opening statement, point a and b. The testimony is not reliable. The APBs were reliable in 1970. Not 2020. Cant apply something that was applicable in 1970 to 2020. Devor is not reliable in any court.

96. Under 104(a), the proponent has the burden of establishing that the pertinent admissibility requirements are met by a preponderance of the evidence. See Bourjaily v. United States, 483 U.S. 171 (1987). The SEC and Devor

only sent out the preponderance of fake evidence. They don't understand the accounting, the law, they didn't read the contracts, they don't understand the US GAAP and GAAS standards.

C. DAUBERT:

97. Daubert Court are:

(1) whether the expert's technique or theory can be or has been tested—that is, whether the expert's theory can be challenged in some objective sense, or whether it is instead simply a subjective, conclusory approach that cannot reasonably be assessed for reliability;

How can you test his work? You can't! It's based on 1970 APB standards and he misses all the big issues. Devor also intentionally leaves out key components of the contracts b/c it doesn't tell his story.

(2) Whether the technique or theory has been subject to peer review and publication;

Devor testified and confirmed that no one at the partner level reviews and approves his work. It's not subject to peer review so this is where his testimony fails. There is not one CPA on the planet that would read his report and read the transcripts of this case and read all the contracts would believe a damn word he says. It's all bs. The preponderance of BS.

(3) the known or potential rate of error of the technique or theory when applied; Fails. stop. Throw it out!

(4) the existence and maintenance of standards and controls; There are standards and controls but Devor ignores every last one of them.

and (5) whether the technique or theory has been generally accepted in the scientific community. What theory? 1970 mumbo jumbo theory? How about GAAP and GAAS in 2020?

The Court in Kumho held that these factors might also be applicable in assessing the reliability of nonscientific expert testimony, depending upon "the particular circumstances of the particular case at issue." 119 S.Ct. at 1175.

98. A couple of other things under Daubert:

(*1) Whether the expert has adequately accounted for obvious alternative explanations. See Claar v. Burlington N.R.R., 29 F.3d 499 (9th Cir. 1994) (testimony excluded where the expert failed to consider other obvious causes for the plaintiff's condition). Compare Ambrosini v. Labarraque, 101 F.3d 129 (D.C.Cir. 1996) (the possibility of some uneliminated causes presents a question of weight, so long as the most obvious causes have been considered and reasonably ruled out by the expert). Devor did not provide one alternative argument in his report. Not one.*

(2) Whether the expert "is being as careful as he would be in his regular professional work outside his paid litigation consulting." Sheehan v. Daily Racing Form, Inc., 104 F.3d 940, 942 (7th Cir. 1997). See Kumho Tire Co. v. Carmichael, 119 S.Ct. 1167, 1176 (1999) (Daubert requires the trial court to assure itself that the expert "employs in the courtroom the same level of intellectual rigor that characterizes the practice of an expert in the relevant field"). Devor is not careful at all in fact his "reckless" report and testimony siting standards from 1970 that are not applicable demonstrates that he is not a "seasoned" expert.

In certain fields, experience is the predominant, if not sole, basis for a great deal of reliable expert testimony. See, e.g., United States v. Jones, 107 F.3d 1147 (6th Cir. 1997) (no abuse of discretion in admitting the testimony of a handwriting examiner who had years of practical experience and extensive training, and who explained his methodology in detail); Tassin v. Sears Roebuck, 946 F.Supp. 1241, 1248 (M.D.La. 1996) (design engineer's testimony can be admissible when the expert's opinions "are based on facts, a reasonable investigation, and traditional technical/mechanical expertise, and he provides a reasonable link between the information and procedures he uses and the conclusions he reaches"). See also Kumho Tire Co. v. Carmichael, 119 S.Ct. 1167, 1178 (1999) (stating that "no one denies that an expert might draw a conclusion from a set of observations based on extensive and specialized experience.").

99. If the witness is relying solely or primarily on experience, then the witness must explain how that experience leads to the conclusion reached, why that experience is a sufficient basis for the opinion, and how that experience is reliably applied to the facts.

100. Devor does none of that. He has no capability of doing so. He ignores all the big issues b/c he is still living in 1970 with his absurd bow ties. Hasn't audited a public company in 30 years. Has ***never*** audited a public company under PCAOB standards.

101. The trial court's gatekeeping function requires more than simply "taking the expert's word for it." See Daubert v. Merrell Dow Pharmaceuticals, Inc., 43 F.3d 1311, 1319 (9th Cir. 1995) ("We've been presented with only the experts' qualifications, their conclusions and their assurances of reliability. Under Daubert, that's not enough."). The more subjective and controversial the expert's inquiry, the more likely the testimony should be excluded as unreliable. See O'Conner v. Commonwealth Edison Co., 13 F.3d 1090 (7th Cir. 1994) (expert testimony based on a completely subjective methodology held properly excluded). See also Kumho Tire Co. v. Carmichael, 119 S.Ct. 1167, 1176 (1999) ("[I]t will at times be useful to ask even of a witness whose expertise is based purely on experience, say, a perfume tester able to distinguish among 140 odors at a sniff, whether his preparation is of a kind that others in the field would recognize as acceptable.").

D) DEVOR'S BUMBLING & STUMBLING:

102. SEC is Devor's largest client. Devor never took the time to learn the industries or the businesses for each Registrant. The accounting. The relevant US GAAP (**see P.F.F.# 136**- where he ignorantly claimed that he didn't need to research the US GAAP but could not cite one relevant and applicable standard under oath! Not one!). The relevant US GAAS. Devor did none of this. Devor kept talking about the AICPA. Not even the PCAOB. He kept talking about the APBs from 1970. He was deposed in August. Was lit up. He testified atleast twice in trial. The SEC doesn't bounce checks. He could have spent a few days trying to make them look good. Atleast try, we know it's hard with Kazon, Quallls and Searles. There is not one CPA that audits small cap public companies in the USA that would

believe anything that Devor says. It's so out of context and not applicable that it should be simply disregarded in its entirety.

E) DEVOR LOVES PRIVATE COMPANY SMELLY GAAS NOT PUBLIC COMPANY STANDARDS:

103. Devor represented that the AICPA handled US GAAP reporting and PCAOB standards for audits under oath. The below is taken from AICPA website. There is no mention of US GAAP reporting or public company auditing standards.

About the AICPA

The American Institute of CPAs is the world's largest member association representing the accounting profession, with more than 431,000 members, and a history of serving the public interest since 1887. AICPA members represent many areas of practice, including business and industry, public practice, government, education and consulting.

*The AICPA sets ethical standards for the profession and **U.S. auditing standards for private companies**, nonprofit organizations, federal, state and local governments. It develops and grades the Uniform CPA Examination, and offers specialty credentials for CPAs who concentrate on personal financial planning; forensic accounting; business valuation; and information management and technology assurance. Through a joint venture with the Chartered Institute of Management Accountants, it has established the Chartered Global Management Accountant designation, which sets a new standard for global recognition of management accounting.*

F) DEVOR'S TESTIMONY PROVIDE'S FURTHER SUPPORT FOR HIS LACK OF KNOWLEDGE FOR THIS CASE AND IN DOING SO VIOLATES THE AICPA AND PENNSYLVANIA CPA CODE OF PROFESSIONAL CONDUCT! :

104. Cohen Q Just for the record, what -- what GAAS standard are you quoting?

Devor A The sufficiency -- I didn't just quote a GAAS standard. I'm not.

Devor Spent 100s of hours on his report and cant remember the applicable GAAS standards relevant to this case.

EXHIBIT 1283: Page 36 Lines 20-25 and Page 37 Lines 1-6:

Cohen Q The number.

Devor A -- right in the front, right in the front of GAAS, if you had the book, almost in the first five pages of the book are the 10 generally accepted auditing standards. One of those is the sufficient competent evidential matter. And with respect to the GAAP standard, there are things called financial accounting standard concept statements that contain the requirement that financial statements reflect the reality of what they are. Those -- that's my answer to those -- to that.

There is no GAAS book all relevant GAAS for public companies are on the PCAOBs website and there are 47 standards. Not 10.

G). DEVOR DOESN'T UNDERSTAND THAT SMALL CAP COMPANY REVERSE MERGERS CREATE VALUE!

EXHIBIT 1283: Page 52 Lines 13-15:

105. Cohen Q And the $400 doesn't really matter because it was a reverse merger, correct?

Devor A It -- it matters to me.

As of the date of Devor's deposition, Cannavest was valued at $389,000,000. Devor should do some research on reverse merger transactions.

H). DEVOR DOESN'T RESEARCH THE INDUSTRY AND IN DOING SO VIOLATES THE AICPA AND PENNSYLVANIA CPA CODE OF PROFESSIONAL CONDUCT, AGAIN!

EXHIBIT 1283: Page 52 Lines 18-5:

106. Cohen Q You have -- you have -- other than this transaction, you have no experience in the cannabis industry, correct?

Devor A Yes. The answer is -- that's correct. I have almost no experience in the cannabis industry.

Cohen Q You've never been an expert on a case involving companies who were in the cannabis industry, correct?

Devor A That's correct.

Devor has no knowledge of the industry and claims that the Company is worth nothing. Zero. As of the date of Devor's deposition, Cannavest was valued at $389,000,000.

I) DEVOR'S IMPROPER METHODOLOGY:

107. "Devor's methodology suffers from the same problem that led to his exclusion in past litigation. He failed to show his work" "practices were "improper" but provides no explanation as to when something is "improper," preventing any other accountant from replicating his "analysis". Lawrence E. Jaffe Pension Plan vs Household International, Inc. Case No. 02-C5893.

In the A&C & Respondents case, Devor simply cuts and pastes his standard expert report with and working 100s of hours align the word "improper", "incorrect" in his libelous and malicious report.

J) DEVOR IS NOT RELIABLE NOT RELEVANT:

108. nder Daubert and Kumho, this Court is required to screen proffered expert testimony for relevance and reliability.

A reliable opinion must be based on scientific methodology rather than on subjective belief on unsupported speculation. See Turner v. Iowa Fire Equip., Co. 229 R.3d 1202, 1208 (8th Cir. 2000).

Furthermore, the expert's information or opinion must "assist" the trier of fact to understand or determine a fact in issue. Fed R. Civ. P. 702.

In the first part of Daubert analysis, it must rule out "subjective belief or unsupported speculation."

In Devor's report it his belief not and speculation that A&C and Wahl, Respondents committed fraud, etc. he does so by mischaracterizing facts, misstating facts and simply not addressing factual testimony and other evidence as provided by the witnesses in this court.

109. In assessing reliability, the Court should consider factors including whether the proposed expert's theory, methodology or technique:

1) can be and has been tested;

2) has been subjected to peer review;

3) has a known or potential rate of error;

4) is generally accepted by the relevant community;

5) ruled out alternative explanations; and

6) sufficiently connected the proposed testimony with facts of the case.

Lauzon v. Senco Prod., Inc., 270 F.3d 681, 687 (8th Cir. 2001); Jaurequi v. Carter Mfg. Co., Inc., 173 F.3d 1076, 1082 (8th Cr. 1999).

K) RULE 56 (e):

110. Rule 56 (e) requires experts to set forth facts and explains the reasoning they used in reaching their conclusions not just the conclusions. "An expert who supplies nothing but a bottom line supplies nothing of value to the judicial process."

L) DEVOR'S ARGUMENTATIVE DISHONEST MISTATEMENTS:

111. This is Devor, his bottom line and argumentative statements are made without factual support. Devor does not explain how he reached his ultimate opinions nor does he describe the analytical processes he went through to reach his opinions. He just lists testimony, facts does not tie into actual US GAAP or GAAS, does not quantify materiality in accordance with SAB 99, Materiality so another accountant can check his work. His acts of "lawlessness" shouldn't claim any credibility in this court or any court for that matter.

112. Devor says "A&C, Wahl violated GAAP and GAAS and quickly asserts it's an act of fraud with no evidence or support of fraud, scientier, gross negligence, negligence or even simple negligence." Courts have held that

allegations of violations of GAAP are insufficient, standing alone, raise an inference of scientier. Novak v. Kasaks, 216 F. 3d 300, 309, (2nd *960 Cir. 2000), and that publications of inaccurate figures of failure to follow GAAP with more, does not establish scientier."

113. Devor fails to even demonstrate quantitatively that there is a GAAP or GAAS departure. If there is no GAAP or GAAS departure then there can't be any simple negligence.

114. Beyond illustrating the uncontested facts that accountants can and do disagree about the proper accounting treatment for consolidation of companies, purchase price allocations and fair value of consideration for business combinations, and even the appropriate accounting for notes receivable (the "accounting").

Devor simply states its "wrong, it's a violation, incorrect, inappropriate.", repeatedly trying to bolster Devor's conclusions with tangential facts, and obscuring what is really at issue, namely, the reliability of Devor's method (or lack thereof), not the validity of his conclusions.

Devor's "opinions" concerning the accounting also fail the relevance prong of Daubert. Had Devor attempted to explain or clarify the accounting rules that govern the issues at hand, rather than simply recite them, or preformed his own analysis and application of those rules to the facts of this case. But Devor did none of the above, and thus cannot aid the trier of fact in any way.

115. Devor's opinions are dangerously misleading to this court. Devor's recitation of accounting rules along with his legally untenable theory of business combinations, accounting for notes and consolidation theories, cloaked in the supposed authority of an "expert" can lead the court astray. Instead of advancing a logically-sound theory, attempting to explain it, analyzing its application to the facts of the case, Devor simply cites certain accounting

rules, posits a circular and nonsensical theory, then proceeds to catalogue more than 177 pages of inflammatory anecdotes that he claims evidence improper application of US GAAP and GAAS and even though he admits he has not audited a public company in his recent 30 year lifetime or has completed any significant financial reporting with regards to public companies (Devor testified he has not prepared financial statements or a Form S-1 for public companies in the last 30 years). As established above and in this court, this is precisely the kind of expert testimony that Daubert and its progeny seek to exclude.

116. Devor simply relies on his inability to apply US GAAP and GAAS for public companies and he never bothers to describe in his report why this reliance was sound. This lack of ability to apply GAAP and GAAS implies that his report was not subject to Peer Review and should be dismissed.

117. evor failed to consider all evidence in opining that A&C, Wahl and Respondents failed to accounting for the Premier, Accelera and Cannavest transactions, and, rather, cherry-picked those documents that were favorable to his conclusion while completely ignoring those that undermined his preferred result.

118. Devor need not to cite every single documents that he reviewed. Nor do A&C, Wahl and Respondents contend that since their interpretation conflicts with Devor's, Devor must be wrong. It is not his conclusions, but rather Devor's lack of expert methodology that renders his opinions inadmissible under Daubert. Plus, the fact he hasn't audited a public company in 29 years.

119. Devor throws around the words "overstatement", "material" but does not quantify what is material so another CPA or accountant can check his work. Devor wouldn't know what is material or not. Devor's work is not scientific as required by Daubert. Devor's report would be better to be classified as Page 6 type media, the he said, she said of reports.

120. For Accelera, Devor refutes facts to consolidate BHCA – but disregards any argument for consolidation which is not consistent with Daubert to rule out alternatives such as analyzing contracts, and other matters. As Devors report references ASC 805-10-20 "……contract or otherwise." He forgets to analyze the relationship of the initial 7 contracts and their amendments if there is any basis under US GAAP for consolidation. He simply says the consolidation is "wrong" b/c it does not meet one portion of ASC 805 but ignores his own report and the relationship of all the information as presented in the case.

M) NEGATIVE DAUBERT HISTORY FOR DEVOR:

121. **Negative Daubert History**, however, was found for **Harris Devor**. In 1996, Mr. Devor did not survive a motion in limine in L&M Beverage Co. v. Guiness Import Co. (Jonasson v. Lutheran Child and Family Serv., 1977). The District Court determined that proper measure of compensatory damages here was "diminution of value." Thus, without addressing Guinness' many criticisms of Mr. Devor's qualifications and accounting methodology, the court "granted the motion to deny Devor's testimony."

Devor will say anything, write anything for a paycheck.

122. In a 2004 District Court dispute (U.S. Dist, 1996), Mr. Devor was retained to give his expert opinion on whether AIC's financial statements were prepared in accordance with FAS No. 5. Judge Laurie Smith Camp said that Devor did not explain how he reached his ultimate opinions, nor did he describe the analytical processes he went through to reach his opinion. The judge did not believe that Mr. Devor's testimony had been subjected to peer review. No credible CPA would issue such a misguided and unsupported report. Only Devor!

On appeal, the Eighth Circuit upheld the inadmissibility of Mr. Devor's affidavit because it was not supported by any methodology and was not particularly helpful to the court (In re Acceptance Ins, Cos, 2004). Harris Devor took the shareholders' statements as true and did not review the records to see if the statements were supported. The appellate court felt that his opinions were, more or less, legal conclusions about the facts of the dispute as presented to the experts by the shareholders. When an expert's opinions are little more than legal conclusions, a district court should not be held to have abused its discretion by excluding such statements (Kinder v. Acceptance Ins. Co, 2005).

In another dispute involving accounts receivable and a professor, a bankruptcy judge rejected the professor. The judge said that Dr. James A. Knoblett, CPA, had no education or experience in insolvency or bankruptcy accounting. His report is even more conclusory and contains even less explanation than Ms. Faulkner's report [another expert], and his deposition testimony is even more damning (*United States v. Ingle*, 1998). For example, Dr. Knoblett testified that he was not aware of any difference in the treatment of contingent liabilities under the Bankruptcy Code vis-a-vis under generally accepted accounting principles. He also accepted WBI's valuation of an account receivable owed by a related party, without investigating to determine the collectability of the receivable (or even determining the identity of the related party to evaluate whether the receivable should be included in a consolidated balance sheet at all).

In addition, Dr. Knoblett did not investigate Mr. Wilkinson's solvency, but he based his conclusions regarding the values of the receivable owed by Mr. Wilkinson and of the liability represented by WBI's guaranty of indebtedness owed by Mr. Wilkinson solely on information indicating that he had historically paid his debts. Dr. Knoblett also acknowledged having no information regarding the source of the funds used to pay debts to WBI, so he could not confirm that the debts were paid rather than refinanced. Also, in deciding that there was a zero probability that WBI would be called upon to honor its guaranties of Mr. Wilkinson's debts, Dr. Knoblett gave no consideration to whether the debts were in fact called around the times of the transfers.

Thus, the court likewise concluded that the defendant had not provided sufficient evidence of the reliability of Dr. Knoblett's testimony to pass the Daubert/Kumho "gatekeeper" test. Accordingly,Dr.Knoblett'sreportwasexclud- ed and did not, therefore, rebut the presumption of insolvency in this dispute.

Devor does not explain how he reached his ultimate opinions nor does he describe the analytical processes he went through to reach his opinions. For these reasons, I conclude that Devor's affidavit does not satisfy the second part of the *Daubert* analysis, and I conclude that, at this stage of the proceedings when the Court is considering the existence of genuine issues of material fact, the Devor affidavit is not particularly helpful to the Court. Accordingly, Exhibit 22 shall also be stricken from the summary judgment record.

"An expert witness must be truthful in the courtroom as well as careful when preparing his or her report. Any negative comments about an expert can be harmful to the career of an expert witness. For example, in a 2002 Tenth Circuit decision, the court said that the ***expert used unreliable data, did not understand computers or the computer market, changed his opinion from an earlier expert report, and that his testimony was non-technical*** (*Lantec, Inc. v. Novell, Inc.*, 2002). Dr. D. Larry Crumbley, CPA, CrFA, is KPMG Endowed Professor at Lousiana State University.

Very similar to the A&C & Respondents case, Harris Devor takes the OIP and slaps together an Expert Report of 177 pages believing the statements in the OIP were true but did not review all of the facts to confirm if the SEC's statements were supported.

N) MOTIONS FILED BY HONEST HARDWORKING AMERICANS TO DENY DEVOR; DOTY SCOTT AND JAMES STEWART TESTIMONY AND EVIDENCE:

123. According to **Rule 26(a)(2)(B**), only those experts who are "retained or specially employed to provide expert testimony in the case or whose duties as an employee of the party regularly involve giving expert testimony" must provide expert reports to the other parties in the case.

Under Rule 26 (a) (2) (B); Daubert and under the Federal Rule of Evidence, Honest Hardworking Americans have found the legal arguments based on the facts to file a separate motion to dismiss testimony from Devor and the firm Doty Scott and they were filed in this matter.

Based on the following deposition and his fraudulent report. Devor should have been dismissed again for Bias but in this case he is flat out lying (**see P.F.F.#93 to P.F.F.# 147**).

O) DEVOR CANT FIND HIS BILLINGS:

124. **EXHIBIT 1281 Page 7 Lines 3-8:**

Q Well, in that case, do you know how much money you were paid?

A Well, I don't get paid, actually. My firm gets paid. I don't really -- I have a salary at my firm. I'm a partner in the firm. So I -- I don't get paid.

Respondents never heard of a partner bringing in clients and not being paid. Bonuses or distributions. This is the first I have heard that an equity partner doesn't get paid. Partners' get distributions and standard distributions. Not salary. The SEC is Devor's largest client.

EXHIBIT 1281 Page 8 Lines 3-22:

Q How much time have you billed?

A I didn't quite hear that correctly. What did you say?

Q I was asking you, Mr. Devor, if you know how much time you, individually, have billed with respect to this engagement?

A. Well, I don't send out the bills so the answer is I -- I haven't billed anything. If you're asking me how much time I've spent and charged my time to, I don't know. Hundreds of hours. But I don't know-- I would be guessing. I don't know.

Q More than 300 hours, would you guess?

A I don't know. I don't know. I wouldn't want to guess. I -- I don't -- I don't know but --

Q You said –

A I don't know. It's -- the case has been going on, in at least my involvement, for several years, and, you know, it's just been a long road. So I don't know how many -- you know, how many hours over those years I have actually charged.

The SEC is Devor's most significant client. Devor boldly advertises the SEC as a client on Friedman's website. This is only the beginning of Devor's lies.

EXHIBIT 1281 Page 11 Lines 1-25:

Q How many hours, to your best estimate, have the other people on the team put in with respect to this

3 engagement?

A I -- I -- I don't know. I mean, I -- I -- as you can see, I could not, you know, really without going back to the records, tell you how much time I've spent, although it's been hundreds. I would say, you know, trying to estimate how much each other person would have spent, I mean, I wouldn't know. I wouldn't know. But significant.

Q Hundreds of hours, would you say?

A Some would have spent hundreds of hours. Others might have spent less. Remember, we're talking about a team of, I don't know, four or five people.

Q And you've been working on this engagement for at least how many years, would you say?

A I -- I don't know when I was specifically engaged. It was -- I -- I don't know. I want to say it was at least two years ago. But, again, I – without going back and looking at our records to see the first day we charged time to the engagement, I couldn't tell you precisely --

Q Of the --

A -- without doing that.

Q Of the three to five engagements in terms of

They spent 100s of hours on this and they still can't get the accounting correct.

Devor's largest client is the SEC and he can't remember when he was engaged. Large fees are an indicator for material bias See Enron; Worldcom. Large fees and clients are always discussed at partner meetings. Even if you are a non-equity partner they go through each (especially large clients) in detail. If Devor lost the SEC as a client that would be materially damaging to his practice and therefore his motivations are only of bias and not objectivity.

P) DEVOR IS BIASED – THE SEC IS HIS LARGEST CLIENT (SEE ENRON; WORLDCOM):

125. **EXHIBIT 1281 Page 12 Lines 1-6:**

billing, is this engagement the most significant, meaning the largest in terms of billing?

A I would think so. But, again, without going back, I don't know how much was billed on this engagement. But I would -- I would -- I would think so. I would think that's correct.

Confirms his largest client but doesn't know anything about the billing. Devor has no choice but to be biased b/c the SEC is his largest client and if he doesn't get the win. Devor doesn't keep the business plus, the Division of

Enforcement has created this Racketeering business to commit crimes against innocent CPA's by utilizing biased experts and a process of bullying them into submission with incorrect facts, not credible witnesses and obviously conflicted, biased and incompetent experts. See Also **Gould v. Winstar Communications, Inc., 692 F.3d 148 (2d Cir. 2012).**

Q) DEVOR'S DELUSIONS ON GAAP AND GAAS:

126. **EXHIBIT 1281 Page 36 Lines 20-25:**

Q The number.

A -- right in the front, right in the front of GAAS, if you had the book, almost in the first five pages of the book are the 10 generally accepted auditing standards. One of those is the sufficient competent evidential matter. And with respect to the GAAP

He starts talking about this book. Maybe 50 years ago there was a book. All the US GAAP and GAAS pronouncement are online. The world wide web. If Devor was an expert. Remember the names of the 10 generally accepted auditing standard and how it applies to the case and what was done incorrectly? Nothing was done wrong by anyone.

EXHIBIT 1281 Page 37 Lines 1-6:

standard, there are things called financial accounting standard concept statements that contain the requirement that financial statements reflect the reality of what they are. Those -- that's my answer to those -- to that question.

Devor is talking non sense. What is the standard, how does it apply to the case and what was done wrong? He can't do it.

R) DEVOR'S MISREPRSENTATIONS RELATED TO CANNAVEST:

127. **EXHIBIT 1281 Page 42 Lines 1-6:**

Q Do you recall that the November 4th, 2014, comment letter took the position that the accounting of the PhytoSphere transaction for 35 million was the appropriate way to account for that transaction?

HAYES: Objection to form and foundation.

THE WITNESS: Do I recall that? The answer is I -- I recall reading the letter where the SEC, I believe, recommended that treatment.

With regards to Cannavest, it appears he agrees that he agrees to the SEC's related treatment. Even the SEC's so called expert thinks the case should be dismissed.

128. **EXHIBIT 1281 Page 44 Lines 10-21:**

Q Well, you've spent hundreds of hours, you've been paid hundreds of thousands of dollars, the SEC is a significant client, this is the most important -- or the largest engagement you've done from them.

Do you just not remember if the contract for the acquisition provided for an acquisition price of 35 million?

MR. HAYES: Objection. Form. Argumentative. Foundation.

THE WITNESS: I recall the contract having 35 million in it. I also remember the number of shares using the collar that was also provided in there,

Devor clearly demonstrates his lack of knowledge of the small cap market. He expects that they are going to pay cash when anyone and everyone that works in the small cap market knows that they are going to pay mostly in shares. In nine months Cannavest raised almost $4.78MM and 20% of that cash went to Phytosphere (**Exhibit 710 page 7. Investing Activities: Cash paid on PHYTOSPHERE Agreement - $950,000; Financing Activities: Proceeds from loan from Roen Ventures: $4,780,500. $950,000 / $4,780,500 = 20%**). That is significant. In the Quintanilla case, Michael Deutchman did not know Devor had not audited a public company in 30 years. He figured it out based on Devor's responses to questions. Deutchman's educated guess was correct. This is the exact comment

where a real expert figures out that Devor knows nothing about small cap market. This makes no sense. Everyone that works with small cap reporting companies knows that the industry uses the shares as a currency and completes acquisitions utilizing shares, Cannavest was acquired for shares and in the Premier matter The Power Company was acquired for 100% shares (**Exhibit 1116: Article II Consideration and Closing 2.1 (c)**)(see also Garbutt, Wahl, Koch, Deutchman, Letcavage testimony). In the Premier matter, the Note Receivable was settled for 100% shares (**Exhibit 454 Exhibit B Points 1 and 2**). See P.F.F#363

129. **EXHIBIT 1281 Page 48 Lines 3-14:**

Let me rephrase. Do you agree that it's material to an auditor that a company being audited or reviewed provide accurate and honest disclosures?"

THE WITNESS: To the auditor?

BY MR. COHEN:

Q Correct.

A I mean, that's -- that's -- is that material? The answer is yes. But the standards also say you neither assume that management is honest or dishonest. You just -- you do your audit. But if they're lying to you, yeah, that's a -- it could be material depending on what they're lying about.

So he says its bad if they lie. Then he says the standard says “this and that”. Devor cannot identify a specific standard? Then he qualifies it like it’s ok to lie but only if it’s a small lie. Devor gets qualified as an expert so he can say anything he wants. None of it ties back to applicable US GAAP and GAAS standards. Nothing Devor testifies to ties back to the US GAAP and GAAS standard, how it applies to the case and whether it’s done correctly or incorrectly and why?

130. **EXHIBIT 1281 Page 51 Lines 18-25 and Page 52 Lines 1-2:**

Q And if Mr. Wahl inquired about these matters but was misled, would your opinions be different?

A Well, it's hard for me to understand how Mr. Wahl could have been misled by the company. So for instance, this 4.50- to 6-dollar price that was in the agreement, Mr. Wahl should have asked, what's the basis of the 4.50 to 6 dollars? And if the answer was, well, that's what we're trading at, Mr. Wahl would have known that, in fact, well, that can't be right by virtue of saying, you know, nobody's trading in this stock.

This is a lie. The stock did trade. The collar reduced the number of shares and this clearly. The day the 8-K was filed the stock traded in the exact range of the collar which was $4.50 to $6.0 a share. **See P.F.F.#269 February 12, 2013**.

EXHIBIT 1281 Page 52 Lines 17-25

Q You have -- you have -- other than this transaction, you have no experience in the cannabis

industry, correct?

A Yes. The answer is -- that's correct. I have almost no experience in the cannabis industry.

Q You've never been an expert on a case involving companies who were in the cannabis industry, correct?

A That's correct.

Devor clearly demonstrates his lack of knowledge of the small cap market. He expects that they are going to pay cash when anyone and everyone that works in the small cap market knows that they are going to pay mostly in shares. In nine months Cannavest raised almost $4.78MM and 20% of that cash went to Phytosphere (**Exhibit 710 page 7. Investing Activities: Cash paid on PHYTOSPHER Agreement - $950,000; Financing Activities: Proceeds from loan from Roen Ventures: $4,780,500. $950,000 / $4,780,500 = 20%**). That is significant. Everyone that works with small cap reporting companies knows that the industry uses the shares as a currency and completes acquisitions utilizing shares, Cannavest was acquired for shares and in the Premier matter The Power Company

was acquired for 100% shares (**Exhibit 1116: Article II Consideration and Closing 2.1 (c)**)(see also Garbutt, Wahl, Koch, Deutchman, Letcavage testimony). In the Premier matter, the Note Receivable was settled for 100% shares (**Exhibit 454 Exhibit B Points 1 and 2**). **Wahl Testimony – see P.F.F.#174&#259- valuation; pharmaceutical; international contracts**.

131. **EXHIBIT 1281 Page 57 Lines 20-25:**

Q Do the GAAS review standards state that a material modification could be missed by an auditor?

THE WITNESS: I -- I am sure that the standards do not say precisely what you just said. So the answer is, no, they don't say that.

The review standard AU 722 "material modification" is the review standard. Here is the standard. Objective of a Review of Interim Financial Information. .07 *The objective of a review of interim financial information pursuant to this section is to provide the accountant with a basis for communicating whether he or she is aware of any material modifications that should be made to the interim financial information for it to conform with generally accepted accounting principles…… A review may bring to the accountant's attention significant matters affecting the interim financial information,* ***but it does not provide assurance that the accountant will become aware of all significant matters that would be identified in an audit***."

It is plausible that an auditor could miss a material modification. Again Devor doesn't know the standard. He can't name the standard, he can't apply it to the case. He clearly is incompetent.

132. **EXHIBIT 1281 Page 62 Lines 20-25:**

Q Do you agree that a review may bring to the accountant's attention significant matters affecting the interim financial information, but it does not provide assurance that the accountant will become aware of all significant matters that would be disclosed in an audit?

A I do.

The question asked a different way and Devor agrees……

133. **EXHIBIT 1281 Page 64 Lines 8-15:**

Q So what you're saying is Mr. Wahl could not rely on the contract price, correct?

A Given all the reasons that I put in my report, the answer is the contract price clearly did not reflect the value of the transaction. It was a collar used only to come up with a number of shares that would be exchanged to prevent any serious dilution of the company's stock.

Well the contract is the contract. He mixes up the collar with the contract price. The contract price is fixed per the contract (see P.F.F#262&#263). The collar is to determine the number of shares paid out as part of the $35,000,000 liability (see P.F.F#270). This is not the same. This simply incorrect. How can you be objective if you don't understand the contract, the accounting and the auditing standards? It's not possible. In his analysis, Devor and the SEC doesn't mention that the $33,000,000 liability would offset the purchase price? The price that the SEC wants us to use is the $0.68 from a report that can't be used. This would increase the number of shares on the market by 46.470 million shares. This would be dilutive and destroy shareholder value.

The fact that the SEC and Devor contend that the purchase price and the earn out of the purchase price are the same is a contemptuous lie.

134. **EXHIBIT 1281 Page 71 Lines 20-25:**

Q And today are you aware that CannaVest is worth approximately 360 million?

A I am not.

Devor can't apply applicable professional standards to CannaVEST he has no knowledge of the industry, he has completed no due diligence.

135. **EXHIBIT 1281 Page 77 Lines 3-8:**

MR. HAYES: We typically send the exhibits overnight. You could have overnighted the exhibits to us, and we would have had them here. That's what I do. MR. COHEN: Well, I didn't know I needed to show an expert, who's spent hundreds of hours, his own report.

True statement. If Devor did spend 100s of hours on his report he should have remembered atleast one item. Even when Devor had his report, he had to bumble and stumble through it to find his answers.

136. **EXHIBIT 1281 Page 79 Lines 7-14:**

This case is not all that complicated, but since there's three different audit engagements or review, in the case of CannaVEST, with a lot of documents, a lot of testimony, of course I spent hundreds of hours reviewing that. But it wasn't because the accounting was necessarily complex to me. In fact, **I did very little research on the accounting, because I already knew the accounting standards**.

Again Devor overselling his abilities, yet he still can't provide under oath one US GAAS or US GAAP standard. Devor doesn't understand ASC 350 and ASC 850 and provided the SEC with accounting theory and arguments that did not comply with US. GAAP. In the matter of CannaVEST even Canote said it was a "complicated transaction" number of iterations with PKF's National Office (See P.F.F#300)

137. **EXHIBIT 1281 Page 79 Lines 15-21:**

Q Well, do you -- do you agree that the area of business combinations lends itself to a fairly significant amount of restated financial statements?

A I -- I am not aware of that at all. I'm not aware of that. It wouldn't shock me if it did, but --

It wouldn't shock Devor that there was restated financial statements from business combinations due to the complexity.

but I have not -- I have no awareness that accounting for business combinations

Devor admits he has no "awareness of how to account for a business combination.

138. **EXHIBIT 1281 Page 79 Lines 16-23:**

Q Well, when I asked you earlier to cite the specific GAAP or GAAS standard, I'm not sure you answered the question, even though just moments ago after our lunch break you said you -- you knew the standards so you didn't have to really review them.

A. Which standards are you referring to?.....In -- in -- in regards to what? I – that question is……. In regards to what?

S) DEVOR'S MISREPRESENTATIONS ON ACCELERA

139. **EXHIBIT 1281 Page 83 Lines 18-25:**

Q Control is relevant, correct?

A Control of the stock, yes, that is relevant.

Control is not determined in this manner. Control is a contractual determination not control of stock. This again demonstrates Devor's lack of knowledge of accounting and US GAAP. Maybe that is what the APB standards said in 1970 but ASC 805 Business Combinations provides for 1) the Acquisition Metion 1a) with consideration and 1b) without consideration and 2 Variable Interest Entities (see P.F.F.#666).

Q And control of the operations of the acquiree?

A Well, I think control of stock is much more easily to ascertain whether the stock is or not.

In a business combination, the key word is "control".

ASC 805-10-20 Glossary:

P.F.F#674: Control: The direct or indirect ability to determine the direction and policies through ownership, contract or otherwise.

The Accelera obtains control by ownership, contract and by other means by providing consideration an obligation to pay Wolfrum $4.5MM and by compensating him with shares at each event of default.

It might be more "easily to ascertain whether the stock is or not." Control is not determined in this manner. Control is a contractual determination not control of stock. This again demonstrates Devor's lack of knowledge of accounting and US GAAP. Maybe that is what the APB standards said in 1970 but ASC 805 Business Combinations provides for 1) the Acquisition Method 1a) with consideration and 1b) without consideration and 2 Variable Interest Entities (see P.F.F.#666).

EXHIBIT 1281 Page 84 Lines 15-20:

Q So you would just discard provisions of a legally binding agreement that said effective on signing, and you would look to when the stock transferred. Is that your opinion or testimony?

A Well --

His answer is "A Well—". He still can't quote the US GAAP standard that is applicable. How its applicable to the case and whether a law was broken. Still bumbling and stumbling.

In a business combination, the key word is "control".

ASC 805-10-20 Glossary:

P.F.F#674: Control: The direct or indirect ability to determine the direction and policies through ownership, contract or otherwise.

The Accelera obtains control by ownership, contract and by other means by providing consideration an obligation to pay Wolfrum $4.5MM and by compensating him with shares at each event of default.

EXHIBIT 1281 Page 93 Lines 11-15:

Q So, put another way, the evidence of a fraud is that Mr. Wahl, in your opinion, failed to follow appropriate accounting standards set out by GAAP and GAAS?

A No. That -- that is not what I said.

So Devor can't remember one US GAAP or GAAS standard in 2020 (or 2013) and Devor thinks he is qualified to be evaluating Wahl's work? Devor never has audited or reviewed a public company in accordance with PCAOB standards! He has not audited or reviewed a public company in 30 years. Devor is not qualified to make the assessment.

The quality of the work papers and testimony is not a factor in determining scienter, fraud, gross negligence or negligence.

140. **EXHIBIT 1281 Page 95 Lines 2-6:**

Q Differences of opinion are not indication of fraud.

Do you agree with that?

MR. HAYES: Object to the form.

THE WITNESS: I do.

The one thing Devor got correct that a pissing match over US GAAP and GAAS is not fraud, scienter gross negligence or negligence. Wahl has said this from day one. Even the registrants never committed fraud.

141. **EXHIBIT 1281 Page 99 Lines 15-18:**

Q But the audits and reviews for Accelera were completed, correct?

MR. HAYES: Objection. Form. Foundation.

THE WITNESS: Well, yeah.

So they were completed.

142. **EXHIBIT 1281 Page 100 25 Line and 101 Lines 1-15:**

Q The income statement, in fact, was, to my understanding, 36-million-dollar loss if consolidated,……..That's not material.

THE WITNESS: Yeah. I -- I -- I can't answer

that without more facts. It would depend on what users of the financial statements are looking at and are important to them. It may not be, for instance, material in the income statement side. But **people may not even care about the income statement in this circumstance**. They may be looking at what has the company put in place in terms of their development plan which would probably go more to **balance sheet**.

A company with $36MM in losses with negative equity of over $42MM and Devor thinks they might invest based on the balance sheet? See P.F.F#602to#606 - Accelera's investment bankers couldn't raise the money and terminated their agreement. Accelera didn't have the drug to cure cancer or drug addiction! With a $42MM in negative equity. No one is going to invest based on the balance sheet.

T) NO INVESTOR LOSSES:

143. **EXHIBIT 1281 Page 113 Lines 15-20:**

Q Are you aware of any investors who have sued Mr. Wahl for any of these transactions alleging that they were misled or they were caused a loss as a result of Mr. Wahl having acted improperly in any way?

A I'm not aware of whether there are investors who have sued them or there are not.

Devor is right. There is not one credible witness, not one credible piece of evidence that demonstrates that there is an investor's loss? There are none. There never was any fraud, no scienter, no gross negligence and no negligence.

U) DEVOR'S MISREPRESENTATIONS RELATED TO PREMIER:

144. **EXHIBIT 1281 Page 116 Lines 19-25 and Page 117 Lines 1 - 25:**

Q And one thing I didn't ask you about is: What did Mr. Wahl do wrong with respect to the TPC transaction?

A Well, I believe it's all set out in my report, again, but I believe overall there are two issues. One, that the original purchase price was all attributed to goodwill when, in fact, the company appeared to be saying the reason they bought this was because of all these contracts. I think I laid that out. And then secondly, at the end of the year during the audit, the -- there really -- it looked like the company did really no impairment analysis -- at least certainly that I've never -- ever seen -- and yet disclosed in its financials and footnotes that, in fact, it had done. And the impairment analysis were the audit work on whether or not the goodwill in this case was impaired performed by the audit team, you know, was just totally inadequate. I mean, it -- it was -- it was not it was not a serious attempt to audit impairment.

Q The company's revenues were growing over. 100 percent, year-over-year, correct?

Q 2014 as compared to 2013.

A Well, I don't remember seeing or even referring to the year 2014's revenues. I think there's a schedule in there that I think the company prepared that Mr. Wahl used that talks about the first couple months of '14.

Devor doesn't even understand 1) qualitative factors for ASC 350 which is the first step in the good will impairment and 2) the period for the TPC transaction was still provisional under ASC 805 and fully disclosed in

the notes to the December 31, 2013 financial statements. Devor again completely lies about the financial statement disclosures. "Yet disclosed in its financials and footnotes that, in fact, it had been done." It was not disclosed b/c it was not required to be completed, therefore no disclosure required (see P.F.F#448 to 454).

145. **EXHIBIT 1281 Page 118 Lines 1-6:**

Q And certainly a company gets growing 2 year-over-year revenues at more than 100 percent a year, that's a factor to take into account when doing a goodwill impairment analysis, correct?

A Well, it's not so relevant what revenues are doing.

It's not relevant to him. Then what is? US GAAP and GAAS the 2020 version isn't. Devor is still talking about 1970 APB standards (see P.F.F#448 to 454).

146. **EXHIBIT 1281 Page 118 Lines 10-12:**

Q Okay. Last question: You are aware of the fact that TPC was sold for 19 million dollars?

A Not aware at all.

Someone get Devor a cup of coffee so he can wake up and do his job competently……

V) WHERE IS THE WRITER OF THE OIP?:

147. **EXHIBIT 1281 Page 18 Lines 16-18 and Page 119 Lines 18 -25 and Page 12 Lines 1 to 13:**

Q Did anybody at your firm have any input into drafting the OIP?

A Nope. We may have had discussions about it but not in drafting anything.

drafting or -- not the drafting, but the preparation of the OIP.

Specifically what was your input?

A I didn't --

MR. HAYES: No. Object to form and foundation.

THE WITNESS: Okay. I didn't have input into what was in the OIP. I think what I testified to earlier was we may have had discussions about it, but I didn't see the OIP until it went out.

BY MR. COHEN: Q Well --

A I may have gotten a call and asked questions here and there. I don't remember them specifically, because at this point it would have been a long time ago.

Dan Hayes shuts Devor up. Not once. Not twice but three times not to disclose that Devor didn't sign off on his report at the time of the OIP. If Devor didn't write the OIP. Then who did? Devor doesn't stand behind his report. It mirrors the OIP. Same writing style, etc. It wasn't the SEC attorneys and the accountants that wrote the OIP They know absolutely nothing about GAAP and GAAS.

Devor wrote the OIP, furthering the evidence of his clear bias and lack of objectivity. The SEC is Devor's largest client, of course he wrote the OIP and lied under oath. Again.

CANNAVEST:

THE PLAYERS:

A) WAHL KNOWS US GAAP AND GAAS

1) WAHL UTILIZED APPROPRIATE PROFESSIONAL CONDUCT:

Exhibit 70 Page 230 Lines 23-25 and Pages 213 Lines 1-12

148. We did a number of procedures and inquiries and discussions with management and their legal counsel. I reviewed the contract that was an arm's-length contract. We made various inquiries and discussions to insure that this was not a related party transaction, 3 and those procedures were documented in the quarterly review. Anything else? I believe we reviewed the purchase price allocation and its components and the support for those items.

2) ANTON & CHIA REVIEWED ALL ASSETS AND LIABILITES:

Exhibit 70 Page 233 Lines 2-6

149. THE WITNESS: Based on my recollection, that we reviewed all the individual assets and liabilities that came over with the -- with the purchase agreement and obtained and analyzed the reports and schedules for those assets and liabilities.

3) HONEST HARDWORKING AMERICANSTOOK THEIR JOB VERY SERIOUSLY:

Exhibit 70 Page 247 Lines 15-25 and Page 248 Lines 13-24

150. THE WITNESS: Well, as I previously testified, we -- for every engagement, we have a full team planning meeting. Even before that, we begin doing client acceptance where we ask a number of questions and inquiries of the client and their management and their legal counsel of the nature of transactions, and we, you know, identify these issues upfront, and then we, through our risk assessment process, address the risk, our procedures, and inquires and analytics to ensure that those matters are addressed. I know we did a lot of work on -- on PhytoSPHERE. We made a number of inquiries on the nature of the transaction. We assessed the valuation based on the contracts that were determined at arm's length. We went down to visit with management, went through the underlying data in detail in Q2. I made, you know, a number of -- it wasn't like we stopped and looked at the transaction in Q1. We continued to assess the transaction as -- right through the date that we were -- and, ultimately, we decided to terminate our relationship with the client. ***So we took it very seriously***.

4) WAHL EXPLAINS ANALYTICS TO THE SEC:

Exhibit 70 Page 249 Lines 24-25 and Page 250 Lines 1-6 and Line 9-25 and Page 251 Lines 1-7:

151. The purpose of performing analytics is to first develop the expectations of those accounts. Once you identify and determine expectations of an account balance, based on your knowledge of management, the business, and the industry the client is in, you would then scrutinize any material changes in those balances to determine whether or not there was a material misstatement in those accounting records. There's different levels of analytics. So for an audit, either level of scrutiny in performing analytics whether you trigger it as an overall review or a planning analytic or you determine it a substantial analytic. If you determine its substantive analytics, there's, obviously, a lot more detail required; but, you know, we didn't perform an audit here. So we were held to the SAS 100 standards, not the audit standards. So we wouldn't perform substantive analytics. We're not required to perform substantive analytics. So in this case, again, as I previously described, our scrutiny would be based on the knowledge of the company's management business, knowledge of the industry, and any expectations we may have created on these

account captions and would have had multiple discussions with management to -- to make sure that they made sense. In our part of the analytics is not just seeing changes in numbers and describing where those number change but also the title process of the 10-Q and the trial balance to make sure that the numbers make sense in the analytic records. I can go on about analytics for hours if you like.

5) THE SEC DOESN'T UNDERSTAND THAT CLIENT CONTRACTS ARE PART OF THE WORK PAPERS:

Exhibit 70 Page 252 Lines 1-6

152. where would that support be documented in your work papers? A Typically, it would be in the purchase agreement or indemnity to the purchase agreement, but sometimes that's not available at the time of closing the transaction.

Exhibit 70 Page 252 Lines 10-16

It appears to me that there was a tie-out here of these numbers between who prepared the work paper and management, and there's no requirement to put that document in the work papers for review. Tied to what? What was it tied out to? This appears to be a breakdown of the assets that were brought over from PhytoSPHERE.

6) WAHL EXPLAINS BUSINESS COMBINATION ACCOUNTING AND PURCHASE PRICE ALLOCATION:

Exhibit 70 Page 254 Lines 11-20

153. THE WITNESS: Well, no, I think what they're trying to do is -- is that the -- if I remember exactly, the purchase price is 35 million, and it was determined between an arms-lengths, that's the fair market value of the transaction. The individual here worked with management to identify the other fair value of the assets and liability that came

over, and the -- the 17.5 million would have been by definition under AS 805 and I think 820, AS 820, of the fair value of goodwill.

Exhibit 70 Page 255 Lines 2-19

THE WITNESS: Well, if there is -- ***it's an arms-length transaction. That's the fair market value of the transaction as defined under AS 820 and AS 805. The management, then, identified, more specifically, what the other assets were as part of the purchase price. They allocated the fair market value of those assets to -- based on their best estimate to, you know, to those assets when they came over; and, ultimately, you know, any difference in those assets would be booked towards goodwill***. MS. PURPERO: Okay. So the answer to my question is yes, then? The 17,535,000 is calculated by taking the 35 million less the value of the rest of the assets? THE WITNESS: ***I'll say no because you're saying the fair market value of the assets and liabilities. So your statement is typically incorrect.***

Exhibit 70 Page 256 Lines 10-18

It could be. I -- at this point in time, looking at this right now, I -- I don't know. But my point is, typically, when you have a purchase price, you have to allocate the assets and liabilities against the purchase price. The fair market price is assets and liabilities, and then on average, typically, the difference between those assets and liabilities, less the purchase price, would be the fair market price of the goodwill.

7) WAHL AND A&C HAD VARIOUS DISCUSSIONS WITH MANAGEMENT PLUS MORE:

Exhibit 70 Page 256 Lines 24-25 and Page 257 Line 1:

154. stated, various discussions with the management, inquiries, tie-outs to the underlying records.

8) HONEST HARDWORKING AMERICANS TOOK THEIR JOBS VERY SERIOUSLY:

Exhibit 70 Page 256 Lines 10-16

155. THE WITNESS: Well, as stated, we had various discussions with management on this transaction. We reviewed the underlying records. We -- because of it was an estimate at the initial transaction, we continued to update our analysis of the business combination with management in Q2 and Q3 as well. ***So we took it very seriously***.

9) WAHL IS DILIGENT:

Exhibit 70 Page 258 Lines 21-25 and Page 259 Lines 1-7:

156. nk I'm going to answer for the moment's sense. Okay. As I testified, the analytics are part of the planning process. So because we have identified this transaction upfront and based on our knowledge of the transaction reviewing the agreements and the terms of those agreements, looking into stock pricing, risk assessments, reconciling the underlying assets and liabilities with management, I believe that we did what was required under the standard for analytics for a review and even more so because of all the additional discussions we had with management and their counsel.

10) EVERYONE KNOWS THE AMOUNTS ARE PROVISIONAL AND MANAGEMENT'S BEST ESTIMATE:

Exhibit 70 Page 261 Lines 4-16

157. Well, the -- under the SEC guidelines, there's what they call provisional amounts with regards to purchase price allocation and business combinations. So, you know, again, it's management's 8 best estimate at that point in time of what the nature of the assets and liabilities would come over, especially, in the intangibles and goodwill. So at that point in time, based on the fair market value of the contract, it was managements best estimates of what the intangibles and goodwill were. Ultimately, as we said, ***we took it very seriously***, and I think in Q2 and Q3, there was some tune up to the provisional amount based on additional amounts being identified.

11) THE PHYTOSPHERE TRANSACTION WAS AN ORDERLY TRANSACTION BETWEEN MARKET PARTICIPANTS:

Exhibit 70 Page 261 Line 25 and Page 262 Lines 1-7:

158. At that point in time, we had a ***contract with -- between the two parties, and that was determined to be an arms-length contract as represented by their counsel and by management, and because it was third party***, they determined what the purchase price was for those assets and liabilities. They had support for that at that point in time, and there was not, you know, any indication that it wasn't an impairment.

Per **ASC 805 Business Combination Glossary** Anton & Chia, LLP defined the transaction as an ***Orderly Transaction*** between **Market Participants**, which ensures that the Phythosphere transaction complies with US GAAP**.**

Orderly Transaction: A transaction that assumes exposure to the market for a period before measurement date to allow for marketing activities that are usual and customary**.**

The contract was completed and signed. Publicly disclosed on Form 8-K. Phytosphere and Cannavest were not forced or compelled to complete the transaction.

Market Participation: Buyers and Sellers in the principal (or most advantageous) market for the asset or liability that have all

a) They are independent of each other that is they are not related parties, although the price in a related – party transaction may be used as an input to a fair value measurement if the reporting entity has evidence that the transaction was entered into at market terms.

No evidence that they were related parties see **P.F.F 233**.

b) They are knowledgeable, having a reasonable understanding about the assets or liability and the transaction using all available information, including information that might be obtained through due diligence efforts that are usual and customary.

Both parties were party to the contract and specifically identified the assets and liabilities, See **Exhibit 1001 page 1 Article 1. Purchase and Sale; License Grant 1.01 Assets to be Purchased; 1.02 No Assumption of Liabilities; and 1.03 License Grant**.

c) The are able to enter into a transaction for the asset or liability

The contract was completed and signed. Publiclly disclosed on Form 8-K.

d) They are willing to enter into a transaction for the asset or liability, that is, they are motivated but not forced or otherwise compelled to do so.

The contract was completed and signed. Publiclly disclosed on Form 8-K. Phytosphere and Cannavest were not forced or compelled to complete the transaction.

12) ITS NOT UNCOMMON FOR COMPANIES TO HAVE SIGNIFICANT GOODWILL:

Exhibit 70 Page 262 Lines 22-25 and Page 1-3:

159. did that at all raise any concerns as to wheather the 35 million was an accurate fair market value? THE WITNESS: It's not uncommon for – for companies to have significant goodwill in a business combination. Those types of transactions occur all the time.

13) ANALYZED THE INDUSTRY; OTHER TRANSACTIONS; INQUIRIES WITH MANAGEMENT = FAIR MARKET VALUE:

Exhibit 70 Page 264 Lines 3-14

160. Well, based on a number of factors, that we reviewed and looked at and discussions with management and assessment of the industry and, you know, looking at different transactions and inquires with management and based on the -- also, ultimately -- or not ultimately -- one of the factors was, you know, looking at the underlying support that came over with the transaction, you know, what -- what business opportunities they thought they had with PhytoSPHERE becoming part of CannaVEST. We believe that at that point in time that was the fair market value of the transaction.

14) ANALYTICS AND QUALITATIVE FACTORS:

Exhibit 70 Page 264 Lines 18-25

161. Well, technically, management's policy for an impairment analysis only can occur in 12 months. There are qualitative factors that could potentially lead to an indicator of impairment. At that point in time, based on the qualitative factors that I just described in the review of the transaction at that point in time, ***we didn't believe -- at that point in time, we believed that that was the fair market of the transaction***.

Exhibit 70 Page 265 Lines 18-25

Based on representations and all the analysis we did and risk assessments and reviews of the transactions, I believe we felt that at that point in time and, given the information that was provided by management and their counsel, that was the fair value of the transaction.

15) MANAGEMENT'S OPTIMISM

Exhibit 70 Page 266 Lines 8-21

162. MS. PURPERO: Did you at all consider an impairment analysis in Q1 2013? THE WITNESS: ***As part of any large transaction, again, the -- the ultimate assertion that we're looking at is valuation. It's management's best estimate. We looked at those estimates. We looked at what was brought over from PhytoSPHERE. There was management had and counsel had signature optimism for the business. The markets themselves were very optimistic both in the cannabis business and companies like this at that point in time. So there was nothing at that point in time that would lead us to believe that that would qualify that we would need to have an impairment analysis completed.***

16) THERE IS NO REQUIREMENT FOR AN IMPAIRMENT ANALYSIS:

Exhibit 70 Page 267 Lines 11-13

163. There's no requirement for the company at that point in time to do a full-blown impairment analysis.

17) HONEST HARDWORKING AMERICANS HAVE THE EXPERIENCE NOT DEVOR OR THE SEC:

Exhibit 70 Page 267 Lines 20-25

164. We have experience with companies doing business combinations. We didn't do, I think, what you're alluding to, looking at specific comps for those transactions, but we were, obviously, knowledgeable of these transactions just from doing what we do, you know, with the companies we work with.

Exhibit 70 Page 269 Lines 12-13 and Lines 15-18:

165. They did complete the proper purchase price allocation. they did compete the proper purchase price allocation based on the contract and the support provided by management and the inquiries we made.

Exhibit 70 Page 272 Lines 13-20:

I don't think so at the time of the transaction because they probably didn't have the intangible assets probably identified at that point in time, which is consistent with the various changes we had in Q2 and Q3 as we were provided with or identified additional information from management and other outsources that the provision amounts as of the transaction date, they were re-classed and changed.

18) IGNORANT QUESTION, AS USUAL, JUST LIKE QUALLS SCREAMING "WHO WROTE THE REP LETTER!":

Exhibit 70 Page 274 Lines 20-22:

166. hy is that your understanding? ***I can't say anything easier than that. You have to rephrase the question***.

19) ANOTHER ONE OF THOSE LA OFFICE SEC QUESTIONS:

Exhibit 70 Page 276 Lines 6-8:

167. hy? Why would the reader make that assumption?

B/C people that analyze financial statements and invest understand basic business, finance and accounting.

20) PROCESS OF DOING A RISK ASSESSMENT, MET WITH CANOTE AND MIKE MONA:

Exhibit 70 Page 280 Lines 2-24

168. ***Well, we knew the transaction occurred in Q1. We had looked at it with a significant amount of scrutiny,*** again, because one of the -- the assets that were originally recorded were still provisional amounts. There's a 12-month period where it could be trued up if there was additional information. So we, again, went through the process of doing a risk assessment, you know, having discussions with management, having further discussions with Rich Canote. ***I went down and met with him and talked to him and Mike Mona and Mr. Canote in person to go through that transaction -- that transaction, amongst many others, to make sure that we were all on the same page in terms of the proper accounting for that transaction, also, getting a further understanding of the business, what their projections and expectations were for the business going forward***. You know, one of the key elements was actual budget and tax revenues and discussions of what -- what they expected from that. So, yes; the answer is yes, ***we took it very seriously*** and did an extensive amount of work and procedures in review of the action.

Exhibit 70 Page 281 Lines 7-13

We knew it was a big transaction. We knew we had provisional amounts, but we knew management had an expectation of revenue, more revenue, and they had felt that they had booked the right dollar amounts based on the fair market value of the transaction, but ***we still had to take, you know -- you know look at it in more detail***.

21) NOT NECESSARILY. ITS OUR WORK PAPERS NOT YOURS!

Exhibit 70 Page 285 Lines 7-13:

169. ***I know I had the conversation with Rich Canote on the purchase price allocation***, but I can't remember what documents I looked at. PURPERO: Would the documents that you looked at would they be retained in your work papers? WAHL: ***Not necessarily***.

22) AFTER 6 YEARS 24 SEC ATTORNEYS AND ACCOUNTANTS STARING AT THE WORKING PAPERS. THEY STILL CANT FIGURE OUT THE PRODUCTION FROM A&C:

Exhibit 70 Page 286 Lines 15-25 and Page 287 Lines 1-7:

170. MR. GARTENBERG: Okay. In addition to the binder of work papers, does Anton & Chia often have other documents that may relate to an engagement that are not necessarily part of the work papers? THE WITNESS: That's correct. MR. GARTENBERG: And are those among the documents that you talk about when you say they may have been kept on the server? THE WITNESS: It could have been kept on the server. Some engagement teams, as part of policy, they will -- if it's already summarized in the work papers, they won't keep the document. So there's -- but, typically, it's kept on the server, yes. BY MR. CONTE: THE ATTORNEY: If these documents that were kept on the server, would they have been produced as part of the subpoena? Absolutely.

23) MORE LA OFFICE QUESTIONS:

Exhibit 70 Page 287 Lines 24-25 and Page 288 Lines 1-2:

171. re did these amounts come from, those line items that I just read? THE

WITNESS: **They would have come from management**.

24) PREPARD BY A CPA THAT HAD PUBLIC COMPANY EXPERIENCE:

Exhibit 70 Page 288 Lines 6-13

172. THE WITNESS: Well, you know, again, there is various discussions with management over the, you know, the -- the provisional amounts that were recorded in the financial statements. They were -- and with their counsel. We reviewed, you know, you know, underlying support for the numbers during the quarter. ***They were prepared by a CPA this time that had public company experience***.

Exhibit 70 Page 288 Lines 24-25

THE WITNESS: ***Well, I think I've already testified to what procedures were done.***

25) WE MADE SURE THE UNDERLYING NUMBERS MADE SENSE:

Exhibit 70 Page 289 Lines 5-10

173. I met with management in Q2. I reviewed the trial balances and support in their offices. I can't remember everything that I looked at. It's two and a half years old now, but I know we went down and met with them and, you know, ***made sure that the underlying numbers made sense***.

26) WAHL EDUCATING THE SEC ON HOW TO DETERMINE GOODWILL, AGAIN:

Exhibit 70 Page 289 Lines 17-24

The goodwill is, basically, the fair market value of the goodwill, and it's effectively calculated by deducting the fair market value of the assets and liabilities from the fair market value of the purchase price, and then if there's any intangibles that are determined that need to be valued to be put on the balance sheet, then those are deducted from the goodwill as well.

27) THEIR UNIQUE CANNIBIS PHARMACEUTICAL SOLUTION WAS EXPECTED TO CURE 9 VARIOUS DISEASES:

Exhibit 70 Page 290 Lines 2-16

174. THE WITNESS: Again, based on the qualitative factors that were required to do during the review, we had discussions with management on the projected revenues for the company, expected sales, the optimistic within the marketplace of these types of companies, that they felt that they had ***the unique pharmaceutical solution with using cannabis to cure 9 various -- you know, various diseases.*** So they were very optimistic about what they were going to be able to sell. We reviewed their estimate at that point in time; and, you know, again, they looked

like they had some sales in Q2, and they represented that they were going to have a significant numbers of sales in I believe it would have been Q3 to support the value of the goodwill.

Exhibit 70 Page 290 Line 25 and Page 291 Line 1:

THE WITNESS: Estimates of revenue and profits and cash flow, yes.

28) AGAIN NO INDICATOR OF IMPAIRMENT. HIGHER REVENUES: QUALITATIVE FACTORS US GAAP AND GAAS:

Exhibit 70 Page 291 Lines 15-22

175. Well, again, I'm going back to what I previously testified to, you know, we assessed the transaction that was based upon an arm's length transaction and recorded at fair market value. The company was beginning to generate revenues. It had higher expectations of revenue based on qualitative factors. So at that point in time, there was no indicators that there was an impairment.

29) IN THE SECOND QUARTERLY REVIEW - WE REVIEWED ACTUAL EVIDENCE OF REVENUES – INVOICES, SHIPPING DOCUMENTS:

Exhibit 70 Page 292 Lines 1-22

176. THE WITNESS: Yeah, I mean they showed us, in some cases, there was ***actual invoices that were sent to clients***, a ***listing of invoices***. Some of it was -- you know, because I met with them. It would have been July, I believe, of 2013. So we, actually, had seen some ***actual invoices sent out to the clients and I believe even shipping documents***. So there was actual evidence of -- of revenues occurring. It wasn't just a spreadsheet.

MS. PURPERO: Okay. So you were looking at actual revenue, not projected revenue? THE WITNESS: A combination of -- right -- which -- so ***I took all available information that we had, looked at projections, and did they appear to be reasonable***.

MS. PURPERO: And did you ask management how they procured the projections? THE WITNESS: They -- they believed ***based on actual projected sales based on who the client's been talking to, you know, verbal approvals of their expectation of what they were going to buy from the company***.

30) ANOTHER EINSTEIN QUESTION FROM THE SEC. WAHL EXPLAINS IT AGAIN:

Exhibit 70 Page 293 Lines 6-19

177. S. PURPERO: And did you find out how management put those projections together? THE WITNESS: I think ***I just explained that.***

MS. PURPERO: Can you explain it again. I apologize. THE WITNESS: Okay. So they talked internally with their sales people, which I think for the most part was Mike, and they developed, based on -- the expectation was based on some of the historical sales that they had with PhytoSPHERE and, basically, came up with an estimate. They revised those estimates based on actual sales that occurred. So they managed it, basically, on a weekly basis. If I recall that correctly, I believe that was his case.

31) MANAGEMENT HAD EXPECTED SALES AND PROFITS:

Exhibit 70 Page 293 Lines 23-25 and Page 294 Lines 1-5:

178. THE WITNESS: At that point in time, I can't remember if we did – I'm sure we did other procedures, other discussions, obtained other representations from management, you know, their expectations for sales and profits. And so, you know, at that point in time, we didn't believe that there was any -- you know, we believe we did a thorough analysis at that point in time from the information provided by management.

32) MANAGEMENT IS RESPONSIBLE FOR PREPARING THE FINANCIAL STATEMENTS:

Exhibit 70 Page 300 Lines 2-6

179. 10-Q, we're -- we're, basically, responsible for reviewing the financial statements. Management is responsible for preparing the entire document, ensure the adequacy of the disclosures throughout the entire document. We're required to read for reasonableness.

33) SEC IS OBTAINING ADVICE FROM WAHL ON MATERIAL WEAKNESSES. THE SEC DOESN'T KNOW THIS……:

Exhibit 70 Page 303 Lines 21-25 and Page 304 Lines 1-6:

180. Well, I'll go off the SEC definition of material weakness. You know, typically, the guidance around material weaknesses, as agreed to with the SEC, that a material weakness was defined as either a individual adjustment, audit adjustment, or adjustment defined by management, typically, by the auditor either individually or cumulatively the absent value of 5 percent of net income or loss. So I -- I don't have the engagement summary memo here in Exhibit 80. I don't see any audit adjustments identified by us in that quarter. So I don't know how

34) WAHL AGAIN REPRSENTS HE VISITED WITH CANOTE AND REVIEWED HIS WORK IN DETAIL:

Exhibit 70 Page 304 Lines 18-25:

181. I went down to meet with Rick in Q2 and reviewed his work in detail and walked through a number of accounting areas with him, and the work that he performed appeared to be reasonable. So –

Exhibit 53 Page 82 Lines 10-12:

Q (Binh La) I spoke with Greg this morning, and I believe he had a meeting with you yesterday in regards to the company review.

Exhibit 53 Page 85 Lines 13-14:

A (Canote) if the e-mail says that Greg and I disused it, we must have discussed it.

35) CANNAVEST HAD TWO PEOPLE IN ACCOUNTING. OF COURSE IT'S A SEGREGATION OF DUTIES ISSUE!

182. MS. PURPERO: Did you talk with management about this -- this finding that they had regarding, you know, shortage of resources in the accounting document required to assure appropriate segregation of duties.

Exhibit 70 Page 305 Lines 2-6

THE WITNESS: I testified to that already. I said that there were two people that -- there was two people in the accounting group, and I said, with two people in the accounting group, it's difficult to have appropriate segregation of duties. So I don't think that's necessarily non-factual given their situation.

36) WAHL EXPLAINS TO THE SEC THE PURPOSE OF THE PLANNING MEMO:

Exhibit 70 Page 306 Lines 6-9

183. The purpose of a planning memo is to summarize, at least initially, what we perceived as the review approach, materiality, the engagement team in areas that we considered material to the engagement.

Exhibit 70 Page 308 Lines 3-9

Was somewhere in the meeting items discussed in this memo held with CannaVEST? Typically, we have, you know, initial calls with the client. I believe there was a call, whether it was just me kind of getting an update relaying that update to the team. I know during this quarter there were a number of calls that we had with the client.

37) THIRD QUARTER - ACTUAL SALES WERE SIGNIFICANTLY LESS THAN WHAT CANNAVEST REPRESENTED:

Exhibit 70 Page 309 Lines 19-25 and Page 310 Lines 1-8:

184. Well, one of the reasons was there was, as I mentioned -- previously testified, there was a number of qualitative factors that we were looking at in terms of the review. One of them was looking at their sales forecast, and based on my memory, ***I can't remember by how much they missed it for Q3, but it was significantly less than***

what they represented when I had talked to them in -- as part of the Q2 and during Q3, the actual sales were down, which at that point in time, led us to believe that, you know, management's budgeting methodology weren't necessarily in line with appropriate timing. So we -- because of the qualitative factors identified, we wanted further evidence to see if there was potential impairment at that point in time.

Exhibit 70 Page 311 Lines 2-9:

I can't remember where, but we had a conference call with the company regarding historical sales and their actual collectability. So we had concerns over, you know, just were they going to be able to collect enough cash to support the -- you know, support the value of the goodwill in the books at this point in time based on subsequent events.

Exhibit 70 Page 311 Lines 21-25:

we obtained specific representations from management for the review, which is not typical. I thought there was a memo that Rich and I put together. Oh, yeah, there's -- I think there's three memos here, 7001, 7002, 7003.

Exhibit 70 Page 312 Lines 14-16:

I know that we, ultimately, agreed that there needed to be a valuation report done. I assumed we drove the process,

38) Q2 GOOD WILL WAS APPROPRIATELY VALUED:

Exhibit 70 Page 312 Lines 18-24

185. And did you consider an impairment analysis in Q2 of 2013. As I testified, I believe that, based on the qualitative factors that we identified here in the review, that at that point in time, we felt that the goodwill at there point in time was appropriately valued based upon my previous testimony.

39) MANAGEMENT PROVIDED PROJECTIONS IN Q2 EVEN PURPERO AGREES:

Exhibit 70 Page 3113 Lines 7-25

186. when CannaVEST really started first operating, and so why did you feel comfortable with on management's ***projections that they gave you in Q2 of 2013***? THE WITNESS: ***Based on our analysis of the industry*** -- right -- and ***the products that they were going to sell and the expected upside in sales and revenues and cash flows to be collected from the company as of Q2 and through our subsequent finally issuing the Q, there was indicators that they were going to meet those projections as they stated. I was there in July and saw invoices for actual revenue that were part of that forecast. So based on the actual numbers that we observed during the review and doing our analysis as of Q2, your point's well taken that it's a start-up company, but, as you know, many start-up companies become extremely successful and are -- are valued very high***.

40) MANAGEMENT MISSES THE PROJECTIONS IN Q3:

Exhibit 70 Page 314 Lines 1-10

187. ***So the fact that they were able to observe actual sales as part of our Q2 review as a subsequent event and looking at the projections, we felt at that point in time comfortable with the goodwill. Unfortunately, when Q3 rolled around, at that point in time, the subsequent event -- actually, it would have been Q4 -- pardon me -- when we would have found out about the Q3 sales. At that point in time is when we identified that they missed their estimates and the collectability was taking much longer than expect.***

Exhibit 70 Page 314 Lines 12-13:

MS. PURPERO: When you say they missed the estimates, you mean they missed their projetions?

Exhibit 70 Page 314 Lines 16-20

THE WITNESS: I just want to say, based on my recollection, I can't remember the actual dollar amounts, but based on my recollection, there was ***very material different between what they had projected and what the actuals were for Q3.***

41) WAHL'S FRIENDS SMOKED A LOT OF WEED. HE IS NOT A BIGOT. HE UNDERSTANDS THE INDUSTRY:

Exhibit 70 Page 315 Lines 2-19

188. so in Q2 in 2013 when you got the projections, I asked why were you comfortable with relying on them, and one of your reasons was based on your analysis of the industry. What analysis are you talking about? THE WITNESS: Well, we've had a number of companies in -- in this segment, in this industry cannabis base. There's -- I mean there's -- there's been a lot of demand for different products in the cannabis base. It's been, you know, a lot of companies have been successful. Some of our clients were successful in generating revenues. So, you know, based on that, we -- we were, you know, optimistic. It also had a spin on it from a pharmaceutical nature, which at that point in time was somewhat not -- they didn't have a monopoly, but ***it was kind of unique***. So -- and then they had some revenues. So that's one of the things we looked at.

42) THERE WAS ENOUGH QUALITATIVE INFORMATION TO DETERMINE AN IMPAIRMENT:

Exhibit 70 Page 320 Lines 8-18

189. THE WITNESS: Yes, the decision -- well, there was -- based on the information I mentioned in previous testimony on the missing of the forecast sales and the length of the AR collections, the -- from a qualitative standpoint, we felt that there was enough support that there was potentially an impairment of the goodwill.

43) ANTON & CHIA PROTECTED ALL CANNAVEST STAKEHOLDER'S:

Exhibit 70 Page 322 Line 23-25

190. And who made the determination to write off goodwill? Was it your firm or management? THE WITNESS: ***We did.***

Exhibit 70 Page 323 Lines 1-7

And did management want to keep the goodwill? THE WITNESS: I think there's e-mail communications where ***they wanted to keep it on the books***, but I can't remember if it happened. ***They weren't happy with us writing it off,*** I'll put it that way even with the –

Exhibit 70 Page 323 Lines 18-19

I mean ***there was a couple intense phone calls*** when we put those –

Exhibit 70 Page 324 Lines 3-10

there were phone discussions between myself and Canote where they didn't want to write off the goodwill, and I think some of the tension that came in between us and management was the fact that I had the assumption that they had this report already and it knew it should have been written off in Q3, and then there's the e-mail communication between Canote where he's upset that we booked the adjustment late.

Exhibit 70 Page 324 Lines 20-22

he should have known there should have been an adjustment, and we shouldn't have to tell him to book it.

Exhibit 70 Page 325 Lines 17-25

MS. PURPERO: And they wanted to re-visit it at the end of the fiscal year? THE WITNESS: That was my understanding. MS. PURPERO: Was this the reason why you were no longer their auditor after this? THE WITNESS: ***we looked at, you know, the risk profile of the client and -- and the fees that -- and the amount of work that was required to do just the reviews, and we made a decision that –***

Exhibit 70 Page 326 Lines 1-4

and Mike was not agreeable to increase fees at all. Mike Mona, Jr., I believe, the CEO, he's very difficult. So we just made a decision that it wasn't worth the risk.

44) ANTON & CHIA FOCUSED ON STRATEGIC MARKET PENETRATION STRATEGIES:

Exhibit 70 Page 326 Lines 19-25

191. Obviously, it depends on the size of the clients. You know, this is in San Diego where fees are -- they're, typically, on average, lower compared to Orange County or L.A. County or New York. So there's always some form of discount there, but I would say that our review fees are anywhere between -- quarterly reviews -- from the low end, 5 to, you know,

Exhibit 70 Page 327, Lines 1-9

as high has 15. Some are 25 depending on where the clients come from, if they come from a bigger firm. It 3 just depends. So it would be 5,000 -- between 5,000 and 25,000? Yeah, this is a development-state company or start-up company and much smaller. So there are some that are the low five, but I'd say average. ***Just too much work for us to do.***

45) AS LONG AS WE MEET THE US GAAS STANDARDS THAT IS SUFFICIENT:

Exhibit 70 Page 332 Line 25

MS. CHANG: So, basically, just making sure

Exhibit 70 Page 333 Lines 1-8

192. any significant changes or issues have been documented, but it doesn't mean that it has to be consistent throughout the work paper? THE WITNESS: In a perfect world, you'd like to have it consistent. I mean -- but sometimes, in an essence of getting, you know, something done***, you want to meet the standards, and so as long as we meet the standards, we feel that is sufficient.***

46) 409A VALUATIONS CANT BE USED TO VALUE THE ENTIRE BUSINESS:

Exhibit 70 Page 335 Lines 4-5

193. saw a valuation for stock compensation, a 409A valuation for compensation.

47) A&C AND WAHL PROTECTED INVESTORS BY PROPOSING MATERIAL ADJUSTMENTS TO THE FINANCIAL STATEMENTS:

Exhibit 70 Page 340 Lines 20-25

194. If you look to my previous testimony that I explained how a material weakness was defined and if I was provided with the engagement summary memo, which I believe has at least two material adjustments that we identified during the review, that, in itself would indicate that there's material weakness.

Exhibit 70 Page 343 Lines 12-25

In Q2, obviously, we identified at least two material adjustments, I remember, as I recall. There might be more. I'd have to take a look at the work papers. It came late in the process, and so we just did not take that part of the documentation, but we agreed that they showed material weaknesses of Q3 because we identified at least two material adjustments that are defined as material weaknesses. MS. LEVIN: And those adjustments were, specifically? THE WITNESS: The goodwill adjustment, and then there's one related to Roen Ventures, and I'm not sure if there was more. There could have been more. Those are the two I remember.

Exhibit 70 Page 345 Lines 9-14

It's an AJE summary that summarizes, basically, the three material adjustments we identified during the course of our review, and it also references to possibly a more detailed analysis on Working Paper 7001 and Working Paper 7001 as to why it's an adjustment.

Exhibit 70 Page 345 Lines 18-25

And are you saying -- so are you testifying that, because of these three adjusted journal entries, that's why you were comfortable with, in Exhibit 19, the company identifying a material weakness; is that correct? Yes. Especially

-- especially, No. 2, and I'd have to look at -- especially, No. 2, and then cumulatively, they're a material weakness in the

Exhibit 70 Page 346 Lines 1-8

financial reporting. And for the record, Adjustment No. 2 is the impairment of goodwill of, approximately, 27 million based on the valuation report that the company -- Yeah. -- had performed? But we looked at it cumulatively. So it's material.

48) WAHL EXPLAINS BCF'S AND DERIVATIVE LIABILITIES VERY SIMPLY TO THE SEC:

Exhibit 70 Page 346 Lines 14-25 and Page 347 Lines 1-6:

195. What was this adjustment for? THE WITNESS: So in accounting for convertible debt, there's two methods. You either have a deliver liability if there's really no floor -- right? -- or if you have a beneficial conversion feature at the date of the grant, they clearly have a benefit -- the -- the price they're getting is -- is lower than the actual market price of the stock. MS. PURPERO: The price that Roen is getting -- THE WITNESS: Correct. MS. PURPERO: -- is lower than the actual price of the stock? Okay. And how does that affect the debt? THE WITNESS: You book a debt at discount, and you amortize it over the term of the debt; whereas, with derivative accounting, you, basically, mark the quarter (mark to market).

49) UNLIKE DEVOR, WAHL PRUDENTLY REPLIES THAT HE NEEDS TO READ ALL THE CONTRACTS TO MAKE SENSE OF THE TRANSACTION:

Exhibit 70 Page 352 Lines 16-20

196. You don't remember CannaVEST making an investment in Kannalife? THE WINTESS: Reading this, I don't understand exactly what's going on. ***I'd have to look at all the contracts to really make sense of it.***

50) PKF AND CANNAVEST REALIZE A&C HAVE NO LIABILITY FOR THEIR REVIEWS. NO REPORTS ISSUED SO THEY DON'T COMMUNICATE THE RESTATEMENTS TO HONEST HARDWORKING AMERICANS:

Exhibit 70 Page 353 Lines 6-10

197. Mr. Wahl, when – when did you first find out that the first – that the Q1, Q2, and Q3 of 2013 were being restated? It's a good question. ***We had no communication from the predecessor on this matter***.

Exhibit 70 Page 353 Lines 21-22

I meant succeor. I'm sorry. So we received no communication from them.

Exhibit 70 Page 353 Lines 24-25

Form PKF, the current owners? ***No, that there were no communications.***

Exhibit 70 Page 354 Lines 1-6

Any communication from management: **No.** So prior to the subpoena you received from the SEC, you had no knowledge that the first three quarters of 2013 were being restated? **No.**

B) BINH LA

1) NO CREDIBLE UNDERSTANDING OF THE CPA BUSINESS:

198. Binh La has never audited a public company. Never built or was a managing partner or partner at an accounting firm. He is not even a CPA. Yet the SEC somehow thinks he is a credible witness in this matter. Binh's only public company experience is the six months he earned at A&C and he never completed an audit during that period.

2) COMPARES LIONSGATE TO ANTON & CHIA – TREMENDOUS COMPLIMENT TO WAHL:

199. Binh's next job after A&C was with Lionsgate, which is an $8.0 Billion company. Lionsgate is not really a fair reference point to compare to a start up accounting firm in its fourth year. Binh was with A&C six months. In Binh's exit interview, meeting with Wahl. He said that "Public accounting is not for him." And Wahl said, "with all due respect Binh and I like you as a person a lot. Your right. You should go and do something else."

3) DC COMIC BOOK EXPERTISE IS NOT RELEVANT TO THIS CASE:

200. Binh has done well for himself and works at Warner Bros. Ent. Group of Companies as a Supervisor – DC Comics Royalties. Another very large company that is not even in the same ice rink as A&C in 2013. Binh can provide advice regarding DC comic sales, however, he provides no value based on US GAAP and GAAS which is relevant to this case.

4) BINH LA WAS BULLIED:

201. Sounds like this is more of the same, the SEC bullying a witness to discredit Honest Hardworking Americans. But his testimony is not credible in this case anyways – no relevant public company or business combination experience which is pertinent to the Cannavest case. Binh is not a credible witness for the Cannavest matter.

C) RICHARD KOCH

1) A SEASONED EXPERT:

202. Mr. Koch was with A&C for four years and seven months. Mr. Koch brought a wealth of expert experience in audits for public companies and in running and overseeing a growing accounting firm. Mr. Koch was a tireless worker and helped A&C in any role, required. His testimony in this case was severely limited by his attorney and

the SEC's involvement in prepping him as their witness, which is not really the case b/c Mr. Koch dislikes the SEC attorneys in this case very much.

Exhibit 17, Page 120, Lines 20-24:

It was two litigation support engagements where I served as a financial expert witness on each of them on behalf of client attorney – my client in that case was Attorney John Havens. And this was in Houston, Texas.

Exhibit 17, Page 121, Lines 3-9:

One related – I think both were breach of contract economic damages. For example, one was an alleged overcharging of audit fees by a CPA firm to its client. And then the other one was a breach of contract economic damages between a customer and supplier. Customer was a very large company, the supplier was a very small company.

2) NO CHOICE BUT TO SETTLE:

203. Koch when A&C was de-constructing due to the irresponsible actions by the SEC obtained the consulting position with Gray, Gray & Gray, LLP ("Gray") and Wahl assisted with him obtaining this role. Mr. Koch would have never signed the settlement agreement if he didn't have to. Koch had personal reasons that forced his hand to settle. Koch needed a job to make a living to help take care of his family that rely on him. In order to obtain the consulting position with Gray. Koch had to put the SEC matter behind him. So trying to use Koch's settlement against Honest Hardworking Americansis another manipulation of the facts in this case. Koch's settlement is not relevant for any reason other than the fact Mr. Koch needed a job that A&C could no longer provide to him. Gray would not hire him unless the SEC matter was settled so there would be no further exposure from this matter to Koch or to Gray. This was confirmed when Wahl discussed this with Gray.

3) MALISCIOUS PROSECUTION:

204. Mr. Koch was brought into the Premier matter, as Ellenbogen stated "***He (Ellenbogen) had to look as tough as the LA office."*** Hardly a logical or ethical response from a government employee that is attacking a second partner on a quarterly review or a second partner on an audit. Mr. Koch should have no liability; has not done anything wrong. Not just in this matter. But in any matter. The fact that Mr. Koch was brought into this case. Just like Chung and even Shek. The actions against Koch, Chung and Shek is simply an abuse of power by this group of SEC attorneys.

4) KOCH IS A QUALITY CONTROL DIRECTOR:

205. Mr. Koch was appointed almost 20 months ago, as the Quality Control Director Gray, Gray & Gray, LLP. If the allegations in the press release, OIP, his settlement agreement or any document in this case was true. Then Koch would never have obtained this distinguished position with Gray.

Exhibit 17, Page 41, Lines 9-19:

Sure. What are your responsibilities as quality control director? Primary roles, I handle the substantial majority of engagement quality reviews, EQR's, used to be known as concurring partner or second partner, and then also quality control initiatives, you know, developing policies and procedures to help improve the quality control of the firm, to be involved with internal quality control inspections, as well as external quality control, external ASCPA peer review.

Not only did Gray see through the SEC's bogus case. The Massachusetts Board of Public Accountancy (the "Board") also granted Richard Koch his CPA license on February 11, 2019. The Board also realized that the SEC case brought against Honest Hardworking Americanswas completely overstated.

D) TOMMY SHEK

1) SHEK GAVE UP BASED ON POOR LEGAL ADVICE:

206. Shek decided to settle with the SEC. That was his own decision (Shek Testimony). Shek cannot be trusted. He was dishonest about the work being performed during his testimony on Cannavest. Shek settled. Shek is bitter. All Shek had to do was to work with Wahl a half hour to an hour a week. Assist Wahl through the trial process and he would be fighting like the rest of us. Just like Gandhi. Shek didn't believe in himself and his work. Nothing was completed incorrectly. Koch had no choice but to settle due to legal family commitments.

2) THE SEC TARGETED SHEK TO TURN EVERYONE ON WAHL:

207. Shek should never have been included in this case but this is typical of this group of SEC attorneys. Over sell, bully, lie, mischaracterize, etc. Well according to Mark Cuban sounds like the similar reckless behavior in his case as well. Qualls already represented that the Enforcement Division brings intentionally criminal fake cases. Instead of trying to deter, reprimand or remand the behaviors'. The SEC simply bullied their way into another court, in front of another judge to cover up their crimes.

3) SHEK DISHONORED RSM AND PUTS THEM AT RISK:

208. Shek didn't tell RSM, when he was hired that he was being investigated by the SEC. RSM is a large organization that would require to disclose matters, like the SEC investigation BEFORE Shek was hired. So Shek lied to his employer and that is why the fired him. Maybe they wouldn't have hired him with the matter on going. I am sure he could have found a better attorney to proof read his Wells Submission (**Exhibit 726**) and provide proper legal advice. Purely made up and libelous statements.

4) SHEK HAS NO RESPECT FOR BUSINESS OWNERS AND THE LAW:

209. Anton & Chia was regulated by the AICPA, Calironia Board of Accountancy and the PCAOB. Shek has no respect for his employer's by not disclosing all relevant matters to them, RSM included. Shek set up a Wechat during his employment at A&C. Shek included all A&C employees, past and present. Then decided to use that forum to

unprofessionally slam Wahl, other partners, the clients and the Firm creating risk not only for himself but for each person on the WeChat and for the clients of Anton & Chia, its owners and other partners. Shek should look to his own "risky" behavior(s) before he points the finger and wrongfully accuses others. Shek was ordered to take down the WeChat but who knows if he actually did similarly there is no evidence if Shek submitted **Exhibit 726** to RSM so they could help him with his SEC problems. Maybe they could all beg together.

5) WAHL TREATED SHEK VERY WELL:

210. Wahl paid for Shek's license, gave him a cash bonus for Shek's CPA license, gave Shek $5,000 to close on his home that he still lives in, sent Shek to specific partner training in new York for a week, fully paid for. Paid for meals, karaoke with his team, gave him large bonuses, etc. Shek was paid well over six figures for his work that he performed. Shek accepted each and every promotion without hesitation or back tracking or whining and complaining. Shek also misstated his work hours. Shek like most employees engaged with the Asia practice worked longer hours but they were normally up anyways. Shek is from Hong Kong. He communicates with family and friends in Hong Kong into the early morning. Wahl adjusted his hours so that Shek could show up late 9:30am to 10:30am start. So he could miss traffic and also give him an opportunity to get some rest, etc. Wahl never asked Shek to work late. In fact, Wahl convinced Shek to get into a healthy lifestyle stopping smoking, going to the gym, etc. Shek did this until he left A&C as far as Wahl knows.

6) SHEK MINIMIZES HIMSELF:

211. For Shek to back track regarding the work he completed as a manager / senior manager role at A&C. Shek manipulated and mischaracterized his testimony. Shek was bullied and intimidated by the SEC to do so.

Shek said “I didn’t know anything about business combinations back then.” Ok so he agrees. He didn’t know anything about business combinations. So Wahl did all the work on the business combination. Plus Wahl testified that was responsible for the engagements as the engagement partner. Multiple times. That is not scienter.

Then Shek claims that Chung is supposed to talk to her about the Phytosphere transaction that he claims he doesn’t understand and doesn’t understand the critical section of accounting ASC 805. Plus, he is only an “associate accountant” **Exhibit 726** not a manager so he has no relevance and no significance to the case. Definitely, no credibility.

Shek clearly testified that he knows nothing about the Phytosphere transaction.

If Shek knows nothing about the business combination then it’s for Wahl to decide and for Chung to review, which Chung did. Shek has no credibility in his testimony b/c he dodges the Phytosphere issue and takes no responsibility for his work as a manager.

Shek had worked in the profession for five years at the time of the Phytosphere transaction and he should be able to take responsibility for his positon as a manager and his work. But he confirms his lack of credibility on his own to minimize his liability. Even after he settled.

7) SHEK’S LIBELOUS STATEMENTS:

212. **Exhibit 726:** On January 12, 2017, Shek is already begging for the SEC not to proceed against him. These SEC attorneys obviously went for the juggler on a “poor junior assistant”. Shek must have forgotten to tell RSM at this point and time. Shek is well known for not taking responsibility for his own actions. He paints himself as a “junior assistant” but Shek is a CPA with over four years’ experience at the time of the Cannavest first quarterly review.

Most CPAs are up for manager in 3.5 to 4 years of experience. Tommy worked on a lot of heavy projects at A&C and therefore based on his skills and capabilities he was promoted. Worse case Tommy would have been a Senior accountant with his CPA. A CPA at the Senior level is still not an associate accountant of junior assistant. If Shek didn't understand the transaction he could have completed his own research. A&C had various resources for Tommy to go and obtain the information such as, Thomas Parry our Quality Control Advisor, accounting research manager, etc (**see P.F.F#80to#92**).

If Shek thinks a staff accountant would be paid the money that he was being paid. Then A&C should have fired him the day he walked in the door. Maybe Tommy's experience is not comparable to the big 4 firms but the small cap market is a unique market and even Devor after 30 years doesn't understand the small cap market(**see P.F.F#93to#147**).

8) A&C IS COMPARED TO A NATIONAL FIRM, AGAIN.

213. Shek compares A&C to a "national firm" which is absurd. Shek discredits his own work. Shek did nothing wrong. Nothing was done wrong by anyone at A&C. Other than Shek and Gandhi caved into the bullies at the SEC. Correct, Wahl took responsibility for the transaction that is why Tommy and anyone else shouldn't have been harmed in this but Wahl. The SEC has spent a bunch of tax payers money yelling and screaming about the transaction doesn't mean it was completed incorrectly. Anyone can be a bully. The SEC has bullied and harmed many people for no reason in this fake case against Honest Hardworking Americans.

9) RSM HIRED A LOT OF A&C'S EMPLOYEES:

214. If Shek felt the firm was too "risky" which it wasn't. Or Shek was told to do something that he didn't want to do. Shek could have left. Shek didn't leave until December 2015. If the Firm was so bad. Leave. The reason why Tommy didn't leave was very simple. A&C was a good firm. It had built a very good client base and developed a lot

of great people. RSM loved our personnel and took atleast six personnel (Tommy Shek, Chris Wen, Kundan Patel, Yoda Chen, Brian lam, Mathew M. Schwartz, etc.) from A&C. A&C was not a terrible firm. Tommy Shek, Yoda Chen and Brian Lam were managers at Anton & Chia. RSM hired all three as managers. If RSM questioned A&C's managers' capabilities they would have brought them in at a lower level than manager.

10) SHEK PROMOTED A&C SO MUCH HE BROUGHT HIS FRIENDS TO THE PARTY:

215. If the firm was too "risky" then why would subject his friends to working at A&C. Shek brought in Brian Lam (friends since high school in Hong Kong); Chris Wen (friend); Ivan Shing (friend) and recruited Crystal Li and sold her on joining Anton & Chia, LLP. Shek must be a sadist to bring his friends to an organization that he deems to be risky.

11) DAVID RUAN RAN AWAY – WHY WASN'T HE DEPOSED BY THE SEC?:

216. David Ruan was never deposed in any of the matters in this case. There are rumors that David Ruan left b/c he went and told a fake story to the SEC as a whistleblower for the simple reason that he is jealous of Wahl and is waiting for his payment from this case. Plus the inside job by Brian Rusywick and but all of that will be dealt with at a later time.

David Ruan left b/c of the hours. His wife had a government job and didn't like the hours that David endured while working part of professional practice. David's actions are and were unprofessional and shows lack of character to leave in busy season without notice. Ruan could have said he wanted to leave at the end of busy season and provide the firm appropriate time to find a replacement. **As set forth in the Dodd-Frank Act, the SEC protects the confidentiality of whistleblowers and does not disclose information that could reveal a whistleblower's identity** It's interesting that Shek confers in Ruan who is responsible for as Shek said "screwing up" his life.

12) ANTON & CHIA HAD GREAT CLIENTS AND EVERYBODY WANTED THEM!:

217. Shek claims he doesn't have the correct skill set. Doesn't understand business combinations and he has no knowledge of the extent of Ms. Chung's career 20+ years of working in highly regulated businesses such as financial institutions and CPA firms. He references "challenge the audit' when Cannavest was an interim review. A review is not close to an audit. Devor was advising Tommy on **Exhibit 726**. Clearly demonstrating Tommy's lack of professionalism, delusions of the facts and his blind hate against Wahl where he decided to settle with the SEC on his own accord. Shek did nothing wrong, A&C did nothing wrong and he should have stood up for himself in this matter.

218. A&C's clients are "Risky" then the likes of AJ Robbins (Accelera) and PKF (PKF and James Stewart is the SEC's star witness in this case although he was never involved in the quarterly reviews, highly conflicted and biased against Wahl for taking PKF's clients), then Tanner, LLC and now Deloitte & Touche audits Cannavest. D&T is a big four firm and they accepted Anton & Chia's ex-client as their client. (Cannavest – See https://www.sec.gov/Archives/edgar/data/1510964/000151096420000014/cvsi-20200315x14a.htm). Premier has sold off all its assets to take care of its shareholders. The discontinuance of Premier's business was a direct result of the SEC attorneys and accountants actions. Premier also has a new auditor. There wasn't one client that A&C fired that wasn't picked up by another auditor. In fact many of the larger firms were aggressively trying to take A&C's clients and that is why when the December 4, 2017 Press Release was made public with the OIP. A&C lost substantially all of its clients very quickly.

219. A&C was engaged on May 3, 2013 by Cannavest and the Firm filed the 10-Q on May 30, 2013 which is more than sufficient time to complete a review for this transaction it's almost a month of time.

220. Shek's January 12th, 2017, declaration is simply a libelous fabrication of his angry life. Shek points the fingers at everyone else playing the blame game. The SEC attorneys on this case bullied Shek into writing this and tricked him as they have done to everyone else, just look at the recently deported Rahul Gandhi. Gandhi trusted these SEC attorneys and he is stuck in Vancouver, Canada, eating poutine.

E) JAMES STEWART

221. The continued mischaracterization of the work performed by A&C and Honest Hardworking Americans, continued deception (and desperation) by the Division to hold A&C and Respondents to a higher standard than is required during the three quarterly reviews. The entire testimony of Mr. James Stewart and utilizing subsequent (after November 14, 2013) audit working papers of PKF and SEC filings by CannaVEST have no relevance to the case as the work was performed 3.5 months after Honest Hardworking Americans completed the quarterly reviews for CannaVEST.

1) WAHL DIDN'T WORK FOR PKF AND DIDN'T RETAIN PKF TO ASSIST WITH THE QAURTERLY REVIEWS:

222. **Relevance:** PKF working papers have no relevance to the allegations in the OIP. PKF's working papers are not relevant to the case. *None of the Honest Hardworking Americans prepared PKF's working papers or reviewed them during the Q1, Q2 and Q3 quarterly reviews that CannaVEST amended. CannaVEST public filings subsequent to the November 14, 2013 termination of CannaVEST were not reviewed or completed by Respondents and are not relevant*.

2) THE SEC ATTORNEYS ARE SO DESPERATE THEY VIOLATED FEDERAL RULES OF EVIDENCE 702(d):

223. The evidence and testimony of James Stewart should not be allowed under **Federal Rules of Evidence 702 (d)**. The facts applied by PKF and James Stewart are not the facts relevant to Respondents.

Respondents utilize the same rule that the Division applies, **Rule 320. Evidence: Admissibility**. The Commission or the hearing officer may receive relevant evidence and shall exclude all evidence that is ***irrelevant***, immaterial or unduly repetitious.

The Division should not abuse their own rules. Exhibit 772 is not Relevant to Respondents case. As described above. Additionally, Exhibits 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 772, 773, 774, 775, 780 and 849 should be denied to be admitted and any testimony related to the Exhibits (711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 772, 773, 774, 775, 780 and 849) should be denied based on legal arguments as previously described above. It's obvious that the SEC and Devor don't understand what is wrong with A&C's review work papers b/c none of the SEC attorneys have audited or reviewed a public company. Devor has never audited or reviewed a public company in accordance with PCAOB standards. The PCAOB standards are the only relevant standard in this cases, which Devor can only mention "1970 APB standards" and "little books". Devor is reading and talking about sky diving but never ever being on a plane.

This is not a sufficient legal argument to consider since the Division and their own self-proclaimed Expert has all of the workpapers from A&C to evaluate Wahl's conclusions. Just like the SEC attorneys, accountants and Devor can't name one standard or law that was specifically broken, how it was broken, and tie to a credible witness or piece of evidence and show that there is a penny of investor loss. There is none.

Wahl (nor Chung) never worked for PKF, never worked with PKF on the audit working papers in question, Exhibits 772, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 773, 774, 775, 780 and 849 should never have been admitted and are not relevant to the case.

3) REVIEWS ARE NOT AUDITS:

224. PKF completed an *audit* substantially (3.5 months) after the fact when Respondents terminated Cannavest. *Not a review*. The standards are not the same for an audit when compared to a review. Not even close. *Devor lied to this court by saying "a review is only slightly less than audit." (***see P.F.F#300&241to#248***)*

PKF had *substantially more information* than Respondents were provided by Cannavest during Q1, Q2 and Q3. The March 2014 valuation report (**Exhibit 802**) which completed both a ***valuation*** and a ***purchase price allocation.*** **Exhibit 802** was the fourth purchase price allocation, completed by CannaVEST management in twelve months. If management wants to make changes to their financial statements, A&C has no obligation to stop them. There is no law that requires A&C to stop Cannavest from changing their financial statements. A&C was not the auditor of record for 2013.

PKF completed an audit for each interim reporting period (i.e. Q1, Q2 and Q3 2013). Not a review. This is critical b/c the standards are much higher for an audit than a review and there should be *no comparison* of *audit work by a subsequent auditor* with that of a *review*.

4) INVALID EXPERT TESTIMONY:

225. **Not an Expert:** With James Stewart's testimony, the SEC is trying to conveniently slip in *non-designated expert testimony and evidence*.

The SEC has their own designated expert in Devor. *This move by the SEC clearly demonstrates a lack of confidence in Devor and even the SEC recognizes that Devor is clearly incompetent, biased and Devor **never** reviewed or audited a public company in 30 years*. Devor has **never** audited or reviewed a public company in accordance with PCAOB standards. This is further evidence that the conflicted and mischaracterized testimony of the facts in this case by Devor should be dismissed immediately.

5) THE DIVISION VIOLATED FEDERAL RULES OF CIVIL PROCEDURES 26(a) (1):

226. PKF, James Stewart was not designated as an expert in this matter. PKF and James Stewart should not be allowed to provide such weight into this case, which is further supported by **Federal Rules of Civil Procedure 26(a) (1)**.

Disclosure of Expert Testimony. It Was Not Disclosed.

In General. In addition to the disclosures required by Rule 26(a)(1), a party must disclose to the other parties the identity of any witness it may use at trial to present evidence under Federal Rule of Evidence 702, 703, or 705.

Therefore, under **Federal Rule 26(a)(1) and section 702,** PKF's and James Stewarts testimony and Exhibits 772, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 773, 774, 775, 780 and 849

6) THE SEC THINKS PKF IS KPMG – NOT CREDIBLE:

227. James Stewart lacks credibility, PKF never reviewed A&C's working papers, they never found the revenue and collection issues identified in A&C's review engagements, especially, with sampling revenue; and James Stewart relied on management's projections in **Exhibit 802**, which CannaVEST missed its 5 year revenue target by

$72,554,128 (41.13%) and its 5 year net income target by $74,053,071 (184.35%) (**See P.F.F.298#**). If Stewart wasn't "reckless", he would have reviewed the working papers of A&C and then would have been able to identify these material issues. Stewart might not have been able to issue his audit report if he was made aware of all these issues. The issues identified in A&C's working papers all relate to high risk areas for an audit – valuation and purchase price accounting; convertible debt and beneficial conversion features, collection of receivables and revenue recognition.

7) PKF'S CONCERNING 2013 AUDIT REPORT:

228. The SEC brings in James Stewart and PKF for issuing an audit report using inflated projections that ultimately was issued and CannaVEST provided a 4th incorrect purchase price allocation (simply b/c management's projections were overstated by CannaVEST's "***blind ambition***" to testify against Respondents. Wahl has testified (multiple times) that based on his professional judgment, CannaVest management's projections were grossly overstated and the actual projected results (fact) confirm Wahl's appropriate professional judgment.

Wahl hadn't seen the full communications in **Exhibits 829 and 829b** until March 2020. **Exhibit 829 and 829b: Tuesday, August 13, 2013**, this is the most laughable communication in the Cannavest case. After Canote finishes his projections, Cannavest misses the projections by 49% in the third quarter of 2013 (which Canote substantially revised these projections during same third quarter in 2013). ***Canote claims, his projections are "conservative and realistic" after missing them by 49% in the same quarter.*** The SEC attorneys should read and understand the evidence they are processing. ***A reasonable, financial executive and business person clearly understand that Canote's projections are and were clearly unreliable and cannot be used as relevant and reliable information for a purchase price allocation, a valuation or a restatement of financial statements for a public company.***

8) THE SEC ATTORNEYS WOULD EAT STEWART AND THEMSELVES TO DESTROY ANOTHER ACCOUNTANT:

229. If I was James Stewart and saw the numbers. The actual numbers and the communications with Canote. I would be concerned this group of SEC attorneys would most definitely turn on him.

Not to mention PKF grossly and intentionally overstated revenues by booking samples revenue and not confirming collectability of revenues in 2013 during PKF's AUDIT (again fact).

James Stewart at PKF didn't think of the misguided projections that became the basis of the subjective and unreliable valuation reports when he completed his 2013 audit for Cannavest. He should be pulling his opinion asap b/c based on Cannavest completely missing its projections the purchase price calculations can't be correct. The statute of limitations are still open on this fraud, committed by PKF, Jimmy and Cannavest. It is open until, April 14, 2021, when under California law they need to retain the work paper documentation for seven years.

F) RICHARD CANOTE

1) IT'S EASY TO POINT THE FINGER AT SOMEONE ELSE'S ACCOUNTING DECISIONS:

Exhibit 53 Page 176 Lines 5-8:

A It's easy to point fingers at someone else' cooking, but unless you've actually been in the kitchen with them, you know, so I really don't have an opinion on how it was accounted for.

2) CANOTE PREPARED THE PHYTOSPHERE PURCHASE PRICE ALLOCATION ATLEAST 4 TIMES:

230. Canote's testimony he claims he had "***no experience in business combinations***." Yet, under Canote's guidance and being the lone financial consultant for Cannavest during the first, second and the third quarter he revised the purchase price allocation for the business combination for each quarterly review. He also prepared the projections. Then Canote confirmed that he prepared the financial statements for the December 31, 2013 audit and the quarterly restatements for Q1, Q2 and Q3. If he didn't prepare the purchase price allocation and all the business

combination reporting. Then who did? PKF couldn't do it b/c they would have to be independent and the action of preparing the business combination work for the audit would significantly impair PKF's independence. If James Stewart did complete the business combination work post PCAOB creation that would be very illegal and a heinous crime. James Stewart already has enough problems with the December 31, 2013 audit and he could lose his license if the California Board of Accounting ever found out about his actions. Todd Poling is not a CPA so he would not have the capabilities of doing this. So Canote prepared all the financial reports for Q1, Q2, Q3 and the year-end audit but claims he doesn't have the understanding of Business Combinations to complete the work he claims he completed? This appears to be nonsensical. The SEC accepted Canote's work for the 2013 audit and Q1, Q2 and Q3 restatements even though he testified that he wasn't an expert. Canote should be investigated for his contrary statements in this matter. Canote exposed Cannavest and himself to further liability by lying about his credentials then completing the work and filing it with the SEC. Never once did Canote discuss restating Q1 and Q2 with A&C. In fact it was the opposite. Canote was upset when Wahl and A&C proposed the write down in goodwill (**See Canote / Wahl Testimony and Exhibit 753**).

Exhibit 834c: This is the working paper where Canote revises the purchase price allocation for a second time. But he testified that he didn't know anything about business combinations. If he didn't know how to do this. Then why didn't he hire someone to do it? Or why and how did he revise it? He showed Wahl this package when he visited Canote in San Diego during the second quarter review. Another SEC witness that refuses to take responsibility for his work.

Exhibit 847: Q3 financial package was received October 24, 2013, where Canote revised the purchase price allocation a third time. This is also the package that A&C identified five review adjustments in the third quarter (**Exhibit 769**).

3) WAHL GETS PISSED OFF – KOCH AND WAHL FIRE CANNAVEST:

231. **Exhibit 753:** After providing A&C the information late. Canote and Wahl have a heated exchange on the phone. Then Canote copies his attorney. Canote had the valuation report. Canote never recorded the goodwill impairment ***BEFORE*** providing the financial package to A&C in October 2013. Then he starts copying their legal counsel on the emails. Obviously, a hostile response to the fact that we had to book five adjustments (**Exhibit 769**) which all five Canote should have recorded before A&C received the financial package. The sample revenue number begs the question what else was management trying to hide from A&C. A&C was only engaged to complete a review and did a good job to mitigate the exposure Cannavest management had with their responsibility for complying with US GAAP.

4) CANNAVEST PAID $35MM TO GET THINGS THAT THEY WANTED THE INTERNATIONAL CBD CONTRACTS:

Exhibit 53 Page 52 Lines 15-16:

232. **A** Whether 35 million was (not) out of the scope of reality, ***companies often pay a premium to get things that they want***.

Exhibit 53 Page 42 Lines 5-13:

What about the – the value overall of the 35 million? **A** Well, that was agreed to and – and there was an agreement that documented that $35 million, therefore, you know, the companies come up with numbers all the time as to how much the transaction is worth. It's basically a function of who – what someone is willing to pay for receiving goods. So given there was an agreement, I didn't really question the $35 million.

5) **EVEN CANOTE A SEASONED FINANCIAL EXECUTIVE FELT THE $35MM WAS FOR FAIR VALUE:**

Exhibit 53 Page 55 Lines 17-21:

233. **Q** did you or anyone question the $35 million valuation that was already given to PhytoSPHERE on the – No, because it was an agreed-upon purchase price. That was in an agreement signed between the two companies.

Exhibit 53 Page 102 Lines 23-25 and Page 103 Line 1:

A They – they settled on a price of 35 million. Whoever negotiated the agreement, the negotiations ended up with an agreement that had a number of $35 million; correct?

Exhibit 53 Page 104 Line 25 and Page 105 Lines 1-8:

Q So you bought this business. How should it be recorded on the balance sheet? **A** And – and, again, you know, I used a lot of accountants in order to assess the GAAP treatment of transactions, but from what I know is you would – you would often record assets at their market value in total. So the market value was $35 million. It was an agreed-upon price between two unrelated parties. So you've got $35 million deal and that's how it would have been recorded.

Exhibit 53 Page 106 Lines 10-17:

Q Was 35 million – because the two – so you – okay. So the two parties agreeing to it. Was the 35 million was that the fair market value? **A** According to the contract, it was. ***According to the contract, there was an agreement in place. It was a purchase agreement in place that set a value for that part of MJNA and that was $35 million***.

Exhibit 53 Page 106 Lines 21-25 and Page 107 Lines 1 – 4:

A If that's what two third party – ***two independent parties agreed to, then that's what the pric***e of the ***– that's the pric***e. There's obscene valuations – I'm not saying – I'm not saying this was an obscene valuation, but look at valuations you see every day where one company offers to bid on a multiple of the publicly traded share price of another. ***That doesn't even come close to what the market cap is, but they want it and they'll overbid for it***. So those things are – are – those happen all the time.

Exhibit 53 Page 45 Lines 13-16:

the purchase of PhytoSPHERE was one that I was – you know, as I mentioned before, I wasn't concerned with regard to anything being materially (in) correct due to the fact it was a non-cash transaction with a tight dollar.

JOHN CLEARY

1) IN Q1 AND Q2 WAHL HAD NO REASON TO NOT BELIEVE CANNAVEST MANAGEMENT AND JOHN CLEARY:

234. John Cleary brought Cannavest to Anton & Chia as a client. Wahl had built a rapport with Cleary to ensure that the Phytosphere transaction was reported correctly and had various discussions with Cleary one on one and with Cannavest management to confirm the valuation, the independent nature of the transaction and its underlying support. There was no evidence based on these discussions that the Photosphere transaction was reported incorrectly. Based on the information provided at that time by management and Cannavest's counsel. Wahl believed that the information was accurate and was true.

Exhibit 70 Page 237 Lines 21-25 and Page 238 Lines 1-7:

MS. PURPERO: What were the discussions that you had with management regarding the PhytoSPHERE transaction?
THE WITNESS: The nature of the transaction, the assets, the terms, what was the business purpose of completing the transaction. **Their counsel, who was John Cleary was involved in some of those discussions as well because he wrote the documents for the transaction, and through the quarterly review, because John had provided us a client, we had discussions with him regarding the nature of the terms of the related parties if it was a truly business combination**.

Ms. GEORGIA CHUNG (HONEST HARDWORKING AMERICAN):

Exhibit 70 Page 355 Lines 8-17:

235. Are you both -- is your wife an audit partner? WAHL: She's not involved in the business really anymore. I mean I put her in there because she's, technically, an equity partner, but she's not involved in the business. She's not involved in performing day-to-day engagement activities? WAHL: No. She hasn't been for a long time, three years, four years.[36]

Exhibit 56 Page 33 Lines 19-25 and Page 34 Lines 1-6:

Q Why did you only do the first quarter? A Oh, okay. As I explained, from the period of time, I just – I go to the office as needed basis, and I think I was – I believe I was doing the transition. So I went in as needed, and then the second quarter, I think we hired new people. So they take on the job because, again, my full-time job with – was with the kids. So I didn't get involved. Q So once your firm, Anton & Chia, hired another partner to replace you as the quality review partner, that's why you were only the quality review partner for the first quarter – A Yeah.

1) MS. CHUNG HAS MORE PCAOB PUBLIC COMPANY AUDIT EXPERIENCE THAN THE SEC's SO CALLED EXPERT:

[36] **Exhibit 54 Page 20 Lines 16-22**

The WITNESS: In the – starting 2013 and on, I don't any – I don't have any involvements in the daily operation of the firm being a duty for the partner. MS. KEVIN: But does that mean that sometimes you're still an engagement quality review partner since 2013: THE WITNESS: No.

236. Ms. Chung based on her 20 year + business and professional experience as an MBA, and CPA has the appropriate professional qualifications to be second partner for first quarter 2013 interim financial information on Form 10-Q to meet the requirements of **AS 1220: Engagement Quality Reviewer**. Ms. Chung had at that time had more current and recent public company experience than Devor and she has been involved with three successful and no comment PCAOB inspections. Three more than Devor. Devor will say anything to get his client what they want. Even though it is not supportive of the facts and mischaracterizes the PCAOB standards.

2) MS. CHUNG VALUES HER LICENSE AND HER REPUTATION:

237. Clearly Ms. Chung would not risk losing her reputation and her CPA license simply to close her eyes and sign off on the interim review. Ms. Chung testified:

Exhibit 56 Page 30 Lines 16-21

THE WITNESS: Yes, I would make a note to myself and make sure I did go through my question, and once I get the result or satisfaction from the answer, then that – that's descried, then I would check off my checklist**. So everything – I do my checklist to my satisfaction of the paper that I'm seeing or review.**

Exhibit 56 Page 31 Line 14 -21

Q As an engagement quality reviewer, when you sign off on a work paper what does your sign-off signify? A Signifies that I reviewed the – I reviewed – I reviewed all the documents that's necessary and then to my satisfaction and I did – based on professional judgements and then also the discussion with the term necessary and then to sign off the paper, to sign off the checklist.

Her 20 year work history in the highly regulated financial institution industry and independent auditing business with no regulatory issues speaks to her objectivity in completing tasks which ensure the compliance with **AS 1220.02. Objectivity**.

Exhibit 54 Page 24 Lines 13-15

Q As an engagement quality reviewer, do you ever speak to the client? A No.

3) GEORGIA CHUNG RESPONSIBLY ASSISTED TO BUILD ANTON & CHIA INTO A SUCCESSFUL FIRM:

238. A&C and Honest Hardworking Americans always ensured that for each EQR that the firm complied with **AS 1220.04** and **AS 1220.05 to .07**. Devor's independence comments relating to Chung are incorrect. She is required to be independent from the Registrant. Not her husband. That said. Ms. Chung is smart, competent with high integrity and she would only listen to Wahl unless the statements complied with US GAAP, GAAS and were legally factual. Ms. Chung would not let Wahl bully her into making a decision[37].

A&C and Honest Hardworking Americans were in compliance with **AS 1220.08**.

A **precedent** is a principle or rule established in a previous legal case that is either binding on or persuasive for a court or other tribunal when deciding subsequent cases with similar issues or facts.[1][2][3] Common-law legal systems place great value on deciding cases according to consistent principled rules, so that similar facts will yield similar and predictable outcomes, and observance of precedent is the mechanism by which that goal is attained.

Koch and Shek settled on their own accord and not in front of a jury trial as required by the seventh amendment of the constitution. Bullying Koch and Shek into a settlement because they have no options to continue is not a precedent. Their settlements should have no legal burden or bearing on Ms. Chung's intestinal fortitude to fight the SEC through all the malicious behavior against her before, during and after trial.

[37] **Exhibit 56 Page 38 Lines 10-16**

do you typically do anything to assess if there's any risks of material misstatements due to fraud? A We cure – I will look at the paper to see the planning materiality paper and then to determine and to look – again, to go back to the supporting documents to determine if it's sufficient or not, in general, yes.

4) MS. CHUNG WAS INCLUDED IN THE PLANNING PROCESS FOR THE REVIEW:

Exhibit 70 Page 237 Lines 21-25 and Page 238 Lines 1-7:

239. MS. PURPERO: What were the discussions that you had with management regarding the PhytoSPHERE transaction? THE WITNESS: The nature of the transaction, the assets, the terms, what was the business purpose of completing the transaction. Their counsel, who was John Cleary was involved in some of those discussions as well because he wrote the documents for the transaction, and through the quarterly review, because John had provided us a client, we had discussions with him regarding the nature of the terms of the related parties if it was a truly business combination.

Exhibit 70 Page 235 Lines 8-14

That's correct and part of the planning process, you know, the second partner -- individual would have been involved in insuring that the inquiries were being made as well. MS. PURPERO: ***And the second partner was Georgia Chung[38]?*** THE WITNESS: ***Yes.***

5) PCAOB STANDARDS AS CONFIRMED BY THE SEC SAY "NO REPORT. NO LIABILITY" AS CONFIRMED BY THE SUPREME COURT:

240. **PCAOB Reviews of Interim Financial Information AS4105.03 ("AS4105.03")** The Securities and Exchange Commission (SEC) requires[1] a registrant to engage an independent accountant to review the registrant's interim financial information, in accordance with this section, before the registrant files its quarterly report on Form 10-Q or Form 10-QSB. ***The SEC also requires management, with the participation of the principal executive and***

[38] **Exhibit 56 Page 34 Lines 23-24**

Q And why do you recognize it? A It's a review planning memorandum prepared by us.

financial officers (the certifying officers) to make certain quarterly and annual certifications with respect to the company's internal control over financial reporting.[2]

Anton & Chia had no responsibility for internal controls. Only Cannavest management did.

AS4105.03, continues: Although this section does not require an accountant to issue a written report on a review of interim financial information, ***the SEC requires that an accountant's review report be filed with the interim financial information if, in any filing, the entity states that the interim financial information has been reviewed by an independent public accountant***.

No Statement. No Report. No Liability. Throw the Case out. Fake and intentional case against Honest Hardworking Americans. Especially, Chung, Koch and Shek. These SEC attorneys have contempt for the rule of law in this country and are so arrogant to bring this case against innocent hard working professionals. These attorneys have embarrassed themselves, the institutions they went to school, the state bar they are associated with, the Securities and Exchange Commission, the ALJ court and first and foremost this great country that is based on the rule of law!

SAS 100 (AU 722), REVIEWS OF INTERIM FINANCIAL INFORMATION:

A) ANTON & CHIA WAS NOT ENGAGED TO COMPLETE AN AUDIT:

241. The Firm was not engaged to perform an audit. The Firm was first engaged on April 30, 2013 *after* Cannavest filed its 2012 annual Form 10-K for which another firm (Turner Stone and Company, LLP) performed the audit work. The Firm then resigned on November 14,2013. Itdid not complete or commence the 2013 audit. That audit work was performed by PKF, a third accounting firm.

B) ANTON & CHIA'S ENGAGEMENT LETTER IS VERY CLEAR THAT IT WILL NOT EXPRESS AN OPINION:

242. The Firm's engagement agreement makes it clear that its review would be in accordance with the professional requirements of Statements on Auditing Standards No. 100 (SAS 100) (SAS 100 was superseded by AU 722). As explained in Anton & Chia's engagement letter:

We shall also perform a review of the Company's interim financial statements and Form 10-Q filings for the quarters ending March 31, 2013, June 30, 2013 and September 30, 2013 in accordance with the professional requirements of SAS No. 100 ("SAS 100"). SAS 100 is the professional standard governing an independent accountant's review of interim financial information or financial statements of public entities. **The procedures for conducting a review of interim financial statements are generally limited to inquiries and analytical procedures, rather than search and verification procedures, concerning significant accounting matters relating to the financial information to be reported. Such procedures are substantially less in scope than an audit conducted in accordance with applicable PCAOB standards.** Thus, ***a SAS 100 review does not provide any assurance that all significant matters that might be uncovered in an audit will come to the accountant's attention. Accordingly, there is a risk that (i) misstatements of the Company's interim financial statements (whether from errors, fraud or other illegal acts) that could have a direct and material effect on such financial statements and (ii) significant deficiencies and/or material weaknesses in ICFR may exist and not be detected by***

us during a SAS 100 review. We will not express an opinion on the Company's interim financial statements as a result of any SAS 100 review. (emphasis added)

The SEC attorneys know the law. The PCAOB standards. Or they should. They would have a responsibility to educate themselves before they made these manufactured allegations. Wahl, Chung, Shek and Koch never had any liability from the Cannavest matter, they had A&C's engagement letter with Cannavest **BEFORE** they brought the case against Honest Hardworking Americans.

243. **Paragraph SAS 100.04,** Section 315, *Communications Between Predecessor and Successor Auditors*, requires a successor auditor to contact the entity's predecessor auditor and make inquiries of the predecessor auditor in deciding whether to accept appointment as an entity's independent auditor. **Such inquiries should be completed before accepting an engagement to perform an initial review of an entity's interim financial information**.

The inquiries with Turner Stone were **not** "required" to be completed before A&C commenced its initial review. A&C never completed an audit. The SEC's commentary in this area is a waste of taxpayers' funds.

C) DEVOR AND THE SEC DON'T UNDERSTAND THAT A REVIEW DIFFERS SIGNIFICANTLY FROM AN AUDIT:

244. The following excerpts from SAS No. 100, as amended, "Interim Financial Information" (SAS 100 highlight the substantial differences between a review and an audit:

Paragraph SAS No 100.07, "The objective of a review of interim financial information ***differs significantly*** from that of an audit conducted in accordance with generally accepted auditing standards. ***A review of interim financial information does not provide a basis for expressing an opinion about whether the financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles. A review consists principally of performing analytical procedures and making inquiries of persons responsible for financial and accounting matters, and does not contemplate (a) tests of accounting records***

through inspection, observation, or confirmation; (b) tests of controls to evaluate their effectiveness; (c) obtaining corroborating evidence in response to inquiries; or (d) performing certain other procedures ordinarily performed in an audit."

D) THE SEC CONTINUE TO MAKE ALLEGATIONS THAT ARE NOT SUPPORTED BY US GAAS STANDARDS:

245. **Paragraph SAS 100.09** "……***A review is not designed to provide assurance on internal control or to identify significant deficiencies."***

Wahl and Chung were repeatedly deposed, badgered and bullied about Cannavest's poor internal controls. Conte, Levin and Purpero were asking non-stop about segregation of duties. CannaVest had one, maybe two people in accounting of course they have a segregation of duties its obvious 75% of the small cap market have issues with segregation of duties[39].

The SEC attorneys again were attempting to overstate, mischaracterize with malice against Wahl that he did procedures incorrectly but Wahl didn't do anything wrong. Wahl never completed an audit of Cannavest and was not part of management and had no responsibility for Cannavest's internal controls.

E) THE SEC DIDN'T CORROBORATE WITH EVIDENCE THEIR ALLEGATIONS AGAINST THE US GAAS STANDARDS:

246. **Paragraph SAS 100.17** "Expectations developed by the accountant in performing ***analytical procedures in connection with a review of interim financial information ordinarily are less precise than those developed in an audit***. Also, in a review the accountant ordinarily is ***not required to corroborate management's responses with other evidence***."

[39] See P.F.F#182

F) A REVIEW PROVIDES NO REASONABLE ASSURANCE:

247. **Paragraph SAS 100.25** "***A review of interim financial information is not designed to obtain reasonable assurance that the interim financial information is free of material misstatement***."

G) THE OBJECTTIVE OF A REVIEW DIFFERS SIGNIFICANTLY FROM AN AUDIT:

248. **Paragraph SAS 100.35** "***The objective of a review differs significantly from that of an audit...Further, interim review procedures do not provide assurance that the accountant will become aware of all matters that might affect the accountant's judgments about the qualitative aspects of the entity's accounting policies and practice that would be identified as a result of an audit***."

H) AU 316 CONSIDERATION OF FRAUD IN A FINANCIAL STATEMENT AUDIT:

Description and Characteristics of Fraud

249. **Paragraph AU316.05: Fraud is a broad legal concept and auditors do not make legal determinations of whether fraud has occurred.** Rather, the auditor's interest specifically relates to acts that result in a material misstatement of the financial statements. The primary factor that distinguishes fraud from error is whether the underlying action that results in the misstatement of the financial statements is intentional or unintentional. For purposes of the section, *fraud* is an intentional act that results in a material misstatement in financial statements that are the subject of an audit.

250. **Paragraph AU316.**12 As indicated in paragraph .01, the auditor has a responsibility to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by fraud or error.[7] However, absolute assurance is not attainable and thus even a properly planned and performed audit may not detect a material misstatement resulting from fraud. A material misstatement may

not be detected because of the nature of audit evidence or because the characteristics of fraud as discussed above may cause the auditor to rely unknowingly on audit evidence that appears to be valid, but is, in fact, false and fraudulent. Furthermore, **audit procedures that are effective for detecting an error may be ineffective for detecting fraud**.

Auditors are not responsible for detecting fraud in an audit and provide no assurance in a review. There is no fraud in the CannaVEST matter however, Honest Hardworking Americans ensured that they protected investors and acted independently.

Q1 RECORDING OF THE PHYTOSPHERE TRANSACTION:

A) THE MEASUREMENT PERIOD – THE PURCHASE PRICE PROVISIONAL AMOUNTS:

251. **ASC 805 10-25-13:** *The Measurement Period*: ***If the initial accounting for a business combination is incomplete by the end of the reporting period in the which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete***.

During the measurement period, in which accordance with paragraph 805-10-25-17, the acquirer shall adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as the acquisition date that, if known, would have affected the measurement amounts recognized as of the date.

ASC 805 10-25-14: *The Measurement Period*: *During the measurement period, the acquirer also shall recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date that, if known, would resulted in the recognition of those assets and liabilities as of the date.* ***The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable.*** *However, the measurement period* ***shall not exceed one year from the acquisition date***.

Cannavest management revised its purchase price allocation in Q1, Q2, Q3 and in Q4 2013. This is in compliance with **ASC 805 10-25-13** and **ASC 805 10-25-14**. The financial statements in Q1, Q2, Q3 fully complied with US GAAP based on the information provided by management. (**See P.F.F.#352to#360)**

1) BUSINESS COMBINATIONS AND REVERSER MERGER TRANSACTIONS:

The SEC and Devor claimed that Foreclosure Solutions, Inc. was a shell company. This is not correct.

Foreclosure Solutions, Inc. was a development stage company and not a shell company. See **Exhibit 702 page 28 (F-7) third paragraph.**

252. Development Stage Activities: The Company is presently in the development stage with no significant revenues from

operations. Accordingly, all of the Company's operating results and cash flows reported in the accompanying financial statements are considered to be those related to development stage activities and represent the cumulative from inception amounts fromits development stage activities reported pursuant to Accounting Standards Codification (ASC) Topic 915-10-05, *Development Stage Entities*. The accompanying financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America (GAAP). References to GAAP are done using the Financial Accounting Standards Board ("FASB") Accounting Standards Codification™ ("ASC" or "Codification") 105, *Generally Accepted Accounting Principles* ("ASC 105").

To determine what constitutes a business, a development stage company would meet that the definition of a business and therefore it is not a shell company.

253. See the SEC Corporate Finance Reporting Manual: 2010 Determination of a Business: S-K 11-01(a):

2010.1Reporting versus Accounting - The determination of what constitutes a business **for reporting purposes** (e.g., S-X 3-05 and Item 2.01 of Form 8-K) is made by reference to the definition of a "business" in S-X 11-01(d). The determination of what constitutes a business **for accounting purposes** (e.g., whether acquired net assets constitute a business for purposes of determining whether a business combination as defined in SFAS 141R [ASC-MG] has occurred) is made by reference to SFAS 141R paragraph 3d [ASC-MG]. It is possible for the determination to be different under the two requirements. *(Last updated: 12/31/2011).*

254. The Phytosphere transaction was not treated as a reverse merger as described under Topic 12 of the SEC Corporate Finance Reporting Manual or there would be no good will recorded in the transaction. The appropriate name is a "recapitalization transaction".

255. The CannaVEST and PHtyosphere transaction was a business combination simply b/c it was a merger between Phytosphere which is a business and CannaVest which was a business as it was fully disclosed as development stage company.

2) **HIGHER VALUATIONS AND ACCESS TO LIQUIDITY:**

256. CannaVEST like the majority of public companies are able to access greater financing options and the transaction with Phytosphrere was no different.

- Secondary Offerings: The issuance of additional stock in a secondary offering.
- An exercise of warrants, where stockholders have the right to purchase additional shares in a company at predetermined prices. When many shareholders with warrants exercise their option to purchase additional shares, the company receives an infusion of capital.
- ***Private Investors: Other investors are more likely to invest in a company via a private offering of stock when a mechanism to sell their stock is in place should the company be successful.***

257. Cannavest utilize private investors as documented on ***Exhibit 710 page 7 Finanncing Activities: Proceeds from Loan from Roen Ventures of $4,780,500*** through the approximately 6.5 months that A&C was involved with CannaVEST.

In addition, the now-publicly held company obtains the benefits of public trading of its securities:

- ***Increased liquidity of company stock.***
- ***Possible higher company valuation.***

- Greater access to capital markets.
- ***Ability to acquire other companies through stock transactions.***
- Ability to use stock incentive plans to attract and retain employees.

258. The CannaVEST transaction utilized the increased liquidity of the company stock. It's not uncommon for a possible higher company valuation with a public company and that was the intent of the transaction or they would have kept Phytosphere as a private company. When analyzing the stock trades through the provisional period for the purchase price allocation. The stock traded with significant volatility indicating that it was prudent to have the collar in place to protect the investors.

3) WAHL IN DISCUSSIONS CANNAVEST MANAGEMENT CONFIRMED VARIOUS VALUATION PARAMETERS:

259. Wahl confirmed withi Mike Mona, Jr and John Creary there were various other pertinent factors that determined the valuation agreed to between Phytosphere and CannaVEST.

These valuation considerations are:

a) Phytosphere had "***the unique pharmaceutical solution with using cannabis to cure 9 various -- you know, various diseases"***, **see P.F.F# 174**.

b) Pharmaceutical Companies have higher valuations: As a whole, the publicly traded drug manufacturers have an industry average price to earnings ratio of 20.2[40]. In Q1 alone Phytosphere combined with Cannavest had a net income of $337,941 (**Exhibit 706 Page 4**) annualizing the net income provides $1,013,823 (12/4*$337,941) and multiplying it be the industry average price earnings ratio (20.2 * $1,013,823) demonstrates an estimated initial valuation $20,479,225 (rounded).

c) Goodwill is the premium paid over the market valuation of assets and liabilities: Even Canote said it was reasonable for companies to pay a premium to "but they want it and they'll overbid for it." **see P.F.F# 174**

[40] https://www fulcrum.com/valuation-guide-pharmaceuticals/ also yahoo finance.

d) Management's Projections as provided in the second quarterly review provided significant expectations of profitability and valuation (**Page 36 Exhibit 1018**). Paying a premium over the average industry multiple for the Cannabis industry with international contracts it would not be unreasonable to pay a premium for those opportunities (**see P.F.F#159&232**).

260. CannaVEST used its common stock to acquire Phytosphere but paid $975,000 cash. This is not uncommon transaction in the small cap market or even for larger companies where public companies utilize their common stock as currency to acquire companies (Garbutt, Deutchman, Letcavage, Wahl testimony). THE POWER COMPANY transaction was paid 100% with shares for 30,000,000 common shares (**see Exhibit 1116 page 2. Section 2.2a**) and the Note Receivable transaction was settled for 100% in shares for 7,500,000 common shares (**see P.F.F#363**).

B) THE PHYTOSPHERE TRANSACTION WAS PUBLICLY DISCLOSED:

261. The accounting for Cannavest's acquisition of assets of PhytoSPHERE Systems, LLC ("Phytosphere"), a subsidiary of Medical Marijuana, Inc. As disclosed in Cannavest's 2013 Form 10-K, on December 31, 2012, Cannavest (then operating as Foreclosure Solutions, Inc.) entered into an Agreement for Purchase and Sale of Assets (the "Acquisition Agreement") with Phytosphere whereby upon the closing of the transaction, Cannavest acquired certain assets of Phytosphere. The closing occurred on January 29, 2013.

During 2013, Cannavest issued 5,825,000 shares of common stock and paid $950,000 as consideration for the assets purchased. The acquisition was detailed in a Form 8-Kthat Cannavest filed withthe Commission on February 12,2013 (**Exhibit 700**).

The Form 8-K (**Exhibit 700**)disclosed that Cannavest acquired the assets, "in exchange of an aggregate payment of $35,000,000, payable in five (5) installments of **either cash or common stock** of [Cannavest], in the sole discretion of [Cannavest]." The Agreement provided that if all or part of the purchase price was ***paid by the***

issuance of Cannavest common stock, "the number of shares issuable shall be determined by reference to the closing price of [Cannavest's] common stock the day prior to issuance; provided, however, that in no event shall the price per share be greater than $6.00 per share or less than $4.50 per share."

C) THE $35,000,000 PURCHASE PRICE IS FIXED:

262. *On January 29, 2013, the Phytosphere Transaction became effective upon $50,000 in cash consideration transferred from Cannavest to Phytosphere. The Contract price was the* ***Exhibit 1100: Section 2.01*** *$35,000,000 this is the total consideration to be paid by Cannavest to Phtyosphere.*

Since, the full purchase price was not paid on day one but was determined to be paid by Section 3.02 in instalments over an eleven month period. ***Exhibit 1100 Section 3.02****: created an opposing liability for the Phytosphere transaction.*

*The mischaracterization by Devor and the SEC is that this purchase price is flexible based on the share price. This is not correct. The Contract price is fixed as confirmed by Mr. Woody of the SEC's Corporate Finance Groups (***Exhibit 1030, paragraph 2** "to reflect the contract value ($35,000,000) of this acquisition."*).*

The only items that are flexible is the ***payment of*** *the purchase price in cash or the number of shares. The number of shares are flexible based on the share price on the dates that the consideration is paid. The total $35,000,000 consideration does not change. This calculation is further supported by Shane Garbutt's testimony (***Garbutt Testimony***). **See P.F.F#153**.*

Exhibit 1100: Section 2.01 *determines that the Purchase Price is $35,000,000 (the contract price determined to be an asset) and the offsetting liability is determined by "**payable** in cash and / or stock at Buyer's discretion in accordance with Section 3.02."*

D) THE STOCK PRICE HAD NO BEARING ON DETERMINING THE PURCHASE PRICE ONLY FUTURE CASH FLOWS:

263. CannaVest CEO Michael Mona failed to disclose the related party transaction which is material to the analysis. Mona never disclosed his entire relationship with Phytosphere including that he was a consultant for Phytosphere prior to the merger claiming that this was for due diligence purposes. This was never communicated to A&C, Wahl and Chung.

The management representation letter for Q1 stated that all related-party transactions were properly disclosed. The Phytosphere acquisition was not identified as a related party transaction. The management representation letters for Q2 and Q3 made the same representation.

264. Fair Value of Consideration: A&C considered several factors in determining that the acquisition price of $35 million did not violate fair value considerations. First, the Firm considered the fact that the Acquisition Agreement itself identified $35 million as the purchase price that management represented was an arms-length transaction. Wahl testified on multiple occasions that he discussed with Mike Mona and John Cleary, Cannavest's securities counsel the purchase price for Cannavest. Wahl even spoke to John independently atleast twice to confirm the purchase price agreement and its arm's length nature ***before*** the first quarterly review was completed and filed on May 30, 2013 (**see P.F.F# 259**).

265. There was no observable evidence based on inquiry and analytics indicating that it was not an arms-length transaction. In determining the fair value of the assets acquired, the arms-length nature of the Acquisition

Agreement would be strong support for Cannavest's determination of fair value of the assets and liabilities documented in the Acquisition Agreement.

266. The consideration transferred can take on many forms, including equity interests issued by the acquirer. The acquirer measures the fair value of the issued equity instruments on the acquisition date and includes that amount as part (or all) of the consideration transferred (**ASC 805**). The equity instruments issued are often the acquirer's own common stock, especially in the small cap market (See Wahl, Garbutt Testimony). Plus, THE POWER COMPANY transaction was paid 100% with shares for 30,000,000 common shares (**see Exhibit 1116 page 2. Section 2.2a**) and the Note Receivable transaction was settled for 100% in shares for 7,500,000 common shares (**see P.F.F#363**).

267. ASC 805 explicitly states that a transaction although marketed and accepted by one buyer does not mean the transaction doesn't qualify as orderly and the fair value of the consideration between participants should not be ignored[41].

268. From February 2, 2013 to March 31, 2013, the first quarter of 2013, Cannavest had approximately 23,100 shares traded on the OTC markets (**see P.F.F#269**). The SEC counterintuitively thinks that this does not represent level 1 fair value. They think that a valuation report based on unobservable inputs and biased / faulty management projections is better than Level 1. The statements are incorrect. Level 1 fair market value analysis is always more reliable than a level III analysis. A level III analysis is a valuation report.

To further provide support for the complicated nature of accounting and disclosures is the SEC comment letter trends put together by PWC for 2018 and 2019.

[41] See P.F.F.#232&#233

3 on the list is fair value measurements b/c level 3 analysis or valuation reports from experts contain so many "unobservable" inputs and analysis have significant subjectivity that is why level 1 inputs are more reliable and relevant.

The valuation techniques and key inputs used to determine the fair value for each significant class of asset or liability, whether determined by management or a third party (e.g., independent pricing service).

The quantitative information provided for significant unobservable inputs used in Level 3 fair value measurements, including the sensitivity of the fair value measurement to changes in those significant unobservable inputs.

5 on the list is business combinations as they are a consistent area of focus for the SEC staff, with frequent comments related to:

Purchase price allocations, including questions about how fair value was determined and the key assumptions used;

The completeness of disclosures when the purchase price allocation is preliminary;

Why the registrant omitted the pro forma financial information required by ASC 805; and

Compliance with the Regulation S-X Article 11 pro forma financial information requirements for significant business combinations disclosed on Form 8-K and in certain registration statements.

6 on the list relates to goodwill and intangibles[42].

[42] https://www.pwc.com/us/en/cfodirect/publications/sec-comment-letter-trends.html

269. Below are the stock prices from yahoo finance demonstrating the prices for Cannavest that determined the payment for the liability by the collar as documented in **P.F.F# 270 to 272**. The stock price did not determine the purchase price. The purchase price was determined by arm's length transaction. The fair market value of any asset is the future cash flows that can be generated to determine the value of the assets[43].

Average Volume per Day	***Average Share Price per Day***	***Per Day Value Traded***	***Trading Days per Month***	***Monthly Value Traded***	***Annualized Value Traded***
1,027	*$ 21.26*	*$ 21,837*	*22*	*$ 480,407*	*$ 5,764,884*

CVSI - Trades from January 29, 2013 to January 28, 2014						
Date	*Open*	*High*	*Low*	*Close*	*Adj Close*	*Volume*
2/12/2013	*5*	*6*	*4.6*	*4.6*	*4.6*	*900*
2/13/2013	*4.9*	*4.9*	*4.9*	*4.9*	*4.9*	*100*
2/14/2013	*4.86*	*5*	*4.5*	*4.5*	*4.5*	*300*
2/15/2013	*4.5*	*4.5*	*4.5*	*4.5*	*4.5*	*0*
2/19/2013	*5*	*5*	*5*	*5*	*5*	*300*
2/20/2013	*5*	*5*	*5*	*5*	*5*	*1200*
2/21/2013	*5*	*5*	*5*	*5*	*5*	*0*

[43] https://www.fulcrum.com/valuation-guide-pharmaceuticals/

2/22/2013	*5*	*5*	*5*	*5*	*5*	*0*
2/25/2013	*5*	*5*	*5*	*5*	*5*	*0*
2/26/2013	*5.5*	*6.5*	*5.5*	*6.5*	*6.5*	*300*
2/27/2013	*6.5*	*6.5*	*6.5*	*6.5*	*6.5*	*100*
2/28/2013	*7*	*7*	*7*	*7*	*7*	*100*
3/1/2013	*7*	*12.5*	*7*	*12.5*	*12.5*	*4200*
3/4/2013	*14*	*35*	*14*	*29*	*29*	*4700*
3/5/2013	*28.78*	*28.78*	*24.5*	*24.5*	*24.5*	*200*
3/6/2013	*9*	*18.75*	*9*	*11*	*11*	*3500*
3/7/2013	*15*	*16*	*12.01*	*15*	*15*	*1100*
3/8/2013	*15.25*	*18.99*	*15.24*	*18.95*	*18.95*	*700*
3/11/2013	*20*	*27.95*	*20*	*21*	*21*	*2700*
3/12/2013	*21.5*	*23*	*15*	*15.25*	*15.25*	*1400*
3/13/2013	*15.26*	*15.26*	*15.26*	*15.26*	*15.26*	*200*
3/14/2013	*15.26*	*15.26*	*15.26*	*15.26*	*15.26*	*0*
3/15/2013	*15.26*	*15.26*	*15.26*	*15.26*	*15.26*	*0*
3/18/2013	*15*	*15*	*15*	*15*	*15*	*100*
3/19/2013	*14.95*	*14.95*	*14.95*	*14.95*	*14.95*	*200*
3/20/2013	*14.95*	*14.95*	*14.95*	*14.95*	*14.95*	*0*
3/21/2013	*12*	*12*	*11*	*12*	*12*	*300*
3/22/2013	*12*	*12*	*12*	*12*	*12*	*200*
3/25/2013	*12*	*12*	*12*	*12*	*12*	*0*
3/26/2013	*12.5*	*12.5*	*12.5*	*12.5*	*12.5*	*200*

3/27/2013	*12.65*	*12.65*	*12.65*	*12.65*	*12.65*	*100*
3/28/2013	*15*	*15*	*15*	*15*	*15*	*100*
4/1/2013	*15*	*15*	*15*	*15*	*15*	*0*
4/2/2013	*15.05*	*15.05*	*15.05*	*15.05*	*15.05*	*100*
4/3/2013	*15.05*	*15.05*	*15.05*	*15.05*	*15.05*	*0*
4/4/2013	*15.05*	*15.05*	*15.05*	*15.05*	*15.05*	*0*
4/5/2013	*10.5*	*10.5*	*10.5*	*10.5*	*10.5*	*100*
4/8/2013	*10.5*	*10.5*	*10.5*	*10.5*	*10.5*	*0*
4/9/2013	*10.5*	*10.5*	*10.5*	*10.5*	*10.5*	*0*
4/10/2013	*10.5*	*10.5*	*10.5*	*10.5*	*10.5*	*0*
4/11/2013	*11*	*11*	*11*	*11*	*11*	*200*
4/12/2013	*10.5*	*10.5*	*10.5*	*10.5*	*10.5*	*500*
4/15/2013	*10.5*	*10.5*	*10.5*	*10.5*	*10.5*	*0*
4/16/2013	*10.5*	*10.5*	*10.5*	*10.5*	*10.5*	*0*
4/17/2013	*12*	*15*	*12*	*15*	*15*	*200*
4/18/2013	*12.75*	*12.75*	*12*	*12*	*12*	*300*
4/19/2013	*12*	*12*	*12*	*12*	*12*	*0*
4/22/2013	*12.5*	*12.5*	*12.5*	*12.5*	*12.5*	*200*
4/23/2013	*16*	*16*	*16*	*16*	*16*	*400*
4/24/2013	*20*	*20*	*17*	*17*	*17*	*300*
4/25/2013	*17*	*20*	*17*	*20*	*20*	*400*
4/26/2013	*20*	*20*	*20*	*20*	*20*	*0*
4/29/2013	*20*	*20*	*20*	*20*	*20*	*0*

4/30/2013	*20*	*20*	*20*	*20*	*20*	*0*
5/1/2013	*20*	*20*	*20*	*20*	*20*	*0*
5/2/2013	*20*	*20*	*20*	*20*	*20*	*0*
5/3/2013	*20*	*20*	*20*	*20*	*20*	*0*
5/6/2013	*13.5*	*13.5*	*13.5*	*13.5*	*13.5*	*100*
5/7/2013	*13.5*	*13.5*	*13.5*	*13.5*	*13.5*	*0*
5/8/2013	*13.5*	*13.5*	*13.5*	*13.5*	*13.5*	*0*
5/9/2013	*13.5*	*13.5*	*13.5*	*13.5*	*13.5*	*0*
5/10/2013	*13.5*	*13.5*	*13.5*	*13.5*	*13.5*	*200*
5/13/2013	*13.5*	*13.5*	*13.5*	*13.5*	*13.5*	*0*
5/14/2013	*13.5*	*13.5*	*13.5*	*13.5*	*13.5*	*0*
5/15/2013	*13.5*	*13.5*	*13.5*	*13.5*	*13.5*	*0*
5/16/2013	*13.5*	*13.5*	*13.5*	*13.5*	*13.5*	*0*
5/17/2013	*13.5*	*13.5*	*13.5*	*13.5*	*13.5*	*0*
5/20/2013	*13.5*	*13.5*	*13.5*	*13.5*	*13.5*	*0*
5/21/2013	*10.01*	*11*	*10.01*	*11*	*11*	*600*
5/22/2013	*11*	*11*	*11*	*11*	*11*	*0*
5/23/2013	*11.11*	*11.11*	*11.11*	*11.11*	*11.11*	*400*
5/24/2013	*11.11*	*11.11*	*11.11*	*11.11*	*11.11*	*0*
5/28/2013	*11.11*	*11.11*	*11.11*	*11.11*	*11.11*	*0*
5/29/2013	*11*	*11*	*11*	*11*	*11*	*400*
5/30/2013	*11*	*11*	*11*	*11*	*11*	*0*
5/31/2013	*11*	*11*	*11*	*11*	*11*	*0*

6/3/2013	*11*	*11*	*11*	*11*	*11*	*0*
6/4/2013	*11*	*11*	*11*	*11*	*11*	*0*
6/5/2013	*11*	*11*	*11*	*11*	*11*	*0*
6/6/2013	*11*	*11*	*11*	*11*	*11*	*0*
6/7/2013	*11*	*11*	*11*	*11*	*11*	*0*
6/10/2013	*10.75*	*10.75*	*10.75*	*10.75*	*10.75*	*100*
6/11/2013	*10.75*	*10.75*	*10.75*	*10.75*	*10.75*	*0*
6/12/2013	*10.75*	*10.75*	*10.75*	*10.75*	*10.75*	*0*
6/13/2013	*10.75*	*10.75*	*10.75*	*10.75*	*10.75*	*0*
6/14/2013	*10.75*	*10.75*	*10.75*	*10.75*	*10.75*	*0*
6/17/2013	*10.75*	*10.75*	*10.75*	*10.75*	*10.75*	*0*
6/18/2013	*10.75*	*10.75*	*10.75*	*10.75*	*10.75*	*0*
6/19/2013	*10.75*	*10.75*	*10.75*	*10.75*	*10.75*	*0*
6/20/2013	*12*	*12*	*12*	*12*	*12*	*200*
6/21/2013	*12*	*12*	*11.51*	*11.51*	*11.51*	*400*
6/24/2013	*11.51*	*11.51*	*11.51*	*11.51*	*11.51*	*0*
6/25/2013	*11.51*	*11.51*	*11.51*	*11.51*	*11.51*	*0*
6/26/2013	*13.75*	*13.75*	*13.75*	*13.75*	*13.75*	*100*
6/27/2013	*13.75*	*13.75*	*13.75*	*13.75*	*13.75*	*300*
6/28/2013	*13.75*	*13.75*	*13.75*	*13.75*	*13.75*	*0*
7/1/2013	*25*	*25*	*25*	*25*	*25*	*200*
7/2/2013	*25*	*25*	*25*	*25*	*25*	*0*
7/3/2013	*20*	*20*	*20*	*20*	*20*	*200*

7/5/2013	*20*	*20*	*20*	*20*	*20*	*0*
7/8/2013	*20*	*20*	*20*	*20*	*20*	*0*
7/9/2013	*20*	*20*	*20*	*20*	*20*	*0*
7/10/2013	*20*	*20*	*20*	*20*	*20*	*0*
7/11/2013	*20*	*20*	*20*	*20*	*20*	*0*
7/12/2013	*20*	*20*	*20*	*20*	*20*	*0*
7/15/2013	*20*	*20*	*20*	*20*	*20*	*0*
7/16/2013	*12*	*12*	*12*	*12*	*12*	*200*
7/17/2013	*12*	*12*	*12*	*12*	*12*	*0*
7/18/2013	*13*	*14*	*13*	*14*	*14*	*400*
7/19/2013	*14*	*14*	*14*	*14*	*14*	*0*
7/22/2013	*14*	*14*	*14*	*14*	*14*	*0*
7/23/2013	*14*	*14*	*14*	*14*	*14*	*0*
7/24/2013	*14*	*14*	*14*	*14*	*14*	*0*
7/25/2013	*14*	*14*	*14*	*14*	*14*	*0*
7/26/2013	*14*	*14*	*14*	*14*	*14*	*0*
7/29/2013	*14*	*14*	*14*	*14*	*14*	*0*
7/30/2013	*14*	*14*	*14*	*14*	*14*	*0*
7/31/2013	*14*	*14*	*14*	*14*	*14*	*200*
8/1/2013	*14*	*14*	*14*	*14*	*14*	*0*
8/2/2013	*14*	*14*	*14*	*14*	*14*	*0*
8/5/2013	*14*	*14*	*14*	*14*	*14*	*100*
8/6/2013	*14*	*14*	*14*	*14*	*14*	*0*

8/7/2013	*14*	*14*	*14*	*14*	*14*	*0*
8/8/2013	*14*	*14*	*14*	*14*	*14*	*0*
8/9/2013	*14*	*14*	*14*	*14*	*14*	*0*
8/12/2013	*20*	*20*	*16.1*	*16.1*	*16.1*	*200*
8/13/2013	*17*	*17*	*17*	*17*	*17*	*100*
8/14/2013	*17*	*17*	*17*	*17*	*17*	*0*
8/15/2013	*17*	*17*	*17*	*17*	*17*	*0*
8/16/2013	*17*	*17*	*17*	*17*	*17*	*0*
8/19/2013	*17*	*17*	*17*	*17*	*17*	*0*
8/20/2013	*17*	*17*	*17*	*17*	*17*	*200*
8/21/2013	*17*	*17*	*17*	*17*	*17*	*0*
8/22/2013	*17*	*17*	*17*	*17*	*17*	*0*
8/23/2013	*17*	*17*	*17*	*17*	*17*	*0*
8/26/2013	*19*	*19*	*19*	*19*	*19*	*100*
8/27/2013	*19*	*19*	*19*	*19*	*19*	*0*
8/28/2013	*19.5*	*19.5*	*19.5*	*19.5*	*19.5*	*500*
8/29/2013	*20*	*20*	*20*	*20*	*20*	*600*
8/30/2013	*20*	*20*	*20*	*20*	*20*	*0*
9/3/2013	*20*	*20*	*20*	*20*	*20*	*0*
9/4/2013	*26*	*26*	*26*	*26*	*26*	*300*
9/5/2013	*26.25*	*30*	*26.25*	*30*	*30*	*200*
9/6/2013	*31*	*31*	*30*	*30*	*30*	*1000*
9/9/2013	*31.99*	*31.99*	*31.99*	*31.99*	*31.99*	*100*

9/10/2013	*31.99*	*38.5*	*31.99*	*38.5*	*38.5*	*1000*
9/11/2013	*39*	*39*	*38.5*	*38.5*	*38.5*	*500*
9/12/2013	*38.5*	*38.5*	*38.5*	*38.5*	*38.5*	*0*
9/13/2013	*39*	*39*	*38.5*	*38.5*	*38.5*	*600*
9/16/2013	*38.5*	*38.5*	*38.5*	*38.5*	*38.5*	*0*
9/17/2013	*39*	*39*	*39*	*39*	*39*	*300*
9/18/2013	*39*	*39*	*39*	*39*	*39*	*0*
9/19/2013	*39*	*39*	*39*	*39*	*39*	*0*
9/20/2013	*39*	*39*	*39*	*39*	*39*	*0*
9/23/2013	*39*	*39*	*39*	*39*	*39*	*0*
9/24/2013	*39*	*39*	*39*	*39*	*39*	*0*
9/25/2013	*39*	*39*	*39*	*39*	*39*	*0*
9/26/2013	*39*	*39*	*39*	*39*	*39*	*0*
9/27/2013	*39*	*39*	*39*	*39*	*39*	*0*
9/30/2013	*39*	*39*	*39*	*39*	*39*	*0*
10/1/2013	*39.05*	*39.05*	*39.05*	*39.05*	*39.05*	*100*
10/2/2013	*39.05*	*39.05*	*39.05*	*39.05*	*39.05*	*0*
10/3/2013	*39.05*	*39.05*	*39.05*	*39.05*	*39.05*	*0*
10/4/2013	*39.05*	*39.05*	*39.05*	*39.05*	*39.05*	*0*
10/7/2013	*39.05*	*39.05*	*39.05*	*39.05*	*39.05*	*0*
10/8/2013	*39.05*	*39.05*	*39.05*	*39.05*	*39.05*	*0*
10/9/2013	*39.05*	*39.05*	*39.05*	*39.05*	*39.05*	*0*
10/10/2013	*41*	*41*	*36*	*36*	*36*	*300*

10/11/2013	*36*	*36*	*36*	*36*	*36*	*0*
10/14/2013	*36*	*36*	*36*	*36*	*36*	*0*
10/15/2013	*36*	*36*	*36*	*36*	*36*	*0*
10/16/2013	*36*	*36*	*36*	*36*	*36*	*0*
10/17/2013	*36*	*36*	*36*	*36*	*36*	*0*
10/18/2013	*31*	*31*	*31*	*31*	*31*	*100*
10/21/2013	*31*	*31*	*31*	*31*	*31*	*0*
10/22/2013	*31*	*31*	*31*	*31*	*31*	*0*
10/23/2013	*30*	*31*	*30*	*31*	*31*	*300*
10/24/2013	*31*	*31*	*31*	*31*	*31*	*0*
10/25/2013	*31*	*31*	*31*	*31*	*31*	*100*
10/28/2013	*31*	*31*	*31*	*31*	*31*	*0*
10/29/2013	*31*	*31*	*31*	*31*	*31*	*0*
10/30/2013	*31*	*31*	*31*	*31*	*31*	*0*
10/31/2013	*31*	*31*	*31*	*31*	*31*	*400*
11/1/2013	*31*	*31*	*31*	*31*	*31*	*100*
11/4/2013	*31.5*	*31.5*	*31.5*	*31.5*	*31.5*	*100*
11/5/2013	*31.5*	*31.5*	*31.5*	*31.5*	*31.5*	*0*
11/6/2013	*31.5*	*31.5*	*31.5*	*31.5*	*31.5*	*0*
11/7/2013	*31.5*	*31.5*	*31.5*	*31.5*	*31.5*	*0*
11/8/2013	*31.5*	*31.5*	*31.5*	*31.5*	*31.5*	*0*
11/11/2013	*26*	*27*	*26*	*27*	*27*	*400*
11/12/2013	*26*	*26*	*23*	*23*	*23*	*500*

11/13/2013	*22.49*	*23*	*21.55*	*21.55*	*21.55*	*500*
11/14/2013	*21.55*	*21.55*	*21.55*	*21.55*	*21.55*	*200*
11/15/2013	*22*	*22*	*22*	*22*	*22*	*100*
11/18/2013	*22*	*22*	*22*	*22*	*22*	*200*
11/19/2013	*25.5*	*25.5*	*25.5*	*25.5*	*25.5*	*100*
11/20/2013	*25.5*	*25.5*	*25.5*	*25.5*	*25.5*	*0*
11/21/2013	*20.1*	*20.1*	*20*	*20*	*20*	*400*
11/22/2013	*21.25*	*21.25*	*19.75*	*19.75*	*19.75*	*800*
11/25/2013	*19.75*	*19.75*	*15*	*15.99*	*15.99*	*1700*
11/26/2013	*14.99*	*14.99*	*14.9*	*14.9*	*14.9*	*300*
11/27/2013	*15*	*15*	*14.9*	*14.9*	*14.9*	*500*
11/29/2013	*14.9*	*14.9*	*14.9*	*14.9*	*14.9*	*0*
12/2/2013	*15.73*	*15.73*	*15*	*15*	*15*	*400*
12/3/2013	*16*	*16*	*16*	*16*	*16*	*200*
12/4/2013	*16.2*	*16.2*	*16.2*	*16.2*	*16.2*	*200*
12/5/2013	*16.05*	*18*	*16.05*	*18*	*18*	*300*
12/6/2013	*18*	*23*	*18*	*23*	*23*	*500*
12/9/2013	*24*	*26*	*20*	*20*	*20*	*3300*
12/10/2013	*19.5*	*19.5*	*19.5*	*19.5*	*19.5*	*300*
12/11/2013	*20*	*20*	*17*	*20*	*20*	*1600*
12/12/2013	*18.75*	*18.75*	*18.75*	*18.75*	*18.75*	*300*
12/13/2013	*16.91*	*18*	*16.91*	*18*	*18*	*1400*
12/16/2013	*16*	*16*	*16*	*16*	*16*	*300*

12/17/2013	*16*	*16*	*16*	*16*	*16*	*200*
12/18/2013	*16.25*	*16.25*	*16.25*	*16.25*	*16.25*	*200*
12/19/2013	*16.05*	*16.05*	*16.05*	*16.05*	*16.05*	*300*
12/20/2013	*17.9*	*17.9*	*16.05*	*16.05*	*16.05*	*300*
12/23/2013	*17.9*	*17.9*	*16.05*	*16.05*	*16.05*	*1200*
12/24/2013	*16.3*	*17*	*16.3*	*17*	*17*	*1100*
12/26/2013	*20*	*45*	*20*	*38.9*	*38.9*	*3000*
12/27/2013	*30*	*34*	*28*	*28*	*28*	*1900*
12/30/2013	*28*	*28*	*28*	*28*	*28*	*0*
12/31/2013	*35*	*35*	*28.5*	*28.5*	*28.5*	*1000*
1/2/2014	*45*	*49.9*	*35*	*35.51*	*35.51*	*4600*
1/3/2014	*42*	*46*	*38.5*	*40.01*	*40.01*	*4300*
1/6/2014	*40.5*	*40.5*	*38*	*40.5*	*40.5*	*3700*
1/7/2014	*40.5*	*42.5*	*39*	*41*	*41*	*8100*
1/8/2014	*42.5*	*43.6*	*36*	*36*	*36*	*11200*
1/9/2014	*36.5*	*36.5*	*28*	*28.1*	*28.1*	*8900*
1/10/2014	*30*	*30*	*25.63*	*26.24*	*26.24*	*4600*
1/13/2014	*29.5*	*29.5*	*26.26*	*26.26*	*26.26*	*9200*
1/14/2014	*26.28*	*29*	*26.26*	*28.99*	*28.99*	*4500*
1/15/2014	*31*	*39*	*30*	*35*	*35*	*18400*
1/16/2014	*38.75*	*38.75*	*36*	*37.25*	*37.25*	*12300*
1/17/2014	*38.5*	*44.9*	*38.5*	*39*	*39*	*19000*
1/21/2014	*42.5*	*45*	*40.25*	*45*	*45*	*3500*

1/22/2014	*47.25*	*73*	*47.25*	*64*	*64*	*26800*
1/23/2014	*70*	*75*	*65.1*	*73*	*73*	*12100*
1/24/2014	*73*	*87*	*66*	*85.55*	*85.55*	*24500*
1/27/2014	*85*	*85.55*	*71.05*	*74*	*74*	*10900*

E) THE $35,000,000 PURCHASE PRICE CREATED AN EARNOUT LIABILITY TO BE PAID BEFORE DECEMBER 31, 2013:

270. ***Exhibit 1100: Section III Payment of Purchase Price: Section 3.01 Section 3.02****: is the payment of the liability it has no determination of the purchase price which was set. In beginning of section 2.10. The purchase price is fixed. The earn out in section 3.02 creates the liability to be recorded on Cannavest's balance sheet.*

As follows:

a) *$4,500,000 due on or before January 31, 2013.*

b) *$6,000,000 due on or before March 30, 2013.*

c) *$8,000,000 due on or before June 30, 2013.*

d) *$10,000,000 due on or before September 30, 2013.*

e) *$6,500,000 due on or before September 30, 2013*

F) THE PHYTOSPHERE ASSETS SHOULD BE EVALUATED WITH THE OPPOSINING LIABILITY:

271. The table below demonstrates the Purchase Price and Liabilities of Phytosphere looks like this as we move through the January 29, 2013 recording to each quarterly review:

	January 29, 2013	***March 31, 2013***	***June 30, 2013***	***September 30, 2013***
Line 1: Purchase Price **(EXHIBIT 1100)**	*$35,000,000*	*$35,000,000*	*$35,000,000*	*$35,000,000*
*Line 2: Payment of Purchase Price ($4.5MM+$6.75MM+$17.25MM = **Total $28,500,000 was paid by September 30, 2013**. (***Exhibit 710 Note 1, page 9, second paragraph and Note 3 page 13)	*$(-)*	*($4,500,000)*	*($6,750,000)*	*($17,250,000)*
Line 3: Other Current Liabilities – Photosphere Purchase Price – Matches 10-Q liability (Exhibit 706, Exhibit 708 and Exhibit 710 page 3)	***$35,000,000***	***$30,500,000***	***$23,750,000***	***$6,500,000***

Line 1: Reflects the total Purchase Price that does not change per the Phytosphere contract. **See P.F.F#262&#263**.

Line 3: The third line in the above ties directly to the liabilities in each quarterly review. **Exhibit 706, Exhibit 708 and Exhibit 710 page 3.**The purchase price of $35,000,000 never changes. Phytosphere and Cannavest never renegotiated the purchase price in **Exhibit 1100**.

Line 2: The $35,000,000 liability was paid in cash and stock. By September $950,000 in cash (**Exhibit 710 Note 1, page 9, second paragraph and Note 3 page 13**) and $27,550,000 in shares (**Exhibit 710 Note 1, page 9, and second paragraph and Note 3 page 13)** based on the collar prices established in **Section 3.02**. The prices to determine the number of shares issued to pay off the $35,000,000 purchase price are not arbitrary prices. They were based on a trading and active market. The terms for the collar require an active trade market to protect investors. If Cannavest shares were not in an active market then the Phytosphere agreement drafted by John Cleary and negotiated by Phytosphere and Cannavest then they could have put other terms in the contract other than the collar. They could have simply fixed the number shares and not have the collar if the market was not active. The market was active and the options were to pay the purchase price in shares or cash.

G) THE COLLAR REQUIRES AN ACTIVE STOCK MARKET FOR CANNAVEST'S STOCK TO BE EFFECTIVE AND IS REQUIRED:

272. The December 31, 2013, Form 10-K was filed on March 28, 2014. On March 31, 2014, 301,924 shares traded at prices between $22.90 per share and $40.00 per share, ultimately closing at $30.00 per share. Two weeks later, 444,494 shares traded and the stock closed at $28.60 per share. Thus, even in hindsight, looking at an active market, following the release of audited financials, the additional input of looking at the market price seems quite reasonable (**see P.F.F# 269**). According to Devor, the "stock never traded" which is a dishonest statement (**see P.F.F# 269**).

H) THE STOCK ISSUED TO PHYTOSPHERE WAS AT A SUBSTANTIAL DISCOUNT FROM MARKET = FMV:

273. The stock issued to Phytosphere as disclosed in the Form 10-Q for Q1 was issued at a value of $5.00 per share. As of the date of the filing of that 10-Q, 900,000 shares had been delivered on January 29, 2013 for a payment of $4.5 million based upon a quoted market price of $5.00 per share (**Exhibit 706 page 5**) and 1,000,000 shares had been delivered on April 1, 2013 based upon a quoted market price of $6.00 per share for payment of $6.0 million

(**Exhibit 706 page 7 1. Organize and Business – second paragraph**). As of April 1, 2013, the stock closed at $10.50 per share. The 10-Q was filed May 30, 2013. That day the stock closed at $11.11 per share, which is almost 85% to 122% over the $4.50 to $6.00 collar range for the earn out liability in the in the Phytosphere agreement (**See P.F.F # 270**). This provides a significant discount from the market value of the shares.

I) CANNAVEST MANAGEMENT'S INITITAL PURCHASE PRICE ALLOCATION:

274. The purchase price allocation provided by Cannavest to the Firm in connection with the Q1 review, further supported the $35 million valuation. Thus, the Firm's workpapers include the following information which was provided by an email from Edward Wilson ("Wilson"), then acting as Cannavest's interim CFO (**Exhibit 793**):

Here is the PhytoSPHERE agreement. I still need to meet with Mr. Mona to get the details. My computation is in Journal 6, but here are the details that I know:

1) Cash of $50,774.55

2) Accounts receivable of $396,437.50

3) Inventory of raw oil of $516,500.00

4) Equipment (film evaporator) of $1,287.95

5) The right to purchase 460 kg of CBD $11,500,000.00 (460 x $25,000)

6) Non-compete agreement of $5,000,000.00 (5 x $1,000,000)

7) Other agreements of $17,535,000.00

(8) Total $35,000,000.00.

Allocation of Assets and Liabilities ASC 805-20-25-1 requires that all identifiable assets and liabilities acquired, including identifiable intangible assets, be assigned a portion of the purchase price based on their fair values. **See P.F.F#251;#256;#259;#261;#263;#293;#309**

J) CHUNG REPRESENTS SHE COMPLIES WITH PCAOB AUDITING STANDARD 7:

275. The work of the engagement team was reviewed by Chung as EQR. Chung has testified that she had PCAOB Auditing Standard 7 for Engagement Quality Review with her to make sure she follows the standards. She testified she follows it for every review. Testimony of Georgia Chung, February 8, 2016, 110:6-11:9. **See P.F.F 236 to 240.**

K) Q1 DETAILED REVIEW OF INVOICES AND ACCOUNS RECEIVABLE:

276. Email from Wilson to Shek dated May 15, 2013 at 8:43PM ("Here is the aged accounts receivable schedule that you requested with the invoices attached."). A copy of one of the four invoices is attached hereto as Exhibit C. (Invoice from Phytosphere to Dixie Botanicals, dated March 8, 2013). **Exhibit 761** "the AR I have already provided the invoices and the list of the AR that was purchased from PhytoSPHERE." **See P.F.F#176&186**

L) WAHL COMPLETES DETAILED ANALYTICS AND UNDERSTANDS THE CANNABIS INDUSTRY:

277. Unlike Devor that recklessly takes on engagements that he has no knowledge of the industry, the business, accounting and the auditing, which is a direct violation of AICPA and Pennsylvania Codes of Professional Conduct (**See P.F.F#93to#147).**

278. Wahl testified, that the analytics employed in its Cannavest reviews included knowledge of the industry (Testimony of Gregory Wahl, January 21, 2016, 250:22-23, 264:5). He further testified that the Firm has had a number of companies in the cannabis industry as clients. (Id. at 315:7-11).

SECOND QUARTERLY REVIEW:

A) ASC 350 QUALITATIVE ASSESSMENT:

279. Devor doesn't understand the standard for ASC 350, there is a qualitative assessment before there is a requirement to do a two step test. The indicator of impairment based on qualitative factors is not b/c there is one quarter with a loss if the expectations are to become significantly profitable. Management had expectations to be profitable (**Page 36 Exhibit 1018)**.

B) MANAGEMENT'S ASSESSMENT:

280. Its management's assessment not the auditors.

Qualitative Assessment 350-20-35-3A: "*An entity may assess qualitative factors to determine whether it is more likely than not (that is, a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount, including goodwill. If it's not more likely than not then you don't need to do the two step impairment analysis.*" US GAAP requires that the entity not the auditors to complete the assessment.

C) ANTON & CHIA WERE NOT ENGAGED TO PROVIDE A REPORT:

281. an interim review the auditor is not responsible for the financial statements (**See P.F.F# 555&841**).

D) THE SECOND QUARTER ANTON & CHIA'S PROFESSIONAL JUDGEMENT COMPLIES WITH US GAAP AND GAAS:

282. Additionally, there is no requirement to complete an impairment analysis, during the period where the fair value of assets and liabilities are provisional (i.e. final purchase price allocation was not received until March 2014) unless extreme information comes to our attention. One quarterly lose, given that management had lofty revenue expectations in the second quarter would not be considered extreme and not indicator of impairment at that point of time. Again the SEC does not consider professional judgment by Honest Hardworking Americans in their analysis and therefore the SEC's statements are misleading and biased.

E) THE SECOND QUARTER ANTON & CHIA REVIEWED DETAILED INVOICES AND SALES:

283. Exhibit 843 is a Division's Exhibit. **Exhibit 843:** demonstrates A&C's diligence during the review. Obtaining invoices for sales. Plus receiving the audit package (**Exhibit 843.1**).

F) THE SECOND QUARTER CANOTE REVISED THE PHYTOSPHERE PURCHASE PRICE:

284. Exhibit 834c is a Division's Exhibit. **Exhibit 834c:** This is the working paper where Canote revises the purchase price allocation for a second time.

The Form 10-Q for Q2 2012, like the Form 10-Q for Q1 contained a note to the financial statements describing the Phytosphere acquisition. It reported that the total purchase price for the Phytosphere acquisition was $35 million. It stated that the first two installment payments previously closed and noted that Cannavest paid $750,000 in cash during the second quarter as well as issuing 1,208,334 shares on July 23, 2013 at aprice of $6.00 per share completing its third installment in the aggregate amount of $8,000,004 (**EXHIBIT 708 page 5; Page 6 and Page 7 1. Organization and business second paragraph**).

The balance sheet reflects net intangibles of almost $5 million and goodwill of almost $27 million. The decrease in the net intangibles was primarily attributed to Cannavest's recalculation of the value of the right to purchase agreement described in **Exhibit 834c. See P.F.F# 151 and 283**.

G) DEVOR'S FAVOURITE - WAHL VISITS CANNAVEST, AGAIN:

285. In addition to the review procedures performed for the Q2 review corresponding to those performed for the Q1 review, Wahl as the engagement partner visited with management and specifically discussed the Phytosphere transaction with Canote and with Mona. Wahl recalled discussing, at least with Canote, the areas under review upon which the Firm wanted to focus. Wahl testified that if he remembered correctly, they

discussed, revenues, accounts receivable, inventory and purchase price allocation. Wahl wanted to see if Cannavest was going to obtain an updated purchase price allocation evaluation by a third party. Canote agreed to obtain that valuation. Testimony of Gregory Wahl, October 27, 2015, 48:16-50:7. A&C only received an incomplete, error ridden and fake draft valuation report which was **Exhibit 1017**.

286. Accordingly, in Q2, the Firm not only performed the same type of work it conducted its review in Q1, but it further supported its work with an in person meeting between the engagement partner and the senior accounting person for Cannavest. Wahl met with Cannavest management and their legal twice before accepting the engagement (**See P.F.F#168**) Wahl explained that during the engagement he made various calls to the Firm's client and its SEC counsel to discuss relevant transactions. He was on conference calls with Shek and the client and its counsel. Thus, as with the Q1 review, the Firm satisfied itself that the necessary review procedures as further detailed in the Firm's extensive review checklists had been completed **(See P.F.F#s 314to351)**. In addition, the Firm noted further payment pursuant to the Acquisition Agreement, including a substantial cash payment **Exhibit 708 page 5; page 6 and page 7 1. Organization and business – second paragraph**. Wahl testified, among other things, the Firm looked at actual revenues and projections and found them reasonable. Wahl Testimony, 291:15-293:5. **See P.F.F#176&186.**

Q3 REVIEW AND THE TERMINATION OF CLIENT:

A) FINAL VALUATION:

287. The final valuation report **Exhibit 802** was provided to Cannavest management in March 2014. 3.5 months after Honest Hardworking Americans fired Cannavest. Honest Hardworking Americans didn't have all the information that PKF had and Cannavest changed its purchase price 4 times.

B) NO BASIS TO RESTATE AND MANAGEMENT NEVER WANTED TO RESTATE UNTIL APRIL 3, 2014:

288. SC 805 Business Combinations and ASC 820 Fair Value are the appropriate FASB standard for accounting for the Phytosphere transaction. Inherently, the SEC's argument that A&C should have restated Q1 and Q2 is fully contested by Honest Hardworking Americans and the Division's comment does not comply with US GAAP as management has the responsibility and they never wanted to restate. Management has the ultimate authority over the financial statements not A&C. (**See P.F.F#300&301**).

C) INCOMPLETE VALUATION REPORT:

289. The Firm had forced Cannavest to obtain a third party valuation. Once that was presented, the Firm caused Cannavest to accept a $28 million impairment of goodwill. In addition to the analysis presented above with respect to Q1 and Q2, it should be noted that, accounting for business combinations provides for a period of up to 12-months to adjust the purchase price allocation from provisional amounts to actual amounts as facts become known during the intervening period (**See ASC 805-10-25-14**). Unfortunately, the valuation received was only in "Draft" format and did not have a purchase price allocation. The SEC's EDGAR system would not accept draft and / or unsigned audit reports or unsigned management certifications so arguing that the auditor should accept as evidence "unsigned" and "draft" valuation reports in a review or an audit is faulty logic on behalf of these SEC's attorneys, which doesn't even comply with the EDGAR gate keeping function.

D) THE$27MM WRITE OFF THAT CANNAVEST MANAGEMENT DID NOT APPROVE:

290. The valuation report was another reason for impairing the goodwill. The Firm learned that Cannavest was not meeting its revenue targets (missed by 49%), which was the initial trigger leading impairment of the goodwill (**See P.F.F#184**). Additionally, communication from Canote indicated that Cannavest felt that the third party valuation report was not entirely accurate; corroborated by the fact Canote obtained a "draft" and "unsigned" valuation report in November 2013 (**Exhibit 1017**) and then based on the evidence provided in this matter received a final valuation report and purchase price allocation in March 2014, which is consistent with Cannavest utilizing a different valuation report for its subsequent year-end audit (**Exhibit 802**). The amounts reported as part of the acquisition in Q3 were still considered to be provisional.

291. With the knowledge that the third party valuation report was potentially not entirely accurate it would have been problematic, at best, for the Firm to utilize that report to restate Q1 and Q2 reports. Plus, **there was no purchase price allocation in the valuation report**. Therefore, the Firm acted in an appropriate exercise of its professional judgment by leaving the provisional amounts but impairing the entire amount of goodwill **Exhibit 1023**. In order to complete a restatement, A&C would need a FINAL, ACCURATE, COMPLETE, RELIABLE, AND SIGNED PURCHASE PRICE ALLOCATION.

The impairment of goodwill did not mean that there was a material error in the prior quarterly reports that needed to be corrected (**See P.F.F#174to#178**).

Given the impairment in Q3 which was fully disclosed in the Form 10-Q, the investing public had the material information available concerning the financials (**See Exhibit 710 page 5**).

E) ASC 250, ACCOUNTING CHANGES AND ERROR CORRECTION IS A US GAAP STANDARD:

292. **ASC 250, Accounting Changes and Error Correction** is a US GAAP pronouncement. In a SAS 100 review, management has the responsibility to comply with US GAAP not Anton & Chia. Therefore A&C had no responsibility to restate, only management had the responsibility since A&C was not completing an audit.

F) PHYTOSPHERE PURCHASE PRICE WAS STILL PROVISIONAL:

293. Since ASC 805 Business Combination is in effect for the Phytosphere transaction and the amounts were provisional as of Q3 2013 as management was after providing 3 different purchase price allocations was seeking to have a 4th version prepared by Vantage Point Advisors (**EXHIBIT 802**).

Under **ASC 250 -10-50-5 Change in Estimate Used in Valuation Technique** (ASC "250") "The disclosure provisions of this subtopic for a change in accounting estimate are not required for revisions resulting from a change in a valuation techniques used to measure fair value or its application when the resulting measurement is fair value in accordance with Topic 820. This would not also include **ASC 805-10-25-15** and **ASC 805-10-30-1** to **ASC 805-10-30-3**.

G) VARIOUS QUALITATIVE FACTORS THAT SUPPORT A&C NOT RESTATING:

294. . A&C and Honest Hardworking Americans couldn't restate for the following reasons:

1) No trust in Cannavest management (**See P.F.F#190**).

f) No cooperation by Cannavest management (**See P.F.F#190**).

g) Honest Hardworking Americans didn't have the correct information as of November 14, 2013 as confirmed by Cannavest management. We didn't have a final valuation report which was to be changed as represented by Canote to us before A&C let management file their Form 10-Q for the third quarter. Canote represented that A&C would receive this report in late November, December 2013(but Cannavest didn't actually receive a final

report until March 2014) which was corroborated by fact management received two revised reports in November 2013 and final in March 2014. **Exhibit 802**.

h) Don't have the new purchase price: The March 2014 report provided a fourth purchase price allocation substantially revising the purchase price again. Although, revising the purchase price during the provisional period is allowed under US GAAP **ASC 805 10-25-14**. Cannavest was in a new industry with a new management team it would be expected to see significant changes in its purchase price allocation during the "provisional period".

In the fourth purchase price allocation utilized in the 12/31/2013 balance sheet (**Exhibit 715 page F-4**). Management and PKF put goodwill back on the balance sheet at $1,855,512 as of December 31, 2013. If you consider on page 78 and 79 that Cannavest never was profitable until 2018 and missed their profitability metrics by negative $74,053,071 (or on a percentage basis negative 184.35%).

PKF and CannaVEST issued a materially misstated Form 10-K for December 31, 2013. PKF completed an audit and were "reckless" not to perform appropriate due diligence on Cannavest's projections that were the foundation of the March 2014 valuation report (**Exhibit 802**).

PKF should have "known" that the projections would be missed. Cannavest never met their projections since August 2013. Then proceeded to miss them the next 6 years. Not once. Cannavest and PKF should have never recorded the $1.85MM in goodwill. A&C wrote the goodwill completely down to zero. Even Mr. Woody from the SEC Corporate finance division said the goodwill should be zero (**Exhibit 1030**).

The November 4, 2014, comment letter with the SEC's Division of Corporate Finance states that the "During the call on September 19, 2014, Mr. Woody notified the company that the Commission disagrees with our position on the valuation recognized and accounting treatment on the Company's acquisition of Phytosphere Systems, LLC ("Phytosphere Acquisitions") as reported on Form 10-K filed on March 28, 2014 with the Commission (the "Form 10-K"); *and that the Company should restate its 2013 financial statements to reflect the contract value at $35 Million of the acquisition and record an immediate impairment of goodwill of approximately $27 million*." An immediate impairment means that goodwill is equal to zero value.

This is material b/c the adjustment of $1.85MM to write the goodwill down to zero is well over the 5% of net loss (i.e. definition of a material weakness) of $2,300,196 (or 5%*$2,300,196 =$115,009.80). The loss in the 12/31/2013 audited financial statements should have been $4,155,708 ($2,300,196 +$1,855,512).

The relevance of this analysis is simple, US GAAP provides options to assess accounting for transactions. The Phytosphere transaction had 1) A&C auditors look at the transaction; 2) PKF auditors audited the transaction; and 3) the SEC's corporate finance group reviewed the transaction. Each party 1, 2, 3 came to different conclusions under US GAAP in determining the accounting for the Phytosphere transaction. This is not fraud, scienter, or gross, negligence.

i) Management was not willing to pay A&C market rate fees (**See P.F.F#190&#191**).

j) Honest Hardworking Americans couldn't rely on the information provided by management. They never met their projections. Not once. Not even a little. See RESPONDENTS PROPOSED FACTS ON :

k) The SEC claims we should restate when we proposed the write off of goodwill. Management never once proposed the goodwill write off and even became hostile when we proposed the write off in Q3. Management never once discussed restating the results with Honest Hardworking Americans. Not once. This notion of A&C being required to restate is like were responsible for saving the Whales because we relax on the beach and not considering all facts at that time or properly delineating the responsibilities of each party.

l) No indicators for Q1 and Q2 that there was an impairment. Management's projections had lofty expectations of profitability during Q1 and Q2. Even in the "draft" valuation report received in October 2013 projections indicated substantial value (**Exhibit 1017 See Page 78**).

H) ANTON & CHIA BELIEVED THAT ANY CHANGES TO THE PURCHASE PRICE WOULD BE ADJUSTED PROSPECTIVELY THERE WAS NEVER DISCUSSIONS REGARDING RESTATEMENT:

295. Per **ASC 250**, Accounting for Change in Estimates are completed on a prospective basis. The recording of the Purchase Price was based on management's best estimate, therefore any adjustments to the Purchase Price would be on a prospective basis. This is consistent with the requirements under ASC 805, to allow changes to management's best estimates during the provisional period.

Based on the information provided to Anton & Chia, there was no indicator of impairment in Q1 and Q2 and they believed that any changes to the purchase price or valuation would have been adjusted on a prospective basis, this is similar to the conversation that A&C had with Canote when the proposed the adjustment to goodwill in the third quarter. As management wanted to make the adjustment at the end of the year and "they didn't want to write off the goodwill". (**See P.F.F#300to302**).

CRITICAL AREAS THE SEC AND DEVOR INTENTIONALLY IGNORED:

A) THE SEC & DEVOR COMPLETELY IGNORE WAHL'S REASONS FOR TERMINATING CANNAVEST AS A CLIENT:

296. John Misuraca' s testimony, when asked how often management miss their internally prepared projections. His response "80% of the time management misses its projections" (Misuraca Testimony).

The most blatant form of arrogance by the SEC and Devor is that they completely ignored Wahl's testimony that the projections were unreliable and it would be relatively easy to take a look at what was proffered as evidence by Cannavest in Q3 and then look at whether management came close to or beat those projections provided to A&C. This was Wahl's contention in Q3 that they missed their projections in the first quarter by 49%, which even James Stewart was not sure if had ever heard of that happening before **Exhibit 829 and 829b**.

The first column is from **page 36 of Exhibit 1018** this was projections that were in the FINAL not a Draft report for valuation of the Minority Interest which is in the working papers. Wahl testified that he didn't believe they can meet these projections based on my experience with their historical results. The Second column is from the 10-K filings (from sec.gov) that show the actual revenues and profits. The third column shows how badly they missed their numbers on a dollar basis. The fourth column shows how badly they missed their projections based on a % basis (**See P.F.F#299**).

B) WAHL WAS PRUDENT TO NOT BELIEVE MANAGEMENT'S PROJECTIONS WERE FEASIBLE:

297. Honest Hardworking Americans' professional judgment is confirmed to be correct to not restate the financial statements b/c Honest Hardworking Americans did not have the correct information and there was no indicators of impairment for Q1 and Q2 at the time of terminating Cannavest as a client on November 14, 2013. Honest Hardworking Americans are correct.

Management ultimately ***misses*** its August 2013 projections for ***Revenues i***n total (i.e. 2013 to 2018) by ***$153MM below projections (or negative 59.6%)***. Projected ***net income*** was a loss each year but the miss is by ***$79MM negative*** through 2013 or 2018 (**or decrease of 173.62%**). Devor and the division caste this aside but it's a very telling story that too much reliance on management's estimates especially for an auditor.

The issue here is that the management prepared projections provide all the underlying critical information that create the valuation reports. If the projections are wrong then the valuation report is completely incorrect. Wahl's background is in finance and has been involved with significant transactions and valuation matters in his career. The Division and Devor have such contempt for Wahl and Honest Hardworking Americans that they simply ignored Wahl's testimony in Exhibit 70 where he said the reasons he couldn't rely on management's numbers. Additionally, Wahl has been consistent from day one in his testimony. Conversations with management and his trial testimony. Wahl has not changed his testimony (**See P.F.F#148to197**).

C) THE SEC AND DEVOR HAVE SUCH CONTEMPT FOR HONEST HARDWORKING AMERICANS THAT THEY IGNORE FACTS, TESTIMONY, ETC.

298. If you compare the same period on **Exhibit 802** used by PKF it's a similar results. Management ultimately misses its August 2013 projections for Revenues in total (i.e. 2013 to 2018) by $153MM below projections (or negative 59.6%). Projected net income was an actual loss in the aggregate of $79MM through 2013 or 2018 (or decrease of 173.62%). The report used by PKF provides similar results, management ultimately misses its March 2014 projections for Revenues in total (i.e. 2013 to 2018) by $72MM below projections (or negative 41.13%). Projected net income was an actual loss in the aggregate of $74MM through 2013 or 2018 (or decrease of 184.35%) The representations by Honest Hardworking Americans regarding the projections and valuation reports is hardly something that should be ignored when considering Honest Hardworking Americans professional judgment and conclusions in this matter relating to the Cannavest quarterly reviews in Q1, Q2 and Q3. Honest Hardworking Americans statements and conclusions are accurate and supported by A&C's Expert John Misuraca.

Additionally, Cannavest management substantially changed its projections utilized in March 2014 for the purchase price allocation and valuation report. As Wahl testified to management wanted wait until year end to impair goodwill and management revised its valuation report not once but twice after Wahl terminated them (**see P.F.F#300to#302***)*.

Cannavest Projections vs Actual Results – 2013 to 2018

1)

Projections vs Actual - Anton & Chia, LLP work papers.

	Revenue Projections (Note Page 36 Exhibit 1018)	Actual Revenues Per 10-K Filings	(Below) Projections	Missed %	
	$	$	$		
2013	3,582,405	2,154,063	(1,428,342)	-39.87%	
	$	$	$		
2014	22,237,108	10,190,667	(12,046,441)	-54.17%	Note: Changed from $22MM to $5MM.
	$	$	$		Note: Changed from $41MM to
2015	41,181,331	11,529,402	(29,651,929)	-72.00%	$19.75MM.
	$	$	$		Note: Changed from $41MM to
2016	53,449,793	11,060,636	(42,389,157)	-79.31%	$19.75MM.
	$	$	$		
2017	64,968,557	20,679,000	(44,289,557)	-68.17%	Note: Changed from $65MM to $43MM.
	$	$	$		
2018	71,465,413	48,244,000	(23,221,413)	-32.49%	Note: Changed from $71MM to $49MM.
	$	$	$		
	256,884,607	103,857,768	(153,026,839)	-59.57%	

Projection vs Actual

	Net Income Projections (Note Page 36 Exhibit 1018)	Actual Net Income (Loss) Per 10-K Filings	(Below) Projections	Missed %
	$	$	$	
2013	(19,957)	(2,300,196)	(2,280,239)	11425.76%
	$	$	$	
2014	5,197,265	(1,311,951)	(6,509,216)	-125.24%
	$	$	$	
2015	7,203,430	(12,233,128)	(19,436,558)	-269.82%
	$	$	$	
2016	9,536,873	(14,141,298)	(23,678,171)	-248.28%
	$	$	$	
2017	11,272,725	(4,897,139)	(16,169,864)	-143.44%
	$	$	$	
2018	12,834,577	1,000,100	(11,834,477)	-92.21%
	$	$	$	
	46,024,913	(33,883,612)	(79,908,525)	-173.62%

Projections vs Actual - PKF's (James Stewart's) work papers.

	Revenue Projections (Note Page 23 Exhibit 802)	Actual Revenues Per 10-K Filings	Above (Below) Projections	Missed %	
2013	$ 2,040,446	$ 2,154,063	$ 113,617	5.57%	Note: Doesn't match filed 10-K.
2014	$ 5,029,788	$ 10,190,667	$ 5,160,879	102.61%	
2015	$ 19,725,617	$ 11,529,402	$ (8,196,215)	-41.55%	
2016	$ 34,815,276	$ 11,060,636	$ (23,754,640)	-68.23%	
2017	$ 43,335,356	$ 20,679,000	$ (22,656,356)	-52.28%	
2018	$ 71,465,413	$ 48,244,000	$ (23,221,413)	-32.49%	
	$ 176,411,896	$ 103,857,768	$ (72,554,128)	-41.13%	

Projection vs Actual

	Net Income Projections (Note Page 23 Exhibit 802)	Actual Net Income (Loss) Per 10-K Filings	(Below) Projections	Missed %	
2013	$ (396,977)	$ (2,300,196)	$ (1,903,219)	479.43%	Note: Doesn't match filed 10-K this would materially
2014	$ (241,862)	$ (1,311,951)	$ (1,070,089)	442.44%	change the present value calculations.
2015	$ 4,752,799	$ (12,233,128)	$ (16,985,927)	-357.39%	
2016	$ 10,688,270	$ (14,141,298)	$ (24,829,568)	-232.31%	
2017	$ 13,547,632	$ (4,897,139)	$ (18,444,771)	-136.15%	
2018	$ 11,819,597	$ 1,000,100	$ (10,819,497)	-91.54%	
	$ 40,169,459	$ (33,883,612)	$ (74,053,071)	-184.35%	

D) MANAGEMENT'S RESPONSIBILITY TO RESTATE NOT HONEST HARDWORKING AMERICANS:

299. **ASC 250** is a US GAAP pronouncement. Its management's responsibility for the interim financial statements. Not the auditors since there is no report issued by Honest Hardworking Americans. Honest Hardworking Americans liability is only from its report as determined by the Supreme Court. PKF and Cannavest management must agree with the conclusions raised by the Supreme Court. Especially, since PKF and Cannavest management never provided the SEC comment letters in 2014 and never contacted Honest Hardworking Americans pertaining to the restatement. If it was expected that A&C and Honest Hardworking Americans would have liability from the restatement of the 2013 quarterly reviews Cannavest management, Cannavest legal counsel and PKF would have contacted A&C and Honest Hardworking Americans. A&C and Honest Hardworking Americans were **never contacted** by Cannavest or PKF, therefore, there is no liability for Honest Hardworking Americans. **Canote was preparing all the financial information for CannaVEST during the three quarterly reviews that A&C was involved. His deposition testimony is important as he and Mike Mona had the "ultimate authority" over the financial statements. 1) They didn't want to impair the goodwill in Q3; 2) they didn't want to restate the financial statements and 3) they fully admit that they didn't have all the information to restate in Q3.**

Exhibit 53 Page 50 Lines 5-6:

Q Well, the – the – the letter – so the correspondence with the SEC started in April of 2014? Canote: This is after Cannaest filed the non-reliance and Cannavest started its disputed restatement with the SEC's Corporate Finance Division.

E) CANNAVEST ONLY WANTED TO RESTATE IF REQUIRED:

Exhibit 53 Page 108 Lines 18-25 and 109 Lines 1-2:

300. **Q** Did anyone bring up restating PhytoSPHERE on the balance sheet? **A** I do believe it was discussed amongst us all. But given ***that audits have a higher standard of review, I think everyone agreed to wait until after the audit and go back and restate if it were required***. And, again, you know, if it were required. So no one said definitively we have to restate, that I can recall. It was only after – only later was there a definitive agreement that restating would be the most prudent way to ensure accurate information.

Exhibit 53 Page 56 Lines 9-21:

Q And then what – what did you dcide to do then with this – with – now you've got this new information that it's only worth 8 million. **A** Well, then the – you know, ***we got the valuation back and we were rolling into having the audit done. So rather than discussing whether to do a restatement at that point in time, we decided to roll it into the year-end audit*** with our new auditors, PKF. And had that discussion because there was a lot of discussion with them whether it was – whether we actually recorded 35 million or the 8 for the valuation. ***The rules were not clear-cut so we had many discussions as to which – which manner of accounting was the most correct***.

F) WAHL AGREED WITH CANOTE THEY NEEDED A COMPLETE SET OF INFORMATION BEFORE RESTATING:

Exhibit 53 Page 114 Lines 11-14:

301. **A (CANOTE)** ***So any attempts to restate that without having a complete set of information would be more confusing to investors rather than getting everything pulled together and then restating***.

Exhibit 53 Page 115 Lines 7-9:

A So, you know, if they had said we needed a restatement ***I would have probably had another opinion***.

Exhibit 53 Page 121 Lines 2-8:

A let's not do something just to have to redo it again. That will be even more confusing to everyone out there. Why don't we wait until the audit. And why don't we, you know, make it happen. You know, if we need to

restate, then we'll restate. But doing it right now may actually lead to yet another restatement which we probably would end up being worse than doing on restatement."

G) CANNAVEST DIDN'T WANT TO RECORD THE IMPAIRMENT IN Q3 REVIEW PERFORMED BY A&C:

Exhibit 53 Page 116 Lines 17-18:

302. **A (Canote)** I would have rather not booked the impairment.

Exhibit 53 Page 119 Lines 21-25:

Q And was he comfortable that – **A** Was he comfortable – **Q** With the $27 million write-off. **A** No. He expressed to me his discomfort with that as I expressed to him. My discomfort with it.

H) NO NON RELIANCE ISSUED AS OF THE DATE OF JANUARY 14, 2014:

Exhibit 53 Page 124 Lines 11-14:

303. **Q** And according to the 8-K that was filed on this, they were hired on November – excuse me – January 14th, 2014? **A** Correct.

I) THE PHYTOSPHERE TRANSACTION WAS A COMPLEX TRANSACTION CONFIRMED WITH PKF NATIONAL OFFICE:

Exhibit 53 Page 127 Lines 12-19:

304. **A** there was ***a lot of discussion within PFK national office on how to best account for this***. So it wasn't like they came in one day and said, you know, hey, this is it. There was a lot of back and forth, a lot of discussion, and it went through many iterations as to what the right way to account for this was. So it was ***a complex transaction*** that went through many discussions within their firm before it was settled on what to do.

Exhibit 53 Page 138 Lines 14-17:

A It was a huge amount of discussion throughout their firm as to the best way to record it and what would represent the most accurate information.

Exhibit 53 Page 126 Lines 8-10:

A separately on the number of different occasions. I remember having numerous conversations.

J) RELIANCE ON VANTAGE POINT'S DRAFT REPORT:

305. This is nonsense. A&C and Honest Hardworking Americans wrote off the entire goodwill balance which simply matches the report. This is not an act of science. The fact it ties to the Vantage Point report does not imply that A&C and Honest Hardworking Americans relied on the "Draft" and clearly inaccurate report. Additionally, the reporting and valuation of Goodwill is financial reporting matter under **ASC 350**. It's management's responsibility not A&C's and Respondent's responsibility for interim financial statements.

Exhibit 53 Page 105 Lines 24-25 and Page 106 Line 1:

CANOTE: Okay. So you throw a bunch – if you – I bet if you send these projections out to then valuation firms, you'd come up with ten different numbers.

Even Canote confirms that the projections can be presented in a number of subsets that would provide different valuations.

K) REVIEW ADJUSTMENTS:

306. The interim financial statements are not A&C's responsibility, however, A&C still proposed five adjustments for over $27.8MM in Q3 (**Exhibit 769:**). This demonstrates that A&C had to step up to ensure management took responsibility for the financial statements. This also demonstrates that A&C had no intent for fraud, no intent for scienter, and were not reckless. A&C took every engagement seriously and ensured to comply with US GAAP and

GAAS. In fact by proposing these adjustments Honest Hardworking Americans ensured that they protected investors by making sure the financial statements looked worse than they were provided by management to A&C.

L) THE SEC INTENTIONALLY OVERSTATES THE ASSETS BY IGNORING OFFSETTING LIABILITIES:

307. On a net basis Cannavest reported the purchase price and the liability gross but they should be analyzed on a **net** basis something that is clearly not represented or discussed in the Division's press release, the OIP, the expert's report, the Divisions pre-trial briefs. On a net basis the Phytosphere transaction are clearly immaterial in Q1 and Q3 and substantially lower on a net valuation in Q2. A reasonable reader of the interim unaudited condensed consolidated financial statements for Q1, Q2 and Q3 would clearly understand that the asset exposure to Cannavest would be on a net basis. The number in Q1 and Q3 are substantially lower than net asset number reported for the 2013, year-end audit completed by PKF. Further indicating that Cannavest clearly complied with US GAAP and the reviews performed by A&C were in compliance with AU 722.

	Q1 Form 10-Q Balance Sheet	**Q2 Form 10-Q Balance Sheet**	**Q3 Form 10-Q Balance Sheet**
A) Phytosphere Purchase Price *Exhibit 1100: 2.01*	$35,000,000 (Legally Determined)	$35,000,000 (Legally Determined)	$35,000,000 (Legally Determined) Accounting Adjustment only based on goodwill write off $8,150,000
B) Phytosphere Agreement Current Liability *10-Q liability (Exhibit*	$33,656,833	$23,750,000	$6,499,998

706, Exhibit 708 and Exhibit 710 page 3)			
(A-B) = Net Asset – Phytosphere Transaction	$1,343,167	$11,250,000	$1,650,002

TERMINATION AND RESTATEMENT:

A) TERMINATION:

308. Respondents terminated Cannavest as a client on November 14, 2013 because of both the client's failure to provide accurate information and the disagreement as to Anton & chia's goodwill impairment analysis, recording the beneficial conversion feature and the free samples as revenue **Exhibit 1029**. Plus the identification of Accounts Receivable collectability matters which could have led to revenue recognition **Exhibit 1026**.

B) THE SEC'S CORP. FIN GROUP AGREES WITH ANTON & CHIA:

309. **EXHIBIT 1030:** The SEC comment letters in 2014, were transmitted substantially after Respondents terminated Cannavest as a client in March 2017. Even the SEC attorneys on this case didn't utilize the comment letters until Wahl brought them to their attention and they were not part of the OIP.

The November 4, 2014, comment letter with the SEC's Division of Corporate Finance states that the "During the call on September 19, 2014, Mr. Woody notified the company that the Commission disagrees with our position on the valuation recognized and accounting treatment on the Company's acquisition of Phytosphere Systems, LLC ("Phytosphere Acquisitions") as reported on Form 10-K filed on March 28, 2014 with the Commission (the "Form 10-K"); and that the Company should restate its 2013 financial statements to reflect the contract value at $35 Million of the acquisition and record an immediate impairment of goodwill of approximately $27 million."

The Company appealed its decision to restate its financial statements. The Commission disagreed with the Company and agreed with A&C's analysis of the fair value of the consideration. This is almost a year after Respondents terminated Cannavest as a client. "On September 19, 2014 call Mr. Woody explained that the Company could appeal the Commission's decision to restate."

Mr. Woody proposed that CannaVest management should utilize the analysis that A&C completed, except using significant hindsight to impair the goodwill on day one!

C) CANNAVEST NEVER LEGALLY CHANGED THE PHYTOSPHERE CONTRACT TO REDUCE THE PURCHASE PRICE FROM $35,000,000 to $8,000,000:

310. Cannavest management do not publicly disclose the non-reliance on the Q1, Q2 and Q3 until April 3, 2014 which is four and a half months after Anton & Chia, LLP terminated Cannavest[44].

During the time A&C was involved with Cannavest and the Phytosphere transaction. Honest Hardworking Americans have seen no evidence that management went back and renegotiated the transaction. None. There is no 8-K filed by Cannavest that they revised the purchase price with a new contract between Phytosphere and CannaVEST. Even if Cannavest did over pay there is no evidence that they did. Over payment for a transaction is not fraud (**See P.F.F#841&859**)[45]. There is no evidence that management renegotiated the deal in fact by the end of the third quarter they had paid almost $28.5MM dollars in shares and cash combined which is totally consistent with the original Phytosphere agreement (**Exhibit 710 page 6; page 7 and page 9 Note 1. Organization and Business second paragraph**).

Honest Hardworking Americans were auditors, not management, not the board of directors and were not involved with the Phytsophere transaction so they have no responsibility if CannaVEST management over paid for the transaction. It happens all the time (**See P.F.F.#300to302**)

The date of Devor's pretrial testimony (**See Exhibit 1281**), the market capitalization of Cannavest was $389,000,000 and the shares traded that day were around 1,200,000 (yahoo finance).

[44] https://www.sec.gov/Archives/edgar/data/1510964/000101968714001251/cannavest_8k.htm

[45] See P.F.F#232&233

November 26, 2019, market capitalization is $135,000,000 with over 900,000 shares traded[46].

Looks like investors performed well.

D) THE DIFFERENCE BETWEEN PKF'S AUDIT AND ANTON & CHIA'S REVIEW - $130,000:

311. In Q3, after the write down of the goodwill for almost $27,000,000. The Phytosphere Transaction was recorded at **$8,150,000** (**EXHIBIT 1017**) on the balance sheet and when Cannavest completed its review as of September 30, 2013. The value of Phytosphere was $8,020,000 (**per Form 10-K and Exhibit 802**).

Exhibit 53 Page 156 Lines 11-12:

Q "Subsequently, a valuation determines the price of the transaction" – **$8,020,000**

A&C protected investors and there were no material modifications to the financial statements based on the information provided by Cannavest management as of September 30, 2013.

E) THE SEC HATES MICRO CAP INVESTORS, OF COURSE THEY DO!:

312. **EXHIBIT 1018:** SEC's argument that A&C should have told the Company to use $.60 or $.68 cents per share with the $35,000,000 purchase price. Its pure argument not based on any fact.

First off the report drafted by Vantage Point was at August 21, 2013 and could not be used any other date (this report was a final report not a draft and based on our understanding was not amended in November 19, 2013 and March 2014). Not January 29, 2013 the date of the acquisition. The Vantage Point report was only to calculate compensation and a minority interest. As the SEC is describing, if we would have used the $.60 instead of the $4.5 to $6.0 per share collar, Phytoshpere would have significantly diluted shareholders. The use of a collar is to protect investors. The revised collar at $0.60 would never be approved by the board of directors as further supported by the resignation of Mr. Edward Wilson, CPA from the board of directors b/c he didn't agree with the $0.60 valuation, even if it was approved the dilution would destroy shareholder value and that is extremely harmful to shareholders.

[46] Yahoo finance

Reducing the collar to $0.60 would be fraudulent behavior. There would have been 58,333,333 shares issued to Phytosphere at a $0.60 value. There is sufficient authorized shares of 190,000,000 to cover this amount but only 7,900,000 shares issued at March 31, 2013. To provide some context by using the $4.50 to $6.00 collar Cannavest only issued 4,741,667 shares to Phytosphere by September 30, 2013, this is actually more prudent, fair and honorable for all shareholders. The valuation of a minority interest as determined by the Vantage Point August 21, 2013 report cannot be used to determine the valuation of the entire company that is poor finance theory. The lack of understanding of basic finance theory from the SEC is disturbing considering their formal goal is to facilitate capital formation.

Additionally, utilizing the $0.60 valuation would exceed the scope of the report and testimony from Todd Poling.

The Company would have committed fraud based on the materially misstated valuation reports that missed their projections by 49% in Q3 2013 alone and most companies miss their projections 80% of the time.

F) CANNAVEST MANAGEMENT AND PKF NEVER COMMUNICATED THE RESTATEMENTS TO ANTON &CHIA:

313. "Successor auditors are required [for privately held entities, AU-C section 510.12 or for publicly held entities, Auditing Standard (AS) 2610.21] to request that client management 1) inform a predecessor auditor whenever they become aware of information that leads to the belief that financial statements reported on by the predecessor auditor may require revision and 2) arrange for the parties to discuss this information to arrive at a consensus as to the need for restatement and to determine a course of action (including selecting from available reporting options). In addition, a successor auditor is obligated to provide any information available that the predecessor may need to make the judgments required pursuant to AU-C section 560, "Subsequent Events and Subsequently Discovered Facts" (or, for SEC issuers, AS 2905.04-.09 and 3101.72)."

Cannavest management, their legal counsel, PKF, their third party valuation firm and PKF's national office worked on the year-end financial statements for many months. Cannavest management and PKF should have communicated to Anton & Chia the potential for a restatement. However, they were more than likely advised by Procopio and PKF's National office that Anton & Chia had no liability for its review reports since they never issued an opinion on the Form 10-Qs. See **Appendix A: Review Engagements – No Auditor Liability** and **Appendix A: Restatements – No Liability**.

ANTON & CHIA'S PCAOB COMPLIANT WORKING PAPERS:

Q1 Working Papers:

A) EXHIBIT 1000: MANAGEMENT REP LETTER Q1:

314. . Management made the following representations to A&C. If they lied to A&C then the review is not valid b/c a review under AU 722 is based on inquiry and analytics only. There is no assurance in a SAS 100 or review under AU 722.

11. The Company has no plans or intentions that may materially affect the carrying value or classification of assets.

12. The following have been properly recorded or disclosed in the interim financial information:
    a. Related-party transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
    b. Significant estimates and material concentrations known to management that are required to be disclosed. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year.
    c. All adjusting journal entries during the period, including those that had a material financial impact, both individually and in the aggregate, on prior interim or annual periods.

15. There are no material transactions that have not been properly recorded in the accounting records underlying the interim financial information.

17. The Company has complied with all aspects of contractual agreements that would have a material effect on the interim financial information in the event of noncompliance.

20. The Company paid $4,500,000 to Phytosphere Systems, LLC by issuance of 900,000 shares in Q1 of 2013.
21. The assets obtained from Phytosphere System, LLC purchase agreement are recorded based on the fair value on the acquisition date on January 29, 2013.
22. We have responded truthfully and accurately to all of your inquiries.

No events or transactions other than those disclosed in the financial statements have occurred subsequent to March 31, 2013 that would require adjustment to, or disclosure in, the financial statements.

315. Management did identify that the purchase price was provisional. The purpose of that provision is that if there is new information that there could be changes to the purchase price. The point is that management can work hard and determine the initial price and determine the goodwill. If things change after the fact based on new information, then that is why companies receive 12 months to determine the purchase price allocation. You don't change the purchase price. The price is the price. Sometimes it helps in for a specialized industry such as Cannavest which was in a relatively new industry in the Cannabis space. So identifying the valuation of intangibles could take more than 6 to 8 months to determine but as long as management is providing its best estimates then that would be in accordance with US GAAP (**ASC 250 and ASC 805**). Since Cannavest was in a relatively new industry with very few comparative companies to obtain market comparable valuations, etc. It would be expected that they would take up to the full 12 months. The information provided in the initial Form 10-Qs wasn't incorrect b/c within the 12 months they adjusted and James Stewart confirmed that they completed audits for each quarterly review to determine cut off.

You can't complete an audit or a review if you don't trust management. It's impossible. It can't be done you would have to audit every single representation and even then you are getting to a world of grey that simply a lot of work. Since a review is significantly less than an audit and only inquiry and analytics. Logically if you determine that you can't trust management and they are not telling you the truth. You need to fire them. That is what Honest Hardworking Americans did.

B) Exhibit 1001: PHYTOSPHERE TRANSACTION (GARBUTT, WAHL AND MISURACA TESTIMONY)

1) 316. To record the Phytosphere transaction management would have had to record the purchase price as determined in the agreement, since the purchase price is the purchase price when between arm's length

individuals. (**See P.F.F#232&233)** Provisions 3.01, 3.02, and 3.03 dictate the sources of payment for the purchase price.

Small cap companies will typically will use shares to purchase companies since they are typically not cash rich. Very common practices (See Wahl, Garbutt, Deutchman and Halpern Testimony).

2) You would then inventory the assets and liabilities that came over as part of the agreement. Exhibit 1100 **Appendix A**. (**See P.F.F#173 and Garbutt Testimony**)

3) Then you would identify the assets and liabilities and determine their fair value and then allocate the assets and liabilities based on the estimated fair value. (**See P.F.F#173 and Garbutt Testimony**)

4) Assets like cash, accounts receivable, inventory, and trade accounts payable would come over at their cost values since the cost typically reflects their fair value.

5) Then other assets such as patents, etc. would need to be analyzed by their fair value hierarchy under ASC 820 to determine whether you could value these assets based on level 1 (as the most reliable) to level 2 which is market multiples and level 3 (the least reliable).

If there is no future cash flows associated with an intangible then you can't value that intangible based on a level 3 and the difference would be allocated to goodwill. (**See P.F.F#173 and Garbutt Testimony**)

Level 3 is a valuation report. This has a lot of unobservable inputs. The SEC Corp Fin reviews and heavily criticizes these reports.

6) The difference between all the assets and liabilities estimated at fair value would be the goodwill which could be positive or negative. In Cannavest's case it ended up being approximately $26M. Its simple math. (**See P.F.F#173 and Garbutt Testimony**)

C) EXHIBIT 1003: PLANNING MEMORANDUM:

317. The planning memorandum establishes the initial plan for the engagement. There is no requirement in AU722 and SAS 100 standard to have a planning meeting. Required planning meetings and planning memorandums was a firm wide policy for A&C. See **Exhibit 1008: Quality Control Checklist.** This policy was implemented so we would do the work above the required US GAAP and GAAS requirements. Not below it.

The Planning memorandum clearly shows all the transactions that inquiries and analytics were performed on for the first quarterly review.

We discuss analytical procedures – how they are "substantially" less than an audit in accordance with PCAOB standards.

We lay out exactly where in the working papers we are going to complete the balance sheet and income statement review. Then on Exhibits 1005 and 1006 A&C completes the required analytical procedures based on A&C's ***professional judgment***.

D) ANTON & CHIA USED THOMSON AND REUTERS AUDIT AND REVIEW METHODOLOGY:

THOMSON AND REUTERS IS A $5.5 BILLION IN REVENUE COMPANY BUT THIS GROUP OF SEC ATTORNEYS; ACCOUNTANTS AND DEVOR HAVE SUCH CONTEMPT FOR AMERICAN SMALL BUSINESS OWNERS THAT THEY THINK THEY ARE SMARTER THAN THOMSON AND REUTERS.

E) EXHIBIT 1004: CANNAVEST – BS FLUX ANALYTICS:

F) AND EXHIBIT 1005: CANNAVEST – PL FLUX ANALYSIS

318. Analytical procedures and related inquiries. The accountant ***should*** apply analytical procedures to the interim financial information to identify and provide a basis for inquiry about the relationships and individual items that appear to be unusual and that may indicate a material misstatement. Analytical procedures, for the purposes of this section, ***should*** include:

- Comparing the quarterly interim financial information with comparable information for the immediately preceding interim period and the quarterly and year-to-date interim financial information with the corresponding period(s) in the previous year, giving consideration to knowledge about changes in the entity's business and specific transactions.
- **Considering plausible** relationships among both financial and, where relevant, nonfinancial information. The accountant also may wish to consider information developed and used by the entity, for example, information in a director's information package or in a senior committee's briefing materials.

A&C lay out the standard for the review and used the PPC checklists.

A&C and Honest Hardworking Americans identify all the significant transactions in the quarter, the Phytosphere Transaction, etc.

319. A&C and Honest Hardworking Americans consulted with various advisors, firms as to how much work to do during a review. We concluded that we would follow the standards and depending on the transactions do additional inquiries and analytics to complete our review. There is no requirement for the auditor to do more in a review (**See Garbutt Testimony**) than SAS 100 (AU 722).

G) EXHIBIT 1006: THOMSON AND REUTERS IS A $5.5 BILLION IN REVENUE COMPANY BUT THIS GROUP OF SEC ATTORNEYS; ACCOUNTANTS AND DEVOR HAVE SUCH CONTEMPT FOR AMERICAN SMALL BUSINESS OWNERS THAT THEY THINK THEY ARE SMARTER THAN THOMSON AND REUTERS[47].

320. Even the PPC checklist says these inquiries ***"should"*** be completed. It doesn't say you have to complete them. There is no absolute in saying you "have to do this" and that is why the standard varies so significantly from firm to firm (**See Garbutt Testimony**).

321. **Exhibit 1006 Page 1 – Point 5**. It says **"No Unexpected Differences were noted".** This is for the entire review and each inquiry and analytic. So if the Division could have shown Shek point five on each checklist it would have confirmed that there was nothing unexpected in our reviews. Shek again further misrepresented the work completed by A&C.

Q2 WORKING PAPERS:

A) EXHIBIT 1008: QUALITY CONTROL CHECKLIST:

322. This is an A&C internally created working paper that we started to implement in 2013. This is a checklist to confirm our authorized signature and approval to issue. We developed this checklist b/c Cannavest and on a few other occasions clients either tried to issue without or consent or they actually issued the Form 10-Q and Form 10-K. We would have an independent report review. Eventually that became other managers or partners. We would have someone math check it, tie out and / or read for plain English. No fraud, no scienter, no gross negligence, no negligence. Ensuring quality US GAAP Reporting and complying with US GAAS.

[47] https://tax.thomsonreuters.com/en/accounting-solutions/audit-accounting

B) EXHIBIT 1009: MANAGEMENT REP LETTER Q2:

17. The Company has complied with all aspects of contractual agreements that would have a material effect on the interim financial information in the event of noncompliance.
18. Except where stated otherwise herein, the Company recognizes revenue in conformity with SEC Staff Accounting Bulletin ("SAB") No. 104, Revenue Recognition.
19. There is no income tax expense recorded for the period as of June 30, 2013 and a 100% valuation allowance on the related deferred tax assets.
20. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance-sheet date and have been appropriately reduced to their estimated net realizable value.
21. The Company has properly evaluated the value of goodwill and properly reported the amount that was established as the fair value of goodwill and have also considered as no impairment as of June 30, 2013 based on the projections by the Company.
22. Intangibles were properly identified to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of the Company's assets might not be recoverable and have been appropriately recorded.
23. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and course of action we expect to take. In that regard, adequate provisions have been made:
    a. To reduce deferred tax assets to amounts that is more likely than not to be realized.
    b. For any material loss to be sustained in the fulfillment of or from the inability to fulfill any sales commitments.
    c. For environmental cleanup obligations.
24. The Company paid $10,500,000 to Phytosphere Systems, LLC by issuance of 1,900,00 shares as of June 30, 2013.
25. The assets obtained from Phytosphere Systems, LLC purchase agreement are recorded based on the fair value on the acquisition date on January 29, 2013.
24. We have responded truthfully and accurately to all of your inquiries.

No events or transactions other than those disclosed in the financial statements have occurred subsequent to June 30, 2013 that would require adjustment to, or disclosure in, the financial statements.

323. **Point 17:** The Company has confirmed it has complied with all aspects of contractual agreements. This would include the Phytosphere agreement.

324. **Point 21:** ***The Company has properly evaluated the value of good will and properly reported the amount that was established as the fair value of goodwill and have also considered as no impairment as of June 30, 2013 based on the projections by the Company. This is evidentiary matter that management had projections for completion of the second quarter review. This letter is signed by Cannavest, Mona and this letter signed in August and it clearly says they had projections. This is the second quarter review. The Company met it its projections, therefore by default they met their projections for Q1 on a cumulative basis. The projection amounts would be***

corroborated by the revenues generated in the first quarter (Exhibit 705 Page 5) and second quarter statement of operations (Exhibit 708 Page 4). No fraud, no scienter, no gross negligence and no negligence.

325. **Point 22:** management also further represents that there are no impairment of intangibles.

326. **Point 23:** no other impairments or issues with the assets and liabilities.

327. **Point 24:** ***they made another payment so in compliance with the agreement. This is August 2013. There is no indication that they are over paying for Phytosphere. No indication that the valuation is impaired. There is no documentation that there should be a restatement by Management. They just met their projections as described in point 21 and future cash flows (projections) determines the valuation of the goodwill. In a quarterly review,***

328. **Point 25:** Management further represent its at fair value. Management is responsible for the financial statements.

329. **Point 26:** Management is required to tell us the truth in a review. We can only assert that based on the representations made by management that they "made their projections" and therefore the Phytosphere acquisition was appropriately valued. ***The projection amounts would be corroborated by the revenues generated in the first quarter (Exhibit 705 Page 5) and second quarter statement of operations (Exhibit 708 Page 4). No fraud, no scienter, no gross negligence and no negligence.***

You can't complete an audit or a review if you don't trust management. It's impossible.

C) EXHIBIT 1010: PLANINNG MEMORANDUM:

330. Planning memorandum in this is important b/c it's a firm standard not part of the AU722 and SAS 100 standard? Required planning meetings and planning memorandums was a firm wide policy for A&C. This policy was implemented so we would do the work above the required US GAAP and GAAS requirements. Not below it.

The Planning memorandum clearly shows all the transactions that inquiries and analytics were performed on for the first quarterly review.

We discuss analytical procedures – how they are "***substantially***" less than an audit in accordance with PCAOB standards.

We lay out exactly where in the working papers we are going to complete the balance sheet and income statement review. Then on **Exhibits 1011** and **1012**, A&C completes the required analytical procedures based on A&C's ***professional judgment***.

331. The following is from **Exhibit 1010:**

The acquisition of PhytoSPHERE SYSTEMS, LLC

On December 15, 2012, the Company entered into a Purchase and Sale of Assets Agreement (the "Agreement") with PSS whereby upon the closing of the transaction the Company was to acquire certain assets of PSS in exchange for an aggregate payment of $35,000,000 in five installments of either cash or common stock shares, as determined in the Company's sole discretion. AnC will make inquiries of management to ensure that provided financials are properly presented and repayment procedure is valid in relation to the agreement made upon acquisition.

AnC clearly identify in the planning memorandum the issues to address during the review. ***No fraud, no scienter, no gross negligence and no negligence***

D) EXHIBIT 1011: CANNAVEST - BS FLUX ANALYTICS:

E) and EXHIBIT 1012: CANNAVEST - PL FLUX ANALYTICS:

332. Document our analytics. The analytics we did was to match the Form 10-Q document and that was what I had done historically with all clients. Match the financial statements so you are looking at it from what a user of the financial statements would be looking at.

Devor hasn't audited or reviewed a public company in 30 years. Devor has ***NEVER*** audited or reviewed a public company in accordance with PCAOB standards. He wouldn't even know what the review standard is? It's like being a virgin and telling everyone your best lover in the world.

Then under oath Devor makes the most obscene and absurd statement "a review is only "slightly" less than audit." It's simply more lies from the SEC's Daubert celebrity. ***A review is substantially less than an audit (Garbutt Testimony).***

An auditor in a review is placing significant reliance on management.

F) EXHIBIT 1013: THOMSON & REUTERS HELPED MAKE ANTON & CHIA A QUALITY FIRM:

333. Even the PPC checklist says these inquiries ***"should"*** be completed. It doesn't say you have to complete them. There is no absolute in saying you "have to do this" and that is why the standard varies so significantly from firm to firm.

EXHIBIT Page 1 – Point 5. It says **"No Unexpected Differences were noted".** This is for the entire review and each inquiry and analytic. So if the Division could have shown Shek point five on each checklist it would have confirmed that there was nothing unexpected in our reviews. Shek again further misrepresented the work completed by A&C.

Q3 WORKING PAPERS:

A) EXHIBIT 1015: A&C QUALITY CONTROL CHECKLIST:

334. This is an A&C internally created working paper that we started to implement in 2013. This is a checklist to confirm our sign and approval to issue. We developed this checklist b/c Cannavest and on a few other occasions

clients either tried to issue without or consent or they actually issued the Form 10-Q and Form 10-K. We would have an independent report review. Eventually that became other managers or partners. We would have someone math check it, tie out and / or read for plain English. No fraud, no scienter, no gross negligence, no negligence. Ensuring quality US GAAP Reporting and complying with US GAAS.

B) **EXHIBIT 1016: Q3 MANAGEMENT REP LETTER:**

11. The Company has no plans or intentions that may materially affect the carrying value or classification of assets.
12. The following have been properly recorded or disclosed in the interim financial information:
    a. Related-party transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
    b. Significant estimates and material concentrations known to management that are required to be disclosed. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year.
    c. All adjusting journal entries during the period, including those that had a material financial impact, both individually and in the aggregate, on prior interim or annual periods.

335. **Paragraph 11:** The Company has no plans or intentions that may materially affect the carrying value or classification of assets.

Paragraph 12.a The following have been properly recorded or disclosed in the interim financial information. Related party transactions.

Paragraph 12.c The following have been properly recorded or disclosed in the interim financial information. All adjusting journal entries during the period, including those that had a material financial impact, both individually and in the aggregate,

14. We are not aware of any pending or threatened litigation, claims or assessments, or unasserted claims or assessments that are required to be accrued or disclosed in accordance with US GAAP, and we have not consulted a lawyer concerning litigation, claims or assessments.
15. There are no material transactions that have not been properly recorded in the accounting records underlying the interim financial information.

Paragraph 15 There are no material transactions that have not been properly recorded in the accounting records underlying the interim financial information.

17. The Company has complied with all aspects of contractual agreements that would have a material effect on the interim financial information in the event of noncompliance.
18. Except where stated otherwise herein, the Company recognizes revenue in conformity with SEC Staff Accounting Bulletin ("SAB") No. 104, Revenue Recognition.
19. There is no income tax expense recorded for the period as of September 30, 2013 and 2012 and a 100% valuation allowance on the related deferred tax assets.
20. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance-sheet date and have been appropriately reduced to their estimated net realizable value.
21. The Company has properly evaluated the value of goodwill and properly reported the amount that was established as the fair value of goodwill.
22. Intangibles were properly identified to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of the Company's assets might not be recoverable and have been appropriately recorded.
23. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and course of action we expect to take. In that regard, adequate provisions have been made:
    a. To reduce deferred tax assets to amounts that is more likely than not to be realized.
    b. For any material loss to be sustained in the fulfillment of or from the inability to fulfill any sales commitments.
    c. For environmental cleanup obligations.
24. The Company paid $28,500,002 to Phytosphere Systems, LLC by issuance of 4,741,667 shares and cash amounted to $950,000 during the nine months ended September 30, 2013.
25. The assets obtained from Phytosphere Systems, LLC purchase agreement are recorded based on the fair value on the acquisition date on January 29, 2013.
26. We presented to you the valuation report with best estimates based on reasonable and supportable assumptions and projections prepared by an independent third party stating estimated fair value of Phytosphere Systems, LLC amounted to $8,150,000 and estimated fair value of the Company's restricted common stock amounted to $0.68 per share. We agree to record the impairment loss of goodwill amounted to $26,998,125 for the nine months ended September 30, 2013.
27. We presented to you during the 3rd quarter 2013, note to Roen Ventures, LLC was revised to convertible promissory note with conversion price at $0.60 per share. We agreed to record the beneficial conversion feature based on the intrinsic value between the conversion price and estimated fair value of the Company's restricted common stock and amortize over the life of the convertible promissory note.
28. The Company represented that all the accounts receivables as of September 30, 2013 and the revenue for the nine months ended September 30, 2013 are collectible.
29. We have responded truthfully and accurately to all of your inquiries.

Paragraph 17 Complied with all contracts.

Paragraph 18. Complied with SEC SAB 104 Revenue recognition, which they missed the sample revenue adjustment but this was adjusted before the 10-Q was issued.

Paragraph 20. Carry value of receivables. Even though we had significant discussions on the collectability of the receivables.

Paragraph 21. Claims management has properly evaluated the value of goodwill and properly reported the amount that was established as the fair value of goodwill.

336. **Paragraph 24.** ***Cannavest paid $28,500,002 to Phytopshere Systems, LLC by issuance of a 4,741,667 shares and cash amounted to $950,000 during the nine months ended September 30, 2013. If you used what the Division is telling us to use. The $0.60 per share. They would have diluted shareholders by an additional 47,500,003. That's fraud. The collar did exactly what it was intended to do by minimizing shareholder exposure that is not fraud.***

The legal definition and purpose of a collar was clearly manipulated and incorrectly claimed by the SEC attorneys and Devor.

"A collar may also include an arrangement in a merger and acquisition deal that protects the buyer from significant fluctuations in the stock's price, between the time the merger begins and the time the merger is complete. **Collar agreements are utilized when mergers are financed with stock rather than cash, which can be subject to significant changes in the stock's price and affect the value of the deal to the buyer and seller**.[48]"

[48] https://www.investopedia.com/terms/c/collar-agreement.asp

The legal definition describes the collar utilized in the Phytosphere transaction. In the PHytosphere transaction the collar was utilized as a cap to the number of shares issued as the **FIXED** purchase price was paid over time. This is not uncommon since it is very common with public companies to utilize a combination of stock and cash to pay for acquisitions.

Utilizing a collar to fix the number of shares issued was to protect investors so that the CannaVEST shareholders are not materially diluted. The collar in the Phytosphere performed as contractually required and protected CannaVEST investors.

Paragraph 25. The assets obtained from Phytosphere Systems, LLC purchase agreement are recorded on the fair value on the acquisition date on January 29, 2013.

337. **Paragraph 26.** They represent that the valuation report and projections prepared estimated fair value. Well we know that wasn't the truth b/c they received two more valuation reports subsequent to A&C terminating the Cannavest.

Paragraph 28. Specific representations on accounts receivable and revenue. ***All of A&C's discussion related to revenues, collections which determine the future cash flows of the Cannavest (support for management's projections) and the valuation of the Phytosphere assets. This is not fraud, not scienter, no gross negligence, not even negligence.*** Even though Honest Hardworking Americans had significant discussions on the collectability of the receivables we were concerned about their collections, management missed their projections in Q3 by 49%. Honest Hardworking Americans proposed 5 adjustments in Q3 alone. We left. Get us out of here.

Paragraph 29. Responded truthfully and accurately to all of your inquiries.

The last two paragraphs are important b/c of the representation that no events or transactions other than those disclosed in the financial statements have occurred subsequent to November 14, 2013 that would require adjustment to or disclosure in the financial statements. Here is management's opportunity to restate. It was never discussed never brought up. Not once. Management never booked the impairment to goodwill, the adjustment to for the beneficial conversion feature (BCF) and intentionally recorded samples as revenues. Plus two other adjustments. ***The projections are the foundation for the valuation report.***

And A&C resigned on the same day November 14, 2013.

338. **Item 4.01 CHANGES IN REGISTRANT'S CERTIFYING ACCOUNTANT**

On November 14, 2013, Anton & Chia, LLP ("Anton & Chia") resigned as the independent registered public accounting firm of CannaVEST Corp. (the "Company")[49].

Our 16.1 letter was dated November 19, 2013, there was nothing that was provided or communicated to A&C that would lead us to believe that a restatement was required. We were not provided a new purchase price allocation or an updated valuation or it was not even communicated that there was any. There is no evidence of this being communicated to A&C.

C) EXHIBIT 1017: ANOTHER BS DRAFT REPORT:

[49] https://www.sec.gov/Archives/edgar/data/1510964/000101968713004517/cannavest_8k.htm

339. *This was only a draft report and could not be relied upon. This is supported by the fact that the Company received a final report on November 19, 2013 and then obtained a further valuation March 2014. There is no purchase price allocation in this report. It's a Draft and not a final report. Oh and if you write off the goodwill, which A&C told management to do. It magically ties to this report.*

D) EXHIBIT 1018: CannaVEST 8.21.2013 - ASC 718 IRC 409A Report:

340. ***The report can only be used for the deferred equity compensation and minority interest as of August 31, 2013. The projections in this report are on page 36 which I provided to Mr. Misuraca. The report was utilized to determine a minority interest and minority interests can require discount blocks of up to 80% of its fair market value. That is why you cannot use a minority interest valuation to make inferences about the liquid common stock that Cannavest had. Plus the SEC is being dishonest when they say it can be used for other purposes it cannot.***

Fair value of a purchase price allocation and its components are substantially different than a valuation for a minority interest. That is why it took Vantage Point and management until March 2014 to finalize the updated valuation report and the purchase price allocation. The final purchase prices allocation was not provided on November 14, 2013 and November 19, 2013 and therefore A&C made the correct decisions based on the information provided during their quarterly reviews.

This report has a disclaimer only for very specific purposes. Todd Poling also confirmed the scope limitation in their report during his testimony. This report can only be used for valuing a minority interest as of August 21, 2013. Page **6** clearly states "No other use is intended or inferred." But the SEC and Devor used this report to make inferences about the stock price and brought this unconstitutional case.

CannaVEST requested Vantage Point Advisors, Inc. to perform valuation services (the "Services") for financial reporting and tax reporting requirements as outlined under U.S. GAAP Codification of Accounting Standards Codification Topic 718: Compensation-Stock Compensation and the Internal Revenue Code Section 409A in relation to the valuation of privately-held equity securities issued as compensation. ***No other use is intended or inferred.***

We estimated the fair value of the Company's common stock from the perspective of a market participant transacting for a minority interest in the Company's common stock. Our analysis provides a non-marketable, minority interest in CannaVEST as of August 21, 2013.

None of the "Draft Reports" can be used as Sufficient and Appropriate Audit Evidence. **Exhibit 1018** is simply for valuing the Roen Ventures note. It has no other application and should not be used to make an inference of the valuation or market price of the shares. It is only specific for the August 21, 2013 date. No other date has applicability. The SEC has mischaracterized the Cannavest and Premier matters by using incorrect, incomplete information provided by management, third party valuation experts. This is further illustration of this bad, criminalistics behavior contributed by the SEC and that these matters should be dismissed immediately.

Additionally, when valuing a minority interest it is not uncommon for the courts to uphold a substantial discount from the market value, fair value of the shares. "A survey of selected decisions shows minority discounts in the 10% to 40% range, marketability discounts also in the 10% to 40% range, and combined discounts, where the court only gave a single number, in the 15% to 65% range." **It would be improper and aggressive to utilize the market price of the stock to value a minority interest in a public company that would be deemed a block sale**[50].

http://www.philipsaunders.com/TheFirm/Publications/ControlPremiums/tabid/96/Default.

Exhibit 53 Page 92 Line 25:

A CANOTE: Yes. CannaVEST – we had a 409A valuation done.

Exhibit 53 Page 93 Lines 1-4:

Q And what was that done for? **A CANOTE:** There were plans to ***issue stock options***, and therefore, I suggested a 409A valuation be done to make sure that ***option price*** was appropriate.

Even Richard Canote confirms that the 409-A valuation was not utilized to value the business.

E) EXHIBIT 1021: THOMSON & REUTERS HELPED MAKE ANTON & CHIA A QUALITY FIRM:

341. Even the PPC checklist says these inquiries ***"should"*** be completed. It doesn't say you have to complete them. There is no absolute in saying you "have to do this" and that is why the standard varies so significantly from firm to firm.

Page 1 – Point 5. It says **"No Unexpected Differences were noted".** This is for the entire review and each inquiry and analytic. So if the Division could have shown Shek point five on each checklist it would have confirmed that there was nothing unexpected in our reviews. Shek again further misrepresented the work completed by A&C.

F) EXHIBIT 1022: BENEFICIAL CONVERSION FEATURE:

342. THE DIVISION HAS SUCH CONTEMPT FOR SMALL AMERICAN BUSINESS AND THEY HAVE NO RESPECT FOR THE EXPERTISE IT TAKES TO BECOME AN EXPERT IN THE SMALL CAP MARKET THAT THEY BRING BOZO THE CLOWN DEVOR AND HIS BOW TIES INTO A CASE WITH THREE SMALL CAP PUBLIC COMPANIES AND HE HAS NEVER AUDITED A PUBLIC COMPANY IN ACCORDANCE WITH THE APPROPRIATE AUDITING STANDARDS FOR THIS CASE.

343. One of A&C's staff accountants calculated this. Wahl's staff accountants were some of the most well trained in the industry. Clients would call and they could have an intelligent conversation. They could discuss complicated accounting issues – derivatives, goodwill impairments, etc. b/c Wahl spared no expense in training and developing them. Most of the staff went on to bigger and better firms.

Devor didn't even know what a "BCF" was (Devor Testimony). Devor's skills are in 1970s and he is now committing fraud in 2020. Wahl tried not to laugh at him. Devor has no knowledge of small cap reporting market. None. It's really pathetic that Devor will go out of his way to destroy people for a pay check.

G) EXHIBIT 1026: CANNAVEST AR ALLOWANCE:

344. Cannavest had $1.6MM in AR. A&C completed this analysis b/c we were concerned about future cash flows. This assisted A&C with assessing future cash flows and valuation. This also allows us to determine revenue quality and whether management was properly recognizing revenue. This is questioning the legitimacy of management's representations and documenting them (no scienter). PKF had issues with Revenue Recognition in their PCAOB report and then they missed the $75,000 in free samples in their report. Logically, you don't even need to understand US GAAP that if you give something for free it's not revenue. It's so obvious.

H) EXHIBIT 710: Form 10-Q:

345. . Looking at Income Statement you can see a clear deterioration of the revenues and net income and negative cash flows of $2.8MM in Q3. This is qualitative factor for impairment. It's so obvious.

I) EHIBIT 829.b: PROJECTIONS: MANAGEMENT, CANT ACT LIKE MANAGEMENT:

346. Cannavest management couldn't even meet the projections it prepared in Q3 in the same quarter in 2013. Cannavest management said they would be making $108,000 a month in revenue and missed that target by

$160,365 in Q3? They missed by 49% in the first quarter of their created projections. That is a big miss at 49%. Dow is down 33% this week and everyone is freaking out. Massive miss by Cannavest. Management should meet the projections for the first two months but not miss the first two months. This questions the reliability of management's projections. The projections lack relevance and reliability. ***The projections provide substantially all the required information that are utilized in the valuation reports. If the projections are not accurate, relevant or reliable which they clearly were not. Then the valuation reports are invalid.***

Even James ***Stewart agreed with Wahl*** it was absurd to miss their projections.

Management prepares projections and misses them in the same quarter that they prepared them. The person that prepared them Canote thought they were "conservative".

347. Then Cannavest management provides its inflated projections to its third party valuation firm to establish pricing for a purchase price, equity financing. The valuation firm does no due diligence on the projection. PKF did no due diligence on the projections that formed the basis for the valuations.

348. The LA office of the SEC Enforcement Division is well known for bringing fraudulent cases against Honest Hardworking Americans.

349. An auditor cannot be comfortable with management if they are recording free samples as revenues in order to meet revenue targets so it can meet projections and lie to its auditors (**Exhibit 1029**).

350. An auditor can't be comfortable with management that cannot prepare reliable short term projections.

351. . If management doesn't even book their own goodwill impairment then an auditor cannot be comfortable with management (**Exhibit 1029**).

Respondents never conducted an audit (**see P.F.F#300**).

DISCLOSURES

352. During an interim review, management is responsible for the financial statements. However, to protect investors management ensured and with A&C's assistance that all material transactions were properly disclosed to make an investment decision.

A) EXHIBIT 706: **Q1 FORM 10-Q**

Page 3 - **Balance sheet** – Clearly says "unaudited". This is not misleading.

Page 3 – Balance Sheet - The Phytosphere transaction is fully disclosed on the balance sheet with total intangibles of $33,000,000 and the total remaining liability of $30,000,000.

Page 4 – Statement of Operations - Revenue $1.2MM and Profit $335K, very obvious that based on qualitative factors that there is no impairment at that time. Clearly says "unaudited". This is not misleading.

Page 5 – Statement of Changes in Stockholders' Equity (Deficit) - showed the payment of shares. In 2013, the equity statement for a review is not a required disclosure. So the additional disclosure by management is demonstrating that they were going above and beyond the US GAAP requirements. 900,000 shares for $4,500,000.

Page 6 – Statement of Cash Flows - shows the $50K paid for the transaction and that the non-cash transaction for the acquisition. So a reasonable investor could look at the agreement on the 8-K and **Exhibit 1001** and reconcile

back to the balance sheet, income statement, equity statement and the cash flow. This is not misleading. In fact it demonstrates quality disclosures.

Page 7 – 1. Organization and Business: Second Paragraph: it shows and describes the transaction in accordance with **Exhibit 1001**, which is the Phytosphere agreement and the last paragraph shows that it's in a "new" business.

Page 7 – 2. Basis of presentation – unaudited "condensed". Condensed financial statements are a summary form of a company's earnings statement, balance sheet, and cash flow statement. These statements are created to provide a quick overview of the company's financial status. Items that would normally receive several line items are condensed into one line, such as cost of goods sold or retained earnings.

It also says that they financial statements are prepared in US GAAP, GAAS and the Securities Exchange Commission. This is prepared by management.

Page 9 – ASC 820 disclosures. Again management prepared the financial statements in accordance with US GAAP. Management says that "The fair value measurements did not have a material effect on the financial statements."

B) MANAGEMENT CAREFULLY DISCLOSED GOODWILL IMPAIRMENT POLICY:

353. **Page 9 – Discloses and discusses goodwill impairment**. *We make critical assumptions and estimates in completing impairment assessments of goodwill and other intangible assets. Our cash flow projections look several years into the future and include assumptions on variables such as future sales and operating margin growth rates, economic conditions, market competition, inflation and discount rates.* ***A 10% decrease in the estimated discounted cash flows for the reporting units tested would result in an impairment that is not material to our results of operations.***

A 1.0 percentage point increase in the discount rate used would also result in an impairment that is not material to our results of operations.

Management's policy clearly elaborates on when an impairment can and would occur. Management should have proposed the goodwill in the third quarterly review. But it was A&C, not management that proposed the impairment to goodwill in the third quarter of 2013.

Page 11 Acquisition of Assets of Phytosphere Systems, LLC – fully discloses the Phytosphere transaction again.

Page 12 - Note 5 Related Party Transactions – related parties are disclosed.

Page 12 note 7 – Stockholders' Equity – Common Stock – Fully discloses all payments of equity and then references the Phytosphere liability for the payments as required (**Exhibit 1100**). This is good disclosure for investors.

Page 13 Note 10 Subsequent Events – Discloses the second payment on April 4, 2013 in the Phytosphere Agreement.

C) CANNAVEST MANAGEMENT CERTIFIED THE FINANCIAL STATEMENTS AND DISCLOSURES:

354. The SEC attorneys should read the certifications by management on these quarterly reviews. A&C did not attach any public disclosures of their representations to investors. Management made all public disclosures to investors and representations in Exhibits 31.1 and 32.13.

EX-31.1 2 cannavest ex3101.htm CERTIFICATION

EXHIBIT31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I,MichaelMona, Jr.,certifythat:

1. ***I have reviewed this quarterly report on Form 10-Q/A of CannaVEST Corp.;***

2. ***Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;***

3. ***Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;***

4. ***I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:***

- Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;

- Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

- Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

- Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. ***I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):***

- ***All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and***

- ***Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.***

Dated: May 30, 2013

By: /s/ Michael Mona, Jr.

Name Michael Mona, Jr.

EX-32.1 3 cannavest ex3201.htm CERTIFICATION

EXHIBIT32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

AND CHIEF FINANCIAL OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350

(SECTION 906 OF THE SARBANES-OXLEY ACT OF

2002)

In connection with the Quarterly Report of CannaVEST Corp. (the "Company") on Form 10-Q/A for the period ended March 31, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Mona, Jr., President, Secretary and Treasurer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

6 The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

7 The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the period covered by the Report.

Dated: May 30, 2013

By: /s/ Michael Mona, Jr.

Name: Michael Mona, Jr.

President, Secretary and Treasurer

355. **D) EXHIBIT 708: Q2 FORM 10-Q**

Page 3 - **Balance sheet** – Clearly says “unaudited”. This is not misleading.

Page 3 – Balance sheet – and throughout the entire document states that the financial statements are “condensed”.

Page 3 – Balance Sheet - The Phytosphere transaction is fully disclosed on the balance sheet with total intangibles of $33,656,833 and the total remaining liability of $30,500,000.

Page 4 – **Statement of Operations** - Revenue $1.2MM and Profit $335K, very obvious that based on qualitative factors that there is no impairment at that time. Clearly says “unaudited”. This is not misleading.

Page 5 – **Statement of Changes in Stockholders’ Equity (Deficit)** – clearly disclosed the payment of shares, as required by the Phytosphere agreement and a reasonable investor can tie back into **Exhibit 1001**. In 2013, the equity statement for a review is not a required disclosure. So the additional disclosure by management is demonstrating that they were going above and beyond the US GAAP requirements.

Page 6 – Statement of Cash Flows - shows the $50K paid for the transaction and that the non-cash transaction for the acquisition. So a reasonable investor could look at the agreement on the 8-K and **Exhibit 1001** and reconcile back to the balance sheet, income statement, equity statement and the cash flow. This is not misleading. In fact it demonstrates quality disclosures.

Page 7 – 1. Organization and Business: Second Paragraph: it shows and describes the transaction in accordance with **Exhibit 1001**, which is the Phytosphere agreement and the last paragraph shows that it’s in a “new” business.

Page 7 – 2. Basis of presentation – unaudited “condensed”. Condensed financial statements are a summary form of a company's earnings statement, balance sheet, and cash flow statement. These statements are created to provide a quick overview of the company's financial status. Items that would normally receive several line items are condensed into one line, such as cost of goods sold or retained earnings.

It also says that they financial statements are prepared in US GAAP, GAAS and the Securities Exchange Commission. This is prepared by management.

Page 7 – 3. Use of Estimates. Use of Estimates in preparing the financial statements, this implies that areas concerning fair value, thank god they used the level 1 input and not the erroneous, arbitrary, management biased and full of unobservable in puts in the level III analysis, where 80% of the time management doesn't meet its expectations. It also clearly says that "actual results could differ".

Page 9 – ASC 820 disclosures. Again management prepared the financial statements in accordance with US GAAP. Management says that "The fair value measurements did not have a material effect on the financial statements."

E) MANEGEMENT CAREFULLY DISCLOSED GOODWILLL IMPAIRMENT POLICY:

Page 9 – Discloses and discusses goodwill impairment. *We make critical assumptions and estimates in completing impairment assessments of goodwill and other intangible assets. Our cash flow projections look several years into the future and include assumptions on variables such as future sales and operating margin growth rates, economic conditions, market competition, inflation and discount rates.* ***A 10% decrease in the estimated discounted cash flows for the reporting units tested would result in an impairment that is not material to our results of operations.***

A 1.0 percentage point increase in the discount rate used would also result in an impairment that is not material to our results of operations.

Management's policy clearly elaborates on when an impairment can and would occur. Management should have proposed the goodwill in the third quarterly review. But it was A&C, not management that proposed the impairment to goodwill in the third quarter of 2013.

Page 11 Acquisition of Assets of Phytosphere Systems, LLC – fully discloses the Phytosphere transaction again.

Page 12 - Note 5 Related Party Transactions – related parties are disclosed.

Page 12 note 7 – Stockholders' Equity – Common Stock – Fully discloses all payments of equity and then references the Phytosphere liability for the payments as required. This is good disclosure for investors.

Page 13 Note 10 Subsequent Events – Discloses the second payment on April 4, 2013 in the Phytosphere Agreement.

F) CANNAVEST MANAGEMENT CERTIFIED THE FINANCIAL STATEMENTS AND DISCLOSURES:

356. The SEC attorneys should read the certifications by management on these quarterly reviews. A&C did not attach any public disclosures of their representations to investors. Management made all public disclosures to investors and representations in Exhibits 31.1 and 32.13.

EX-31.15 cannavest_10q-ex3101.htm CERTIFICATION

EXHIBIT31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I,MichaelMona, Jr.,certifythat:

1. ***I have reviewed this quarterly report on Form10-Q of CannaVEST Corp.;***

2. ***Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;***

3. ***Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;***

4 I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;

- Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

- Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

- Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. ***I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):***

- ***All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and***

- ***Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.***

Dated: August 13, 2013

By: /s/ Michael Mona, Jr.

Name Michael Mona, Jr.

President and Chief Executive Officer

EX-32.16 cannavest_10q-ex3201.htm CERTIFICATION

EXHIBIT32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

AND CHIEF FINANCIAL OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350

(SECTION 906 OF THE SARBANES OXLEY ACT OF

2002)

In connection with the Quarterly Report of CannaVEST Corp. (the "Company") on Form 10-Q for the period ended June 30, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Mona, Jr., President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. ***The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and***

2. ***The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the period covered by the Report.***

Dated: August 13, 2013

By: /s/ Michael Mona, Jr.

Name: Michael Mona, Jr.

President and Chief Executive Officer

357. **G) EXHIBIT 710: Q3 FORM 10-Q**

Page 4 - **Balance sheet** – Clearly says "unaudited". This is not misleading.

Page 4 – Balance sheet – and throughout the entire document states that the financial statements are "condensed".

H) GOODWILL IS GONE SO IS THE SEC'S CASE. READ GONE WITH THE WIND:

358. **Page 4 – Balance Sheet -** The Phytosphere transaction is fully disclosed on the balance sheet.

I) DEVOR AND THE SEC IGNORE THE FINANCIAL STATEMENT TRENDS:

359. **Page 5 – Statement of Operations** - Revenue $1.353MM and Loss $1,409,084, before the $26,998,125 impairment of goodwill, very obvious that based on qualitative factors (***declining revenues, increasing losses, slow collections of accounts receivable, not meeting projections, etc***.) that there is impairment. Clearly says "unaudited". This is not misleading.

Page 6 – Statement of Changes in Stockholders' Equity (Deficit) - showed the payment of shares. In 2013, the equity statement for a review is not a required disclosure. So the additional disclosure by management is demonstrating that they were going above and beyond the US GAAP requirements. Shows all the payments under the Phytosphere agreement.

Page 7 – Statement of Cash Flows - shows the $50K paid for the transaction and that the non-cash transaction for the acquisition. So a reasonable investor could look at the agreement on the 8-K and **Exhibit 1001** and reconcile back to the balance sheet, income statement, equity statement and the cash flow. This is not misleading. In fact it demonstrates quality disclosures.

Page 8 – 1. Organization and Business: Second Paragraph: it shows and describes the transaction in accordance with **Exhibit 1001**, which is the Phytosphere agreement and the last paragraph shows that it's in a "new" business.

Page 8 – 2. Basis of presentation – unaudited "condensed". Condensed financial statements are a summary form of a company's earnings statement, balance sheet, and cash flow statement. These statements are created to provide a quick overview of the company's financial status. Items that would normally receive several line items are condensed into one line, such as cost of goods sold or retained earnings.

It also says that they financial statements are prepared in US GAAP, GAAS and the Securities Exchange Commission. This is prepared by management.

Page 9 – 3. Use of Estimates. Use of Estimates in preparing the financial statements, this implies that areas concerning fair value, thank god they used the level 1 input and not the erroneous, arbitrary, management biased and full of unobservable in puts in the level III analysis, where 80% of the time management doesn't meet its expectations. It also clearly says that "actual results could differ".

Page 10 – ASC 820 disclosures. Again management prepared the financial statements in accordance with US GAAP. Management says that "The fair value measurements did not have a material effect on the financial statements."

Page 10 and 11 – Discloses and discusses goodwill impairment. *We make critical assumptions and estimates in completing impairment assessments of goodwill and other intangible assets. Our cash flow projections look several years into the future and include assumptions on variables such as future sales and operating margin growth rates, economic conditions, market competition, inflation and discount rates.* ***A 10% decrease in the estimated discounted cash flows for the reporting units tested would result in an impairment that is not material to our results of operations.***

A 1.0 percentage point increase in the discount rate used would also result in an impairment that is not material to our results of operations.

Management's policy clearly elaborates on when an impairment can and would occur. Management should have proposed the goodwill in the third quarterly review. But it was A&C, not management that proposed the impairment to goodwill in the third quarter of 2013.

Page 12 Note 3 - Acquisition of Assets of Phytosphere Systems, LLC – fully discloses the Phytosphere transaction again.

Page 13 note 6 – Stockholders' Equity – Common Stock – Fully discloses all payments of equity and then references the Phytosphere liability for the payments as required. This is good disclosure for investors.

J) CANNAVEST MANAGEMENT CERTIFIED THE FINANCIAL STATEMENTS AND DISCLOSURES:

360. The SEC attorneys should read the certifications by management on these quarterly reviews. A&C did not attach any public disclosures of their representations to investors. Management made all public disclosures to investors and representations in Exhibits 31.1 and 32.13.

EX-31.13 cannavest_10q-ex3101.htm CERTIFICATION

EXHIBIT31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I,MichaelMona, Jr.,certifythat:

1. ***I have reviewed this quarterly report on Form10-Q of CannaVEST Corp.;***

2. ***Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;***

3. ***Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;***

4 I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;

- Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

- Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

- Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I ***have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):***

- ***All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and***

- ***Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.***

Dated: November 14, 2013

By: /s/ Michael Mona, Jr.

Name Michael Mona, Jr.

President and Chief Executive Officer

EX-32.1 4 cannavest_10q-ex3201.htm CERTIFICATION

EXHIBIT32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

AND CHIEF FINANCIAL OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350

(SECTION 906 OF THE SARBANES-OXLEY ACT OF

2002)

In connection with the Quarterly Report of CannaVEST Corp. (the "Company") on Form 10-Q for the period ended September 30, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Mona, Jr., President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. ***The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and***

2. ***The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the period covered by the Report.***

Dated: November 14, 2013

By: /s/ Michael Mona, Jr.

Name: Michael Mona, Jr.

President and Chief Executive Officer

CANNAVEST SEC EXHIBITS THAT ARE NOT RELEVANT AND SHOULD BE DISREGARDED:

361. **Exhibit 749 – Vantage Point March 2014.** Completed 3.5 months after Honest Hardworking American sit has no bearing on the reviews completed from May 3, 2013 to November 14, 2013.

Exhibit 729 – Stock Trades: This is the most flagrant lie by the SEC attorneys and Devor. The stock trades leading up to the closing of the Phytosphere transaction have nothing to do with determining the purchase price. The purchase price in **Exhibit 1100** was determined based on the opportunity to sell CBD in international markets, which has led to substantial opportunities for companies and increased valuations in cannabis related businesses (**See Cannabis Valuations – March 27, 2020 below**).

Company	Ticker	Market Capitalization
Canopy Growth Corporation	CGC	$5.218 Billion
Tilray, Inc.	TLRY	$971.892 Million
Crones Group, Inc	CRON	$2.166 Billion
Aurora Cannabis, Inc.	ACB	$1.141 Billion

The expected opportunity to sell CBD in international markets for Cannavest provided significant value, which is consistent with the increased trading in the stock on February 12, 2013 when the form 8-K (**Exhibit 700**) was filed with the Commission. The international CBD contracts are the basis for Cannavest's projections (i.e. future value). The intrinsic value of the future business determines the purchase price of Phytosphere. Management may have been overly optimistic in its expectations but it's the future business that derives the current valuation of a business. Not the historical stock values or the fact that Foreclosure Solutions, Inc the public company that Phytosphere merged into was a development stage company (**See Reverse Merger Discussion Below**). Take a look

at the projections in **Exhibit 802** or **pages 78** and **79**. They show or demonstrate ***future revenue***. Not historical. Cannavest is in the business of developing, marketing and selling consumer products containing the hemp plant extract, Cannabidoil (CBD), as well as reselling raw product it acquires pursuant to supply relationships in Europe.

Even in determining the purchase price allocation, the stock price argument is nor relevant. The purchase price allocation and valuation of intangibles are not valued by the stock. They are valued by either internal methods as determined by management (i.e. accounts receivable history, inventory cost invoices) or by forecasted valuations and third party market comparables when it comes to intangibles in the form of patents, trademarks, non-competes, etc. The intangibles can be valued by management or by a third party valuation group but are materially dependent on management's prudent forecasts or projections of revenues and expenses.

According to Devor and the SEC. Cannavest would be the first stock price that is not valued on future revenues, growth opportunities and cash flows. This demonstrates Devor's and the SEC attorneys on this case their lack of understanding of basic finance, valuations and the Cannabis industry.

Exhibit 752 – Email – even if the firm is "pretty good" the underlying numbers come from the projections made by management. Management's projections are not good. Then the numbers in the valuation report can't be very good. They can't. Garbage in = Garbage Out[51].

Exhibits 771 and 772: Are fake working papers.

[51] **Exhibit 53 Page 105 Lines 24-25 and Page 106 Line 1:**

CANOTE: Okay. So you throw a bunch – if you – I bet if you send these projections out to then ("10") valuation firms, you'd come up with ten different numbers.

Exhibit 798: Draft report is clearly fake b/c Christian Dougherty writes fake reports and doesn't complete any due diligence on the underlying numbers that go into the report. Garbage in Garbage out.

Exhibit 845: Christian Dougherty is trying to create the fraud with the valuation reports says the "*significant increase in new products*" so he can increase the projections that Cannavest never met. The communication was never provided to Honest Hardworking Americans. If Honest Hardworking Americans were aware of these facts then that would have more than likely changed their position on how they would have terminated Cannavest. Honest Hardworking Americans would more than likely have rescinded the Q1 and Q2 reviews, even worse than a restatement.

PREMIER:

A) GREGORY WAHL:

1) WAHL AND LETCAVAGE CONFIRM THE VALUATION BEFORE THE AUDIT REPORT WAS ISSUED:

Exhibit 46 Page 54 Lines 12-18:

362. Did you have any conversation with Mr. Letcavage regarding the valuation of the note***? I believe we had a phone conversation.*** What was the substance of that conversation? ***I don't remember specifics, but if I remember correctly, it was – you know, we felt the numbers were appropriate.***

Exhibit 46 Page 55 Lines 3-18:

What did Mr. Letcavage say in that phone call? I can't remember specifics. Do you remember generally***? I believe that we discussed, you know, the 869 and the valuation and felt that, at that point in time, it was -- based on the information that we were provided, that that was a fair number***.

Exhibit 46 Page 106 Lines 14-25:

363. ***we*** looked at the looked at the valuation report and ***got comfortable with the 869***. But ***what I did is I took the consideration that they received, which is the 7.5 million shares, and looked at what the stock price was on the date that they settled, which was about 13 cents. And we looked at that consideration being greater than the 869. We felt comfortable with that valuation of the 869 on the books. So that was kind of like an analytic that we did, to overall get comfortable with that, what they booked was a reasonable valuation as of the balance sheet date***.

Exhibit 46 Page 107 Lines 11-22:

THE WITNESS***: I just took the 7.5 million shares times the stock price on March 4, which I think is the date closest to March 2, multiplied it by the 7.5 million, 0.13, and I got about 975,000 in terms of value in***

consideration received for that note. BY MR. PALEY: Do you remember doing that? ***Yeah, I do.*** Before***? I did. I did do that, during the audit we did that, because that's how I got comfortable with, okay, 869 is reasonable.***

Exhibit 46 Page 108 Lines 2-3:

Who did you tell to put it in the workpaper? I believe it was Chris and I talked about it.

Exhibit 46 Page 108 Lines 6-24:

Yeah, okay. And is there a gain recognized on the P&L for that period? WAHL: No, because that wasn't one of – ***no, because we didn't book the settlement at that point in time. And I wasn't comfortable with booking a gain on the related party transaction, you know, given that, you know, there's such a sensitivity to its valuation. We used it more as like were we comfortable with the 869 being booked as an asset. Did not feel comfortable booking the gain.*** Now you said how many shares were received by your client? I believe, if you read the settlement paragraph, it says about 7.5 million, and I think the stock price was bout – go ahead. Okay, and those shares were received in two lump sums; is that correct? ***Right. But that was the entire consideration received for that note. That's what they received back.***

Exhibit 46 Page 109 Lines 3-5:

the settlement was somewhere around March 4.

Exhibit 46 Page 111 Lines 6-20

I'd have to go find the document. It might be in the workpapers. ***But I believe that when we looked at the entire – we looked at the entire consideration granted for basically the dismissal of this $869,000 note, and that included the 7.5.*** But according to the paragraph, the only consideration received for the return of that note was 5 million common shares. ***It doesn't say that***. Okay. ***Settlement, 5 million. But then they also return 2.5 million.*** MR. GARTENBERG: I don't want to argue with you here. It says what it says. But it says, "***as part of an overall settlement.***" Letcavage said the same "***part of an overall settlement.***"

2) WAHL NEVER SAW ANY REPORTS FROM DOTY SCOTT DURING THE AUDIT OR THE REVIEWS:

Exhibit 46 Page 56 Lines 8-10:

364. "That – the only valuation report that I've seen is the one related to the asset purchase before" for 2011 acquisition by Premier. "I have not seen this report."

Exhibit 46 Page 74 Lines 7-8:

WITNESS: I don't remember seeing the document that you provided that was the valuation report.

Exhibit 46 Page 75 Lines 8-9:

WITNESS: I didn't realize that it had said third party appraiser on it.

3) DURING THE AUDIT WAHL THOUGHT THE EXCEL SPREADSHEETS WERE PREPARED BY MANAGEMENT:

Exhibit 46 Page 56 Lines 13-15:

Well, my understanding is the information that was used to determine the assumptions for the valuation were provided by management.

Exhibit 46 Page 57 Lines 14-16:

THE WITNESS: I thought that the Excel spreadsheets that I saw were produced by management, not by a valuation firm.

Exhibit 46 Page 58 Lines 17-19:

WITNESS: what I do remember is that it was a bunch of assumptions and cash flows associated with WEPOWER.

Exhibit 46 Page 55 Lines 3-18:

And that was information provided from ***Doty Scott? WITNESS I have not seen this report***. Yeah, I'm just following up on that answer. You said, based on information we were provided. Where did you obtain the information? ***WITNESS: I thought it was from the company.*** From Premier Holdings? ***WITNESS: Correct.***

Exhibit 46 Page 71 Lines 7-15:

Can you explain to us what Workpaper 4451 is? WITNESS: It looks to be the valuation, Excel spreadsheet that I had previously mentioned in my responses, and it basically summarizes the work that we performed on the valuation. This is the spreadsheet that you testified previously that you believed you obtained from management. WITNESS: ***I thought it was from management.***

4) WAHL's ANALYSIS OF MANAGEMENT'S VALUATION SPREADSHEETS:

Exhibit 46 Page 72 Lines 3-4:

365. . I believe it was on Chris's laptop, is when I reviewed it with him.

Exhibit 46 Page 73 Lines 14-18:

Do you know what "WACC 27.91 percent" is? What does that mean? WITNESS: WACC is weighted average cost of capital. Where do you come up with the percentage? Discount rate (**Exhibit 1109 – Summary – EQUITY Securities Cell C:20**).

Exhibit 46 Page 73 Lines 21-25:

WITNESS That, I – let's see. They applied some weight to the trade valuations. So they give it a slightly higher – it was just a different methodology they used. One's based on the enterprise value (**Exhibit 1109 – Summary – EQUITY Securities Cell F:20**), one's based on patents and IP trade secretes **Exhibit 1109 – Summary – EQUITY Securities Cell F:37**).

Exhibit 46 Page 76 Lines 22-25:

This is the underlying work for the valuation report. It's not in the official valuation report format, but ***this is more than sufficient to be the basis for a valuation……*** Especially to determine management's best estimate.

Exhibit 46 Page 77 Lines 1-3:

Did you understand that these were the final figures? That's what our understanding was.

Exhibit 46 Page 78 Lines 17-19:

I believe – I believe, based on Chris's discussions with Doty Scott, that that was the number that was the final fair value.

Exhibit 46 Page 80 Lines 21-24:

Again, the procedures were performed by the staff and they concluded that it was 869. They referenced that number to the lead sheet, standard procedure.

Exhibit 46 Page 81, Lines 10-13:

Again, he completed the work in accordance with U.S. standards, documented those standards, and referenced the number that it should have been that was referenced to the trial balance.

Exhibit 46 Page 82 Lines 5-13

Mr. Wahl, the 27.91 percent, what is that? THE WITNESS**: It's the weighted average cost of capital, which is the discount that they utilized in determining the value of the assets.** MR. GARTENBERG: From what you can see on this workpaper, and I understand you did not prepare the workpaper, is the 27.91, the discount rate, already figured in when the calculation was done for 869? THE WITNESS: That's our understanding.

Exhibit 46 Page 85 Line 9:

I believe this meets the requirements.

Wahl believed that the work performed met appropriate professional standards. See **PROPOSED FACTS 332 and 333**.

Exhibit 46 Page 85 Line 25 and Exhibit 46 Page 86 Lines 1-9:

THE WITNESS: The formulas here are driven by the discount or discounts up top here, okay? Discount of the market multiples, discount cash flows, those are the values assigned to – for each period – yeah, sorry. For assets one, two, three and four. And then the weighted average is calculated at the bottom for each to determine the value of the assets. The other methodology is based on the IPs of your valuations. Same, similar methodology. It comes up with 861. You have a $7,000 difference.

Exhibit 46 Page 87 Line 2:

There's three valuations

5) **CHRIS WEN DID SPEAK TO DOTY SCOTT:**

Exhibit 46 Page 91 Lines 14-20:

366. All right, what was your conversation that you had today with Mr. Wen? ***We asked him, you know, why we used the 869. And his conversation with Mr. Scott was to – was such that they felt that the 869 was the most comfortable number to use, based on the information provided by the company.***

Exhibit 46 Page 91 lines 24-25 and Exhibit 46 Page 92 Line 1:

He felt that it was the most appropriate number, given the information, and that it was – had the most in terms of mathematical support.

Exhibit 46 Page 93 Lines 14-17:

MR. ADDISON: Why is it that Mr. Wen said that the $800,000 number was better than the $600,000 number?

Exhibit 46 Page 93 Lines 19-23:

In speaking to Chris, I asked him why we used the 869. In his conversation with Mr. Scott, Mr. Scott felt, based on the information provided by the company, that the 869 provided a more accurate reflection of the valuation of that asset.

Exhibit 46 Page 94 Lines 1-2:

you're talking about the note receivable? WITNESS: That's correct.

Exhibit 46 Page 102 Lines 6-8:

I believe its's a memo just summarizing the procedures performed and the conclusions on the valuation of the 869.

6) WAHL GRADUATED WITH AN UNDERGRADUATE DEGREE IN FINANCE WITH HONORS:

Exhibit 46 Page 104 Lines 10-12:

367. My undergrad degree is in – I graduated with honors in finance, and so, yes, I understand valuation modeling.

Exhibit 46 Page 104 Lines 15-17:

I do not have a certification but, again, my degree – my undergrad degree is an honors degree in finance.

7) WAHL EXPLAINS A&C'S INDEPENDENT GOODWILL ANALYSIS:

Exhibit 47 Page 236 Lines 22-25 and Page 239 Lines 1-25 and Page 240 Line 1:

368. If you look at the accounting policy described here, was that accounting policy used by AnC to audit PHRL's work on the goodwill impairment? WITNESS: I believe the actual test was based on ASC 350 2035-3, which focuses more on qualitative factors. If you look at the analysis, that's how the assessment was made whether there was any impairment to the goodwill. Can you describe in more detail the process to audit the goodwill for impairment? WITNESS: Well, overall there's accounting for goodwill which effectively you would book the purchase price on an acquisition. You would allocate the assets and liabilities between the purchase price and then, you know, identify each of them in fair value if it made sense to do that and you could identify fair value for those assets and liabilities. **You would, then, at each reporting period, at least annually, assess for each business unit the value of goodwill;**

US GAAP has changed a little bit in the last, I believe, 12 months. But in terms of your assessment, can be done more frequently using qualitative factors which take into account, you know, a 2-step process that is described below. One is looking at the cash flow projections of the business unit. And then, you know, second step would be looking at, you know, discussions with management, whether they believe that, you know, the goodwill is impaired. And then, you know, maybe looking at other qualitative factors surrounding the overall business such as growth, that – those sorts of things or nongrowth

Exhibit 47 Page 242 Lines 7-16:

Why not just grab the client work and audit it? WITNESS***: Well, we have to re-perform our work. We have to be independent, to do an independent analysis. Make sure that, you know, can't just rely on the client's work all the time. So we have to look at other factors to determine whether their assumptions are correct or not. So we just independently verify by going to the bank statements, collect the cash flow from revenues, and did a quick projection of the projected cash flows independently.***

Exhibit 47 Page 242 Lines 20-25 and Page 243 Lines 1-7:

AnC routinely does an independent analysis to determine? WITNESS: **Well, it's not just for goodwill. I mean, it's pretty standard that we would in areas that we can do it. You know, we'll typically go and do an independent analysis to make sure (a) we have an understanding of the business and, then, (b) we agree with management's assessment. It's sometimes hard reviewing management's work to really have that, you know, unbiased viewpoint, I guess is really, really our perspective. We want to have a -- be biased and be hard on the client and, you know, be acting with independence and integrity and making sure that these numbers make sense.**

B) TOMMY SHEK:

369. Tommy Shek's testimony has changed substantially from his original deposition.

1) SHEK DEFLECTS RESPONSIBILITY AGAIN:

370. Wahl took responsibility for the working paper and not Mr. Shek. During the Premier audit, A&C never asked Mr. Shek's opinion on the valuation for the Note Receivable transaction. Mr. Shek's lack of understanding of the Note valuations is completely irrelevant to the case anyways, although Mr. Shek in his irresponsible testimony seems to think that his misrepresentations carry significant weight or importance, when they do not. Anyone with appropriate intellect would see the nonsense dropping out of Mr. Shek's mouth.

Another witness with no credibility that dodges the issues to avoid liability with the SEC but then has the gumption to attack Honest Hardworking Americans for no reason other than Shek is upset that he settled.

2) SHEK DOESN'T UNDERSTAND THE NOTE RECEIVABLE CALCULATION:

371. Mr. Shek admitted under oath that he did not understand the Note Receivable calculations and business combinations. Wahl and anyone else would be damned if they listened or asked for the advice from Shek.

3) SHEK DIDN'T KNOW THE NOTE RECEIVABLE TRANSACTION WAS SETTLED:

372. Additionally, and much similar to that of Mr. Scott. Mr. Shek had no knowledge that the transaction was settled on March 4, 2014, this leads to Mr. Shek's over dramatization of various facts in the Premier case. Over dramatization of facts is nothing new to Mr. Shek and this was consistent behavior for Mr. Shek while he was employed by A&C. Shek testified that Premier management, nor Doty Scott told Shek or anyone at A&C that the spread sheet calculations were incorrect. Not that it matters b/c there is more reliable audit evidence in A&C's files for the support of the Note transaction.

4) WAHL HAD A LIFE LINE. HE CALLED WEN. NOT SHEK:

373. Further taking away any credibility that Shek might think he has. In Wahl's deposition Exhibit 46, Wahl had an opportunity to call an A&C staff person. Wahl called Chris Wen, not Shek. See **RESPONDENTS PROPOSED FACTS 336**.

C) CHRIS WEN:

374. Chris Chen testimony has also changed substantially from his original deposition. In his original deposition, he discussed taking ownership of the working papers and that is the reason he signed off. Chris as a staff would only sign off on the work based on his ability to complete the work the best he could. Wahl took responsibility and ultimate ownership of the working paper as the engagement partner. Wen testified that Premier management, nor Doty Scott told Wen or anyone at A&C that the spread sheet calculations were incorrect See **RESPONDENTS PROPOSED FACTS 336**. The more important point is that there is more reliable audit evidence in A&C's files for the support of the Note transaction than the Doty Scott spreadsheets. Both Shek and Wen were unaware of this so their (Wen and Shek's) testimony is irrelevant.

1) WEN'S DEPOSITION TRANSCRIPT PROVES HE SPOKE TO DOTY SCOTT WHICH IS DOCUMENTED IN THE WORKING PAPERS:

Exhibit 48 Page 34 Lines 16:25:

375. Q: Okay. And did you at any time communicate with anybody at Doty Scott about this promissory note? WITNESS: Scott? Mr. Scott? WITNESS: Yes. Is that Phil Scott? WITNESS: Phil Scott. Q: What did you discuss with him? WITNESS: To walk me through the valuation schedule.

Exhibit 48 Page 35 Lines 5-10:

And when you say a "valuation schedule," what is a valuation schedule that you wanted to be walked through? WITNESS: ***the Excel working paper that they (DOTY SCOTT) provided with their calculation and to come up with the value of the note.***

Exhibit 48 Page 35 Lines 14-15:

They (DOTY SCOTT) calculate this note, and I want him to walk me through this.

Exhibit 48 Page 37 Lines 5-16:

And did you have any further conversation with Mr. Scott concerning the Excel spreadsheet or, as you called it, the valuation schedule? WITNESS: ***Yes.*** What else did you discuss with him? WITNESS: ***To walk me through the Excel sheet, how he calculate, how the numbers link to each other to get a basic understanding.*** MR. PALEY: What did he tell you on that subject? WITNESS: ***To tell me the inputs, why they use the inputs to valuate the promissory note.***

Exhibit 48 Page 37 Line 25 and Exhibit 48 Page 38 Lines 1-3:

THE WITNESS: ***Well, they used enterprise method to value this. And the reason – well, I mean, they compared it to the similar entities in the market and also used companies – used financials.***

Exhibit 48 Page 39 Lines 1-5:

what did you do with the information you obtained from Mr. Scott concerning the valuation of the promissory note? WITNESS: ***To recalculate the inputs and the formulas, if they're accurate.***

Exhibit 48 Page 39 Lines 12-15:

Did you discuss this with anybody from Anton & Chia, your conversation with Mr. Scott, what to do with that information? WITNESS: Tommy and ***Greg.***

Exhibit 48 Page 40 Lines 7-13:

for the promissory note was that was derived by Doty Scott? 890,000. That was the number that you had – one of the numbers that you had discussed with Doty Scott on the phone call, right? WITNESS: ***Yes.***

Exhibit 48 Page 57 Lines 20-22:

Did Mr. Scott tell you which number to use? THE WITNESS: ***Yes.***

Exhibit 48 Page 58 Lines 1-2:

What number did he tell you to use? WITNESS: ***869.***

Exhibit 48 Page 58 Lines 4-11:

When did he tell you what? During a phone call. What exactly did he say? WITNESS: ***He walked me through the calculation, and he said this is the value that they come up with, and it's most reasonable number because they use some other entities' similar business as an assumption as well from, I think, a few tabs after this page.***

Exhibit 48 Page 129 Lines 10-13:

in your conversation with Mr. Scott, did Mr. Scott – do you remember Mr. Scott ever using the word "draft" to you? THE WITNESS: ***No.***

Exhibit 48 Page 80 Lines 17-22:

Doty Scott was hired in order to specifically value the note at $869,000? They were hired to valuate the note at whatever figure they came up with? WITNESS: ***Yeah. Well, it is their valuation. The result came out was based on their calculation,***

Exhibit 48 Page 93 Lines 1-3:

it's ***well established you had a conversation with Mr. Scott***? WITNESS: ***Yes.***

2) WAHL SUPERVISED AND REVIEWED WEN'S WORK:

Exhibit 48 Page 66 Lines 2-11:

376. And did there come a time when you changed your mind about whether you could rely on – whether you believe that Anton & Chia could rely on that Excel spreadsheet? WITNESS: ***At that time I believe that it's reliable. And you could rely on their calculations.*** Did you discuss that with Mr. Wahl at that time? WITNESS: ***Yes.*** What did he say? WITNESS: He said okay.

Exhibit 48 Page 48 Lines 2-5:

WITNESS: ***I've been walked through by Doty Scott and also confirm with my manager and also the partners, and they're agreeing that the calculation was reasonable.***

Exhibit 48 Page 72 Lines 24-25 and Exhibit 48 Page 73 Lines 1-6:

Greg Wahl and Tommy Shek told you to draft this memorandum?

WITNESS: ***Yes. Did they tell you what information should be included in your memo? The nature of the transaction and also the accounting – the accounting policy, how you present your income statement.***

3) EVEN CHRIS WEN RECOGNIZES THE NOTE WAS SETTLED FOR 7,500,000 COMMON SHARES:

Exhibit 48 Page 39 Lines 24-25 and Exhibit 48 Page 40 Lines 1-2:

377. ***During an audit, we discussed that the notes has been settled subsequent to the year end with 7.5 million shares returned to the company in exchange for the notes.***

Exhibit 48 Page 71 Lines 17-23:

were there any financial statements procedures? THE WITNESS: ***We have obtained the mutual release agreement that shows the company has – WEPOWER, the third party, has returned 7.5 million shares to Premier Holding as an exchange for the notes receivable.***

Exhibit 48 Page 102 Lines 1-4:

MR. PALEY: ***Do you know if the exchange of the 7.5 million shares for the note was disclosed in the December 31st, 2013 financial statement?*** THE WITNESS: ***Yeah, it's right there.***

Exhibit 48 Page 102 Lines 12-15:

Mr. PARLEY: What audit work did you do on the footnote disclosure we've been discussing? THE WITNESS: ***We obtain the mutual release agreement***.

4) EVEN WEN UNDERSTOOD THE NOTE WITH THE 7.5 MILLION SHARES WERE RETURNED TO TREASURY:

Exhibit 48 Page 99 Lines 9-14:

378. WEPOWER. So total they returned 7.5 million shares in order to settle this agreement, this promissory note. And how did you account for this transaction? The stock has been returned to treasury.

D) RICHARD KOCH:

379. Mr. Koch testified that he had a good business relationship with Scott. He believed that if there was something materially incorrect with the calculations that Doty Scott would have told him. Wen testified that Premier management, nor Doty Scott told Wen or anyone at A&C that the spread sheet calculations were incorrect. There is more reliable audit evidence in A&C's files for the support of the Note transaction.

If Koch knew of Doty Scott's client's legal problems with the SEC's enforcement division. Koch would never had been associated with Doty Scott and would have told Wahl and Letcavage to fire Doty Scott. The information

regarding Doty Scott and their informant business and their client's that are in litigation with the SEC Enforcement Division wasn't identified until the ALJ trial was underway. The SEC obviously is fully aware of Doty Scott's history. Well they might not have done any due diligence on him like Devor but the SEC should have known Doty Scott's problems as the SEC created those problems.

Exhibit 23 Page 28 Lines 21-25:

And you have any understanding of the current status of Mr. Koch's administrative proceeding? WITNESS: Mr. Koch was forced to settle so he can get a job with a firm in Massachusetts.

Exhibit 23 Page 29 Lines 1-9:

What – how do you – how do you know that he was forced to settle? WAHL: Well, I helped him get the job in Massachusetts. And because of the fact that – as I testified previously, because the firm was destroyed by the SEC, there was no way we could employ Mr. Koch. In order for Mr. Koch to be able to get employment with another firm, he needed to have this settled and put behind him.

Exhibit 23 Page 35 Lines 4-9:

WITNESS: ***fact that he was interrogated for an hour and a half or two hours and he ended up receiving his Massachusetts C.P.A. license***. And you learned through Mr. Koch himself? WITNESS: ***Yes.***

E) MORE ON DOTY SCOTT:

1) OUTSIDE OBSERVERS INDICATE THAT DOTY SCOTT'S TESTIMONY IS SUSPECT AT BEST:

380. Even Mr. Holder in his declaration recognizes that the testimony by Mr. Scott is suspect, questionable and is imaginary at best. Doty Scott changed his valuation sixteen months after the initial note was recorded in the financial

statements and 11 months after sending "Draft" tables for the valuation. The SEC's Division of Enforcement calls Mr. Scott, magically Mr. Scott changes the tables to a zero value but only after the Note was settled on March 4, 2014 (**S e e P . F . F #**) (you are not Relevant Mr. Scott). Mr. Scott still did not have the information to complete his analysis, Mr. Scott was unaware that the Note was settled 5 weeks before Mr. Scott provided this analysis. Even more worrisome for Mr. Scott is that 90% of his business is small public companies. Yikes Mr. Scott. If the Division calls. Do something so crazy by erasing the work you did 11 months ago and then……you find out your changes are 5 weeks after the Note Receivable transaction is disposed from PRHL and the PRHL financial statements on March 4, 2014, so it doesn't matter! Any valuation analysis by completed by Doty Scott would have to consider the evidence, which included the board minutes (**Exhibit 1100: page 1, paragraph 9**) and compromise agreement (**Exhibit 454, Page 10, Exhibit B, Point 1 and Point 2**) which settled the Note for 7,500,000 shares.

Doty Scott did not issue a report, did not complete proper due diligence, he was unaware the note was already settled (**see P.F.F#**), he was unaware that Winkler invested $5.5MM in the WeP technology (**see P.F.F#**); he was unaware that WeP had customers like Chase, Best Buy and Sony (**see P.F.F#**).

2) ANTON & CHIA NEVER HIRED DOTY SCOTT - AU 336 IS NOT APPLICABLE:

381. AU 336, the Work of a Specialist, the Honest Hardworking Americans never relied on or used a Specialist. AU 336 is not applicable to the A&C case for the following reasons:

1) A&C never hired, nor retained Doty Scott to complete a valuation.
2) Doty Scott never provided a report that would potentially trigger an AU 336 requirement. No report. No requirement.
3) The excel tables were from Premier's management. Doty Scott was hired by Premier. Not A&C. The calculations were represented as "**management's best estimate"** for the Note Receivable (**see P.F.F #**). Premier's management in its management rep letter (**see P.F.F.#**) and management's certifications (**see P.F.F #**).

3) SCOTT'S CLIENTS PROBLEMS WITH THE SEC INDICATE HIS INFORMANT STATUS:

382. Mr. Scott's client's problems with the SEC enforcement division it's probably good reason (**List out Litigation**). If Wahl knew of Doty Scott's client problems. Wahl would never had been associated with Doty Scott and would have told Letcavage to fire Doty Scott. The information regarding Doty Scott and their informant business and their client's that are in litigation with the SEC Enforcement Division wasn't identified until the ALJ trial was underway. Doty Scott was hostile towards I Honest Hardworking Americans', even after Doty Scott's first testimony in front of everyone, he offered to provide additional GAAP support for the SEC's position for the Note. Why would Scott care? He has no risk or liability in this case. He provided an unsigned, never issued "Draft" report which is meaningless and provides no value. If he signed the report, Doty Scott would have risk but Scott intentionally did not sign the report. Therefore, his testimony at best is suspect.

4) WAHL HAS OVER TWENTY YEARS OF VALUATION EXPERIENCE AND TRAINING:

383. Also, Wahl has a double major in accounting and finance in his undergraduate studies. Wahl graduated with Honors in finance, completes valuations for companies all the time that are regressed and tested by investment banks and other financial advisors and has over eighteen years of analyzing and criticizing other valuation experts in their analysis of fair value. Wahl's combined experience of valuation and as an auditor provides a lethal combination of knowledge and why he is hired and retained by many companies to help them an array of matters. Wahl charges a lot more than Doty Scott does for Doty's erroneous "draft" valuations (See Wahl Testimony) where Doty turns his clients over to the SEC's enforcement division.

E) AL HADDAD:

1) NO REPORT; NO CREDIBILITY:

384. Works for Phil Scott a corrupted group of valuation people that take money from their clients and don't actually issue a report. Then Doty Scott's clients end up in litigation with the Enforcement Division. AL Haddad might have credibility as a witness if he actually issued a report that was reliable.). If Wahl knew of Doty Scott's client problems. Wahl would never had been associated with Doty Scott and would have told Letcavage to fire Doty Scott. The information regarding Doty Scott and their informant business and their client's that are in litigation with the SEC Enforcement Division wasn't identified until the ALJ trial was underway.

2) "**COULD I GET ONE NUMBER - PROJECTED REVENUE IN 2018**":

385. **Exhibit 445: March 20, 2013 Email:** Al Haddad needs "***could I get one number – projected revenue in 2018***." Al Haddad like any below average valuation expert could have simply extrapolated the 2017 numbers and applied a reasonable growth rate. ***Haddad needs one number to finish the valuation***? This is documented evidence. Haddad extrapolated or took the 2017 numbers and rolled them forward using a conservative growth rate, see **Exhibit 447** below.

3) WAHL TESTIFIED "TWO PRIMARY METHODS TO VALUE THE PROMISSORY NOTE":

Exhibit 447:

386. *Attached please find our initial valuation tables in Excel related to the WePower sale. Please note the following:*

• *We used **two primary methods to value the promissory note**:* That is exactly how Wahl described the calculations in this testimony not once, not twice but atleast three times without seeing this email previously (Wahl Testimony). This is exactly how Wahl described the calculations to Chen and Shek.

o Discounted cash flows of the promissory note per contract discounted at the estimated buyer's WACC

Exactly how Wahl described the second calculation (Wahl Testimony).

o Valued the buyer with the expectation that the note is not worth more than the buyer's total equity.

• *For this method we utilized both a DCF and a relief from royalty methods since **the buyer's only asset** is the IP.*

Exactly how Wahl described the second calculation (Wahl Testimony).

• ***This is the same methodology that was used when we originally valued the IP***

Logical

• ***The buyer refused to provide us with any information, therefore we made the following assumptions, which need to be verified by management and hopefully management can provide some supporting documentation***

o We used the previous projections, pushed out 1 year

Not unreasonable even for a below average valuation person informant can figure this out.

o The original valuation assumed 1%, 2%, and 4% realization of the projections (averaged)

Projection realization is averaged at (1+2+4/3 = 1.75%), this means that the probability of meeting the projections as a mere 1.75%, which is extremely conservative.

o Based on the $1M invested in sales leads and opportunities, we increased these realization numbers to 5%, 25%, 50%,75% (averaged}

Projection realization is averaged at (5+25+50+75/4 = 1.75%), this means that the probability of meeting the projections as a mere 38.75%, which is extremely conservative given the nature of small business operators.

4) HADDAD PROVIDES NO RED FLAGS:

387. **Exhibit 452:** There is not one red flag in his email. Not one. He doesn't say don't use the calculations, they are incorrect, we are not finished our work, etc. No red flags to the auditors that the calculations are incorrect. Note one phone call, etc.

Holder also read through all these emails and concluded that there was nothing done incorrectly.

John Misuraca testified that he would never send a report that was not clearly going to be final or close to final to the auditors. A competent and honest professional would only send a report to an auditor unless it was "Final".

G) ERIC ROSENBERG

Wahl told Letcavage he should terminate Eric Rosenberg and Joseph Greenbladt. Letcavage listened to Wahl so he could improve the financial reporting and internal controls of Premier. Much like Devor, Rosenberg and Greenbladt struggled to understand US GAAP reporting in 2020.

1) ROSENBERG UNDERSTANDS THE POWER COMPANY'S BUSINESS:

388. However, Mr. Rosenberg still understood the Power Company and the source of value in the business. Wahl asked Rosenberg point blank. Who paid the Power Company? Rosenberg said "the Suppliers".

The suppliers are not the 1000s of contracts that are mentioned in the press releases that the SEC alleges ascribe value. If this was put on the balance sheet as the SEC says that should have been done. That would be fraudulent and would be misleading to the users of Premier's financial statements.

There are only 8 to 10 suppliers that The Power Company completed business with. The contracts could be terminated at any time. Therefore, ascribing future value to highly volatile contracts in a newly unregulated business would be misleading to investors.

The underlying cash flows that were paid to TPC came from the suppliers and Eric Rosenberg understands this better than Devor and of course the SEC attorneys and accountants in this case. The fairy tale that the SEC presents regarding the goodwill for TPC makes them look like fools to anyone that has worked in the energy utility business.

2) ENRON IS NOT RELEVANT: THE SEC AND DEVOR DO NOT UNDERSTAND TPC'S BUSINESS:

389. Oh wait, wasn't Devor some big expert on Enron. Enron was in the energy utility business. If Devor was an "Enron Expert" then he is incompetent, is a complete liar and never took the proper time to understand Premier's business and is grossly negligent. Four times Federal Court dismissed for bias!

The SEC (and the PCAOB) after six years at looking at The Power Company and its business still cant get the US GAAP compliance correct.

H) MARVIN WINKLER

1) THE COMPROMISE AGREEMENT WAS SETTLED MARCH 4, 2014:

390. . Marvin Winkler testified to taking back the $5,000,000 Note Receivable. Winkler believed that anyone of the 28 contracts would provide value to substantially greater than the gross value of the note of $5,000,000. Not just the $869,000 recorded as management's best estimate in the financial statements. Letcavage confirmed this in his

testimony. Winkler confirmed that he gave back 7,500,000 shares in negotiations with Letcavage (**see P.F.F#**).

Winkler forgot to mention that the Power Company transaction closed ***February 28, 2013*** and the Power Company received their shares on that date (See **Exhibit 402 Page F-4 (page 21)** for "Shares Issued to TPC for 30,000,000").

Winkler gave back the 7,500,000 shares on the effective date of the compromise agreement of ***March 16, 2014.*** So in essence as disclosed in the notes to the financial statements and confirmed by Letcavage the Compromise Agreement settled the Note Receivable for 7,500,000 shares (**see P.F.F#**).

2) THE WIND TURBINE BUSINESS:

Exhibit 49, Page 19, Lines 22:23:

391. . WEPOWER LLC was doing wind turbines, solar energy, vertical access wind turbines.

3) GENERATED REVENUES AND WINKLER INVESTED $5.0-$6.0 MM OF HIS OWN MONEY = VALUE:

Exhibit 49, Page 20, Lines 18:24:

392. . And did there come a time where WEPOWER LLC was generating revenue? ***Yes, we did, I think our first year a few million dollars. I don't remember what the second year was. But we were doing, you know, a few million dollars plus a year.*** *And I invested approximately $5- to $6 million in the project*.

Doty Scott had no knowledge of the Compromise Agreement settlement and he was not aware that Winkler invested $5.0MM to $6.0MM in cash in WE POWER technologies and this is another material fact that should not be ignored when completing the valuation of the Note Receivable.

Exhibit 50, Page 21, Lines 8:20:

Q. Okay. And during this approximate three years ***before you sold assets to Premier Holding, can you tell me the revenue of the company, approximately? A. I think a few million dollars. Total or -- Total, for a year.*** Q. For one year? A. Yes. Q. The year at the time -- at or around the time that you sold the assets? A. ***I don't recall which year, but we were running at about a 2 -- well, we did 2,000,000 our first year.*** I remember that, and I don't remember the second or third.

4) BEST BUY AND MAJOR SKI LIFTS WERE WEPOWER CUSTOMERS:

Exhibit 49, Page 21, Lines 5:10:

393. And did you have customers? Is that how that were buying these green energy products? Yes, we had large customers like Best Buy. But the also major ski lifts and, you know, various customers, some retailers, some business and some individuals.

5) WEPOWER WAS THE LARGEST IN THE UNITED STATES:

Exhibit 49, Page 22, Lines 16:23:

394. Okay. And going back to WEPOWER LLC about three years ago, was your company growing and successful in your view at that time, as well? It was a very tough industry. The vertical wind turbine business is a fairly new business. We were probably the largest in the United States. I believe we did 40 or 50, maybe close to, you know, 80 different turbines.

6) WINKLER INVESTED OVER $5.5 MILLION INTO WEPOWER:

Exhibit 49, Page 23, Line 8

395. . I invested over $5-and-a-half million.

7) A STRONGER FOUNDATION:

Exhibit 49, Page 24, Lines 9:16:

396. Q. Why did you decide to put your two companies together, Green Central and WEPOWER LLC? A. Well, I definitely needed a better business model with WEPOWER. The turbines by themselves, like I said, were difficult. ***They were growing but I was needing additional capital. Randy's Green Central had various other types of technologies. And together, the two companies would have a stronger foundation.***

8) RANDALL LETCAVAGE WANTED TO PROVIDE SHAREHOLDER VALUE FOR WEPOWER DISPOSITION:

Exhibit 49, Page 70, Lines 12:22:

397. Q. So this $5 million price tag, this was Mr. Letcavage's idea? A. Yes. Q. And how did the -- this is a promissory note that Mr. Donovan would and -- slash, WEPOWER -- the new WEPOWER entity would give to Premier Holding in exchange for the corporate opportunities that Mr. Donovan would take with him to start his new company? A. Correct. Q. And how did the value of this promissory note to be $5 million?

Exhibit 49, Page 72, Lines 4:5:

you know, he wanted to get paid for them.

Exhibit 49, Page 73, Lines 22:24:

But he didn't want to take a risk of, if Kevin was successful, that PRHL would not receive anything.

9) MARVIN WINKLER RECEIVED INITITALLY $1.649 MILLION FOR WEPOWER PLUS UPSIDE = VALUE:

Exhibit 49, Page 75, Lines 1:5:

398. . And you see there it says that the company issued almost 16.5 million shares of common stock to WEPOWER LLC, valued at $1,649,770; is that right? Do you see that? Winkller: I see that.

Exhibit 49, Page 92, Lines 8:13:

399. Exhibit 173, where it says that Premier issued 16,497,695 shares of common stock to WEPOWER LLC, valued at $1,649,770, do you know how that number was derived? How the value was -- it was through somebody that Jack Gregory sent in –

Exhibit 49, Page 92, Lines 24:25:

I think it was just negotiated.

Exhibit 49, Page 93, Lines 1:3:

independent third party. I don't recall the exact name. But Jack sent somebody in ***to review the assets and it was a negotiated,*** you know, term.

Winkler received $1,649,770 (or $.0999 per share) for WE POWER, LLC when he merged it into Premier Holdings in 2011, which would be considered the lower limit in valuing WE Power based on observable facts and inputs. This fact was obviously completely disregarded by the SEC, Devor and Doty Scott, clear and intentional negligence on their part.

The Note Receivable was valued at $869,000 in the Premier 2013 financial statements. This provides a discount from the original consideration provided to Winkler was 52.7% ($869,000 / $1,649,770) which is a very steep discount and not an unreasonable basis to determine the value of the Note Receivable. Again intentionally ignored by the Division, Devor and Doty Scott. Even on March 4, 2014, after returning 7,500,000 shares to PRHL treasury, Winkler still retained 8,997,695 shares in Premier common stock based on yahoo finance closing price on March 4, 2014 it closed at $0.1410 with 107,293 shares traded that day. Winkler still had $1,268,675 in common share value, plus received consulting fees for a number of years and retained the Note Receivable which Winkler believed could be worth as much as $5,000,000 to help him recover the $5.5MM he invested in We Power of his own personal money. Marvin no longer affiliated as an officer or director of Premier in due time he could sell his shares that up until the December 4, 2017 order gave him three years to sell his shares since the volume was an average of 100,000 shares sold per day.

10) LETCAVAGE, WINKLER, DONOVAN NEGOTIATED 7,500,000 SHARE SETTLEMENT FOR THE NOTE:

Exhibit 49, Page 124, Lines 1:24:

400. Q. All right. So let's talk about the next transaction I'm interested in, which is when the note was exchanged for shares of stock. There came a time when you obtained this promissory note at issue; is that correct? A. Yes. Q.

Okay. Can you describe that transaction, why you entered into that transaction? A. Kevin was worried about Randy calling his note. Randy was not happy with Kevin's performance and not knowing if he was going to get paid. I felt that I would -- it would be okay for me to go ahead and really split my bet on both Kevin and Randy and see who -- you know, if they could both succeed or, you know, both will fail, or one will succeed or the other could fail. But I thought it was wise for me to -- to do that and Randy wanted me to, you know, buy the note. With my shares. Q. Why did Randy want you to do that? Well, Randy didn't see any progress from Kevin and Kevin, you know, was always scared of

Randy. And, you know, my shares were really not being utilized or registered. So I felt that it would be a way for me to, you know, have both sides covered if anybody was successful.

Exhibit 49, Page 125, Lines 18:21:

Q. In other words, what the value of the promissory note on the books was, was what the value of the shares you gave him were? A. I believe so.

Exhibit 49, Page 126, Lines 6:11:

Q. I'm a little confused. Was it negotiated for the 7.5 million shares….? A. I think it was –

Exhibit 49, Page 131, Lines 4:9:

Q. Do you know whether or not at the time that you negotiated with Mr. Letcavage for the Promissory note in exchange for your 7.5 million shares of Premier Holdings, whether or not the promissory note was in default? A. I don't recall.

Exhibit 50, Page 103, Lines 2:6: and Lines 24:25:

A. It was strictly presentation from Kevin. What did that presentation – what did he say in his presentation? Well, his model about, you know, rooftops and solar and turbines on these rooftops.

I asked you, “the first time you became aware of a valuation for the

Exhibit 50, Page 104, Lines 1-8:

Q.$5,000,000 promissory note was when specifically?" And you responded, "When I was actually negotiating with Randy to acquire that note, you know, for WePower." And then I said, "What did you learn at that time what the valuation of the promissory note?" And then you said, "That it was on his books for $869,000." Is that accurate? A. I think so.

11) WINKLER BELIEVED IN DONOVAN:

Exhibit 49, Page 129, Lines 22:25:

401. A) I was really counting on Kevin to, you know, either succeed or fail. You know, if he succeeded, you know, he would have paid back the note. If he failed, I didn't expect it from him.

Exhibit 49, Page 130, Lines 1:8:

At the time of the -- of this transaction, was there any -- was there any indication to you that Kevin Donovan's company, the new WEPOWER Eco Corp., was a viable and growing company? A Kevin worked very, very hard and I didn't know if he was going to succeed or not. But I know that he was surely trying. And he was a friend and I was trying to do my best to support him.

12) WEPOWER HAD SONY AND BEST BUY AS CUSTOMERS VERY VALUABLE BRANDS:

Exhibit 49, Page 131, Lines 12:25: and Page 132, Lines 1:5:

402. You know, I was really looking at, you know, Kevin is very honorable and if he did well, he would pay it back. And if he didn't, then I didn't expect it. When you say that Mr. Donovan is very honorable, why do you say that? What are you basing that on? Well, he's a -- he's a hard worker. He really tries his best. And he was a friend. What successful ventures has he had in the past? Well, he did all the imaging for the Olympics in Utah. He worked with

Callaway, NFL, NBA, NHL. ***He opened up Best Buy stores for us in the WEPOWER wind power company. He's opened up Sony.*** So he does -- sometimes, you know, his actions take a long time. But, you know, he's very persistent and he works really hard and, you know, tries to succeed. And sometimes he does and sometimes he doesn't.

Exhibit 49, Page 158, Line 6:

Best Buy was an account that he opened.

Exhibit 49, Page 158, Lines 23:25: and Page 159, Lines 1:11:

Q. ***Is that what Best Buy had purchased, were some turbines***? A. ***Yeah, they had some turbines in their main stores. And they were putting together a deal to sell turbines within the actual stores themselves***. Q. BY MR. PALEY: When you say they had turbines at the store, you mean they had turbines that the offered for sale, or that they were powered by turbines? A. ***Yeah, actually both. They had a turbine up on the building, you know, which looked like it was powering the building. It was pretty strange looking. And their business model at Best Buy was to sell and install turbines for the consumer***.

Exhibit 49, Page 159, Lines 14:17:

What was the location where the wind turbine was installed? Their stores in Minneapolis. I think that's where their main facilities are.

Exhibit 50, Page 20, Lines 2:9:

A. I think we had – with commissioned contractors, I think we probably had 40 or 50. And without? 10 or 15. And what were commissioned contractors? What were they contracted to do? They would sell and organize the installation of the turbines.

Exhibit 50, Page 58, Lines 3:6:

And I assume that means that at the price that Premier was trading at at that time, that many shares equals $869,000? Yes.

13) JP MORGAN CHASE BANK BUILDINGS; DONOVAN'S EFFORTS AND WINKLER BELIEVED IN WEPOWER'S VALUE:

Exhibit 50, Page 94, Lines 2:19:

403. Q. What was your take on the value of those assets at the time that Donovan was departing the company? A. I don't remember -- yeah. It's really hard to remember. ***I just remember some of the assets that Kevin started, you know, at PRHL, which are like I was mentioning before, the rooftops of the Chase buildings. And interestingly, I met with the president of Chase and they were, you know, really moving forward on it. It was pretty exciting, actually. Randy did not want to lose out.*** He didn't believe it, but he didn't want to lose out and PRHL should not lose out because Kevin was doing this while he was at PRHL. Q. So that's where, you know, what can Kevin take and what -- can PRHL, how can they reap some rewards if he is successful? That's where that promissory note came into effect? A. Correct.

I) RANDALL LETCAVAGE:

404. Randal Letcavage further confirmed that anyone of the 28 contracts would provide value to substantially greater than the gross value of the note of $5,000,000. Not just the $869,000 recorded as management's best estimate in the financial statements.

Letcavage confirmed that the compromise agreement that was effective on March 4, 2014 was to settle the Note Receivable for 7,500,000 shares that was disclosed and recorded in the notes of the financial statements. Letcavage was the CEO of Premier and negotiated this transaction so he would have known better than anyone involved what the terms of settling the transaction for the Note Receivable are and were. Returning the 7,500,000 common shares to treasury increased shareholder value and Letcavage was prudent in his actions to do so. No fraud, no scienter, no gross negligence, no negligence.

Letcavage is consistent in how he completes transactions. He determines the value of the business and divides it by the price share price on the date that the transaction was closed to determine the consideration to be paid to the other party. The summary is four transactions where PRHL closed transactions where the value was divided by the number of shares on the date of closing or settlement.

Original We-Power, LLC Acquisition was completed by issuing (**Exhibit 49, Page 92, Lines 8:13**), "Premier issued 16,497,695 shares of common stock to WEPOWER LLC, valued at $1,649,770.

Exhibit 49, Page 92, Lines 8-13; Lines 24:25:

Q. Exhibit 173, where it says that ***Premier issued 16,497,695 shares of common stock to WEPOWER LLC, valued at $1,649,770***, do you know how that number was derived? How the value was – A. it was through somebody that Jack Gregory sent in –

I think it was just negotiated.

8) January 7, 2014, recording the original Note Receivable from We-Power at $869,000 ***(5,000,000 shares at $0.18***). See **Exhibit 1100 9th Paragraph 9 Page 1**.

9) February 28, 2014, PRHL acquires 80% of The Power Company for ***30,000,000 shares*** (**Exhibit 1116 page 2 Section 2.2 a)**) the ***trading price was $0.142 for a total purchase price of $4,260,000***.

10) March 4, 2014, as part of the compromise agreement the Note Receivable for We-Power was settled for ***7,500,000 shares for the closing price on that day of $0.141 or $1,057,500*** (**Exhibit 454 – Exhibit B Points 1 and 2**). Remember, THE POWER COMPANY were paid their shares on February 28, 2014 so the entire 7,500,000 consideration were allocated to the Note Receivable.

Exhibit 49, Page 126, Lines 6:11:

Q I'm a little confused. Was it negotiated for the 7.5 million shares and went back and forth, or was it simply you figured out the value on the books of the promissory note and you gave that many shares that were equal to the value on the books of the promissory note? A. I think it was –

Exhibit 50, Page 104, Lines 1:8:

Q.$5,000,000 promissory note was when specifically?" And you responded, "When I was actually negotiating with Randy to acquire that note, you know, for WePower." And then I said, "What did you learn at that time what the valuation of the promissory note?" And then you said, "That it was on his books for $869,000." Is that accurate? A. I think so.

NOTE RECORDING AT HISTORICAL COST – JANUARY 7, 2013:

A) THE NOTE AGREEMENT DOCUMENTED THE ASSETS TRANSFERRED:

405. **Exhibit 1101: Note Agreement: Appendix 2a pages 16 to 21:** Then on January 7, 2013, We Power Ecolutions which represented the wind power division of PRHL transferred 3 patents, 6 trademarks and 28 contracts to New Eco which was operated by Donovan and Winkler in exchange for a note. The note had a face value of $5,000,000 and was discounted by 83% and recorded in the notes.

406.e We Power, LLC assets was transferred into We Power Ecolutions which was then transferred into New Eco. This is the same business so the projections and historical financial statements would reflect future expected results, not including the 28 contract opportunities that were transferred to New Eco. Based on Winkler (Winkler Testimony) and Letcavage (Letcavage Testimony) testimony: any one of these contracts could have generated substantially more cash flow than the $869,000 recorded in PRHL's financial statements. There was significant support for Winkler's statements based on the historical and current operation of the business.

B) WINKLER'S $5.5 MILLION INVESTMENT PROVIDES A BASIS FOR THE GROSS VALUE OF THE NOTE:

Exhibit 49, Page 23, Line 8

407. ***I invested over $5-and-a-half million.*** The investment of $5.5 million in the wind power business that was transferred out of PRHL to Kevin Donovan with the 3 patents, 6 trademarks and 28 contracts would indicate that the valuation of the Note Receivable was atleast worth $869,000. The investment of cash into a business, in this case WE POWER, LLC was a strong indicator of valuation of the business and ultimately the Note Receivable valuation that the Note was based on. Devor, Doty Scott, Ellenbogan, Paley and of course Kazon totally ignore this substantial fact b/c they wouldn't understand the significance of the $5.5MM cash investment if it hit them over the head. They conveniently didn't disclose this fact in trial b/c it wouldn't support their false story. Doty Scott if

he was a real and honest valuation expert would have had to consider the $5.5MM cash investment into WE POWER, LLC which he totally ignores b/c he is working for the SEC.

Ellenbogen and Paley were trained by Kazon. She passed down terrible judgment and the intentional ignoring of facts. Just like Kazon is responsible for Billions of dollars lost by investors in the Madoff case.

C) AU 316 CONSIDERATION OF FRAUD IN A FINANCIAL STATEMENT AUDIT:

Description and Characteristics of Fraud

408. **Paragraph AU316.05: <u>Fraud is a broad legal concept and auditors do not make legal determinations of whether fraud has occurred.</u>** Rather, the auditor's interest specifically relates to acts that result in a material misstatement of the financial statements. The primary factor that distinguishes fraud from error is whether the underlying action that results in the misstatement of the financial statements is intentional or unintentional. For purposes of the section, *fraud* is an intentional act that results in a material misstatement in financial statements that are the subject of an audit.

409. **Paragraph AU316.**12 As indicated in paragraph .01, the auditor has a responsibility to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by fraud or error.[7] However, absolute assurance is not attainable and thus even a properly planned and performed audit may not detect a material misstatement resulting from fraud. A material misstatement may not be detected because of the nature of audit evidence or because the characteristics of fraud as discussed above may cause the auditor to rely unknowingly on audit evidence that appears to be valid, but is, in fact, false and fraudulent. Furthermore, **<u>audit procedures that are effective for detecting an error may be ineffective for detecting fraud</u>**.

Auditors are not responsible for detecting fraud in an audit. There is no fraud in the Premier matter however, Honest Hardworking Americans ensured that they protected investors and acted independently **Exhibit# 432**.

TRANSACTION BACKGROUND AND US GAAP & GAAS SUPPORT:

A) MANAGEMENT'S BEST ESTIMATE:

410. Once the operations were separated from PRHL on January 7, 2013, PRHL management would have no control over the financial reporting matters, management and accounting records pertaining to the wind division operation. ***PRHL management was required to record the Note Receivable at management's best estimate on January 7, 2013 (*****AS 2501 paragraph 03**). PRHL management would have until May 20, 2013 to determine the valuation of the Note Receivable which would have been the last date for management to file its Form 10-Q with an extension.

B) THE DISPOSITION OF WEPOWER IS A NON-ROUTINE TRANSACTION NOT IMPACTING INVESTORS:

411. **Exhibit 1118 Page F3:** The disposition of a subsidiary is a non-routine transaction with a separate line item is required by ASC 205 and ASC 360. This is recorded separately for investors so they can remove this from their investment analysis for the going forward business which in this case became The Power Company. ASC 205-20-50-5 requires that the nature and amount of adjustments to amounts previously reported in discontinued operations that are directly related to the disposal of a component of an entity in prior period shall be disclosed. ASC 2015-20-50-1(b) requires disclosure in the notes to financial statements of the gain or loss recognized in accordance with ASC 360-10-35-40 and 360-10-40-5, as well as the caption in the income statement that includes the gain or loss. PRHL appropriately presented and disclosed the discontinued operations in accordance with US GAAP.

C) PREMIER'S BOARD OF DIRECTORS APPROVED THE COST BASIS OF THE NOTE RECEIVABLE:

412. **Exhibit 1100 9th Paragraph Page 1:** The ninth paragraph on page 1, is the most reliable indicator to record the Note at historical cost for $869,000 and appropriately reflects US GAAP ASC 310-10-30 requires the note to be recorded at its present value. Due to the liquidity that PRHL's stock has and the number of shares (closely approximates cash) was approved not just by management but by the board of directors and is sufficient and appropriate audit evidence to record the Note at historical cost as of January 7, 2013.

D) PREMIER'S BOARD APPROVED 5,000,000 SHARES @ $0.18 PER SHARE = $900,000.

413. 5,000,000 shares at $0.18 (the closing price of the stock on January 7, 2013) is $900,000 ad with a 3% discount from market price of the shares provides us with "**management's best estimate for the realizeable value of the note receivable.**"

414. Further to this, **Exhibit 1116 page 2 Section 2.2 (e**) confirms the information in Exhibit 1100, "The assignment of the Promissory Note dated January 7, 2013 to Marvin Winkler. In exchange, and for consideration, Marvin Winkler, or treasury, will transfer ownership of 5,000,000 shares of Purchaser's stock to Selling Members."

E) PRESENT VALUE OF THE NOTE RECEIVABLE IS REFLECTED BY LIQUID SHARES:

415. ASC 310-10-30-3 (ASC 310 deals more with Loans and Debt Securities Acquired with Deteriorated Credit Quality, however this paragraph would be a basis to record the Note), As indicated in paragraphs 835-30-25-8 notes exchanged for property, goods or services are valued and accounted for at the present value of the consideration exchanged between the contracting parties at the date of the transaction in a manner similar to that followed for a cash transaction (i.e. PRHL shares).

F) US GAAS AS 2501 – AUDITING ACCOUNTING ESTIMATES:

416. *Support for recording this transaction is from* ***AS 2501 – Auditing Accounting Estimates:***

01 ……. an *accounting estimate* is an approximation of a financial statement element, item, or account. Accounting estimates are often included in historical financial statements because—

a. The measurement of some amounts or the valuation of some accounts is uncertain, pending the outcome of future events.

b. Relevant data concerning events that have already occurred cannot be accumulated on a timely, cost-effective basis.

.2 Accounting estimates in historical financial statements measure the effects of past business transactions or events, or the present status of an asset or liability. Examples of accounting estimates include net realizable values of inventory and accounts receivable, property and casualty insurance loss reserves, revenues from contracts accounted for by the percentage-of-completion method, and pension and warranty expenses.[1]

.3 Management is responsible for making the accounting estimates included in the financial statements. Estimates are based on subjective as well as objective factors and, as a result, judgment is required to estimate an amount at the date of the financial statements. Management's judgment is normally based on its knowledge and experience about past and current events and its assumptions about conditions it expects to exist and courses of action it expects to take.

417. Additionally, **the $5,000,000 Note was substantially discounted by 83%**, which further supported "**management's best estimate**" of the Note Receivable.

NOTE VALUATION – DECEMBER 31, 2013:

A) NO IMPAIRMENT:

418. There was **no impairment** to record on the Note as of December 31, 2013 since the Note was settled on March 4, 2014 which was almost 40 days before the financial statements were issued by PRHL on April 15, 2014. March 4, 2014, as part of the compromise agreement the Note Receivable for We-Power was settled for **7,500,000 shares, the closing price on that day of $0.141 or $1,057,500** (**Exhibit 454 – Exhibit B Points 1 and 2**).

NOTE DETERMINATION OF SETTLEMENT – MARCH 4, 2014:

419. To highlight the timing, the discontinued operations was completed on January 7, 2013 (We-Power the wind turbine operations was no longer part of PRHL) and over a year later on March 4, 2014, Marvin Winkler (Winkler Testimony – **see P.F.F#420**) testified that he believed in the business at that time and saw that the note had value. This almost 14 months later after PRHL disposed of the We-Power wind turbine business.

A) WINKLER INVESTED OVER $5.5MM IN WEPOWER:

420. Exhibit 49, Page 23, Line 8 ***I invested over $5-and-a-half million.***

Exhibit 50, Page 94, Lines 2:19:

Q. What was your take on the value of those assets at the time that Donovan was departing the company?

A. I don't remember -- yeah. It's really hard to remember. ***I just remember some of the assets that Kevin started, you know, at PRHL, which are like I was mentioning before, the rooftops of the Chase buildings. And interestingly, I met with the president of Chase and they were, you know, really moving forward on it. It was pretty exciting, actually. Randy did not want to lose out. He didn't believe it, but he didn't want to lose out and PRHL should not lose out because Kevin was doing this while he was at PRHL. So that's***

where, you know, what can Kevin take and what -- can PRHL, how can they reap some rewards if he is successful? Q. That's where that promissory note came into effect? A. Correct.

AS 2501 IT'S STILL MANAGEMENT'S BEST ESTIMATE:

421. **AS 2501 – Auditing Accounting Estimates: paragraph 0.13** "*Review subsequent events or transactions.* Events or transactions sometimes occur subsequent to the date of the balance sheet, but prior to the date of the auditor's report, that are important in identifying and evaluating the reasonableness of accounting estimates or key factors or assumptions used in the preparation of the estimate. In such circumstances, an evaluation of the estimate or of a key factor or assumption may be minimized or unnecessary as the event or transaction can be used by the auditor in evaluating their reasonableness."

422. Subsequent events confirmed by the board of directors, management of PRHL and disclosures in the 2013 Form 10-K confirm the note settlement for 7,500,000 shares @ 0.141 shares.

423. As Mr. Letcavage states that "the Compromise was to clean up all the liabilities and was a global agreement." This was confirmed with Mr. Letcavage before we completed the Form 10-K.

424. The additional shares that were issued were confirmed by the Compromise agreement which was effectively signed as of March 4, 2014 and disclosed in the notes for the 10-K. The 2,500,000 shares was additional consideration for the Note (**Exhibit 454 Page 6 Exhibit B, Point 2**). The initial 5,000,000 was already confirmed based on **Exhibit 1116** and **Exhibit 1100**. The shares paid to The Power Company were settled and provided on February 28, 2013 (**See Exhibit 1116 page Section 2.2 a**), not on March 4, 2014.

ACCOUNTING FOR THE NOTE SETTLEMENT – MARCH 4, 2014:

A) THE NOTE WAS SETTLED FOR 7,500,000 PREMIER COMMON SHARES:

425. The Note was settled through equity and with the return of the 7,500,000 shares returned to treasury (See **Exhibit 1119 Form 10-K 2014 – See Page F-9 "Gain from Discontinued Operation"** On March 4, 2014, as part of an overall settlement, certain individuals associated with the transaction returned 5,000,000 common shares of the Company previously issued related to the sale of WePower ECO Corp, and in exchange for the promissory note in the face amount of $5,000,000 (and valued at $869,000 on the Company's financial statements as of December 31, 2013), WePower ECO Corp had returned an additional 2,500,000 common shares, for a total of 7,500,000 shares returned to the Company and See **Exhibit 1119 Form 10-K 2014 – See Page F-9** – Treasury Stock of $869,000).

426. The shares were returned at cost since the transaction was a related party transaction. This was a conservative approach as to not distort the financial statements and income statement especially since there was no continuing involvement in the Note and the wind business which its disposition was already recorded in the income statement 2013 and 2012 (**Exhibit 402 Form 10-K page page F-3 and page 4-14 Note 8. Discontinued Operations**).

B) TPC COMMON SHARES WERE SETTLED A YEAR BEFORE THE COMPROMISE AGREEMENT WAS FINAL:

427. **Exhibit 1116 Page 2 and Section 2.1 2.1 Purchase and Sale. On the terms and subject to the conditions of this Agreement,**

1 **At the Closing, Purchaser shall purchase from the Selling Members, free and clear of all Liens, 80% (eighty percent) of the Target Membership Interests.**

2 **The Purchase Price shall be payable at the Closing as set forth below.**

3 **The Purchase Price shall be paid in securities of the Purchaser and will consist (i) Thirty Million (30,000,000) shares of Purchaser's Common Stock (the "Shares").**

Exhibit 1116 supports that the purchase price was settled February 28, 2013 for 30,000,000 shares.

ACCOUNTING FOR THE NOTE SETTLEMENT – LESS CONSERVATIVE OPTION:

428. An unbiased expert in completing their Expert Report would objectively look at all options for accounting for transactions, which is actually required under the Daubert standard established by the Supreme Court. Biased and conflicted Devor fuels the Divisions hate by maliciously and ignorantly ignoring clear facts in the case and the rule of law. Devor has been acting as an expert witness for over 25 years. He is aware of the case law provided in **Appendix A: Legal Cases; Legal Precedent and Impact on Case.**

To continue to prove to this court and others that Honest Hardworking Americans were unbiased, objective and acted with the knowledge to take in account all stakeholders in the financial statements. We are providing a less conservative option to record the note settlement which would have impacted the income statement again and not follow the common shares directly into treasury.

429. As discussed in Innocent Victim's pre-trial briefs and testimony, we mentioned the only other method to record the disposition of the Note would be through the income statement but that would be distortive and misleading to investors as the Note was returned to treasury.

430. Wahl in his investigative testimony said "he didn't want to book the gain" on disposition or settlement of the note. **See P.F.F# 363 Exhibit 46 Page 108 Lines 6-24**. The settlement of the shares through treasury section of equity confirms the conservative nature of recording the transaction.

431. However this would be an option but it would not be conservative as it would create a further distortion of the income statement, which would be misleading to investors. The other approach would be to record the loss on the note receivable of $869,000 then record a gain through income statement for the 7,500,000 shares on their return to Treasury. PRHL took the most conservative method to return the shares to Treasury and settle the Note Receivable. This is not scienter, negligence, gross negligence and definitely not Fraud.

Dr. Recording Disposition of Note at Historical Cost (Debit Loss)	$869,000
*Cr. 2,500,000 *0.141 = Return to Treasury as Part of Note – Additional Consideration*	*($352,500)*
*Cr. 5,000,000 *0.141 = Return to Treasury as Part of Note – Original Consideration*	*($705,000)*
Total Gain on Return of Shares to Treasury under Other Income	*($188,500)*[52]

NO COMMUNICATION THAT THERE WAS AN ERROR B/C THERE WASN'T!:

[52] **Exhibit 46 Page 108 Lines 6-24:**

Yeah, okay. And is there a gain recognized on the P&L for that period? WAHL: No, because that wasn't one of – ***no, because we didn't book the settlement at that point in time. And I wasn't comfortable with booking a gain on the related party transaction, you know, given that, you know, there's such a sensitivity to its valuation. We used it more as like were we comfortable with the 869 being booked as an asset. Did not feel comfortable booking the gain.*** Now you said how many shares were received by your client? I believe, if you read the settlement paragraph, it says about 7.5 million, and I think the stock price was bout – go ahead. Okay, and those shares were received in two lump sums; is that correct? ***Right. But that was the entire consideration received for that note. That's what they received back.***

432. From January 7, 2013 to March 4, 2014 nothing was communicated to Honest Hardworking Americans, including Shek, Chen and Koch by management or Doty Scott that the $869,000 was incorrect or incomplete. Management on January 7, 2013 and March 4, 2014 had full support for the $869,000 in accordance with US GAAP and GAAS. Any changes or information provided after March 4, 2014 is not relevant. Additionally, management never provided Honest Hardworking Americans any information after March 4, 2014 that would change our conclusions.

ASC 250, ACCOUNTING FOR CHANGE IN ESTIMATES ARE COMPLETED ON A PROSPECTIVE BASIS:

433. Even if the SEC thinks that there is a different valuation to the Notes Receivable that change in estimate would have been recorded on a prospective basis as there is no relevant, unbiased or credible evidence provided by the SEC that on January 7, 2014 that the Note Receivable wasn't worth $869,000. If it was to be recorded on a prospective basis then there would be no change to the accounting for the transaction as PRHL returned the entire $869,000 to treasury with the 7,500,000 shares on March 4, 2014. This is conservative and correct.

434. Per **ASC 250, Accounting for Change in Estimates** are completed on a prospective basis. The recording of the Notes Receivable was based on management's best estimate, therefore any adjustments to the Note Receivable would be on a prospective basis but only if that information was receive between the January 7, 2013 (the recording date) and March 4, 2014 (the closing date). Any information provided after the closing date has no relevance to the transaction as it was no longer recorded in Premier's financial statements. Further supported by below:

435. Per **ASC 250**, **Change in Accounting Estimate***: A change that has the effect of adjusting the carrying amount of an existing asset or liability or altering the subsequent accounting for existing or future assets or*

liabilities changes in accounting estimates results from **new information**. *Examples of items for which items for which estimates are required are uncollectible receivables,*

THE POWER COMPANY

A) CONSERVATIVE PURCHASE PRICE ALLOCATION:

436: Topic ASC 805 (**ASC 805-20-15-2** and paragraphs **ASC 805-20-25-29** through to **25-33**) provides an accounting alternative that private companies can elect for the recognition of certain intangible assets acquired in a business combination. If a private company elects this accounting alternative, it generally does not recognize the following intangible assets separately from goodwill:

Customer-related assets

Non-compete agreements

If, however, a customer-related asset can be licensed or sold separately from other assets of the business, a private company must recognize this customer-related asset separately from goodwill, even if it uses the accounting alternative.

Based on A&C and Honest Hardworking Americans professional judgment, there was not sufficient and appropriate audit evidence for any assets that transferred in the original contract (**See Exhibit 1116**). There is no audit support for the customer-related assets it would be incorrect to record the customer related asset without it being clearly identified in the original contract. Assets acquired after the purchase date should not be included in the original purchase price allocation.

EXHIBIT 1116: was signed and effective as of February 28, 2013, the press release and the Form 8-k was filed by the Premier on March 6, 2013, which is six days later. If the customer assets were acquired after February 28, 2013 then this is not part of the original agreement because the original agreement does not identify the assets. Therefore, there is no audit evidence to record this asset and Premier management would not be

required to record a customer list for the Supplier contracts not the end customer contracts. The end customer contracts are between the Supplier and the end customer. The suppliers paid Premier commissions for providing new customers.

B) US GAAP REQUIREMENTS FOR PURCHASE PRICE ALLOCATION:

437. **ASC 805-20-25-1** *"As of the acquisition date, acquirer shall recognize, separately from goodwill, the identifiable assets acquired, the liabilities assumed, and any non controlling interest in the acquire. Recognition of identifiable assets acquired and liabilities assumed is subject to the conditions specified in paragraphs 805-20-25-2 through 25-3."*

C) RECOGNITION CONDITIONS:

438. **ASC 805-20-25-2:** "To qualify for recognition as part of applying the acquisition method, ***the identifiable asset acquired and liabilities assumed must meet the definitions of assets and liabilities in FASB Concepts Statement No. 6 Elements of Financial Statements***, at the acquisition date…….. costs the acquirer expects but is not obligated to incur in the future……."

439. **ASC 805-20-25-3:** "*In addition,* ***to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must be part of what the acquirer and the acquire (or its former owners) exchanged in the business combination transaction rather than the result of separate transactions.*** *The acquirer share apply the guidance in paragraphs 805-10-25-20 through 25-23 to determine which assets acquired or liabilities assumed are part of the exchange for the acquire and which, if any, are the result of separate transactions to be accounted for in accordance with their nature and the applicable GAAP.*"

D) THE CONTRACT BETWEEN TPC AND PREMIER IDENTIFIED NO ASSETS AND LIABILITIES TRANSFERRED:

440. **Exhibit 1116**: The agreement that was filed on Form 8-K. There are no assets and liabilities that were ***exchanged in the business combination transaction***. See **Exhibit 1116 Section 2.1** purchase price ***which does not identify which assets and liabilities come over***. Honest Hardworking Americans understand was that the business was transferred as a startup company and any assets and liabilities from the historical operations of TPC would not come over or they would have been explicitly documented as part of Section 2.1, which is the purchase price documentation. Honest Hardworking Americans can't make up the purchase price unless it's documented. No documentation means that there were no assets and liabilities transferred other than goodwill. Creating artificial assets and liabilities would be fraud. The SEC attorneys in this case are trying to create fraud by creating an artificial assets. Honest Hardworking Americans were involved with the drafting of **Exhibit 1121** and this was agreed to with the SEC's corporate finance group.

E) COMMENT LETTER WITH SEC CORPORATE FINANCE GROUP:

441. **Exhibit 1121 page 2 and 3 – Question 2:** At the time of the acquisition of The Power Company ("TPC"), Premier Holding Corporation allocated the total acquisition consideration to goodwill. According to ASC 805-20-25-1: As of the acquisition date, the acquirer shall recognize, separately from goodwill, the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree.

According to ASC 805-20-25-2: To qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in FASB Concepts Statement No. 6, Elements of Financial Statements, at the acquisition date.

Assets are defined as "probable future economic benefits obtained or controlled by a particular entity as a result of past transactions or events" (FASB CONCEPTS No. 6, par. 25). Liabilities are defined as "probable future sacrifices of economic benefits arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events" (CON 6, par. 35).

442. However, ***no liabilities were assumed as part of the purchase agreement.*** In addition, ***according to the definition of assets, which is defined as probable future economic benefits obtained or controlled by a particular entity as a result of past transactions or events. As of the acquisition date, the customer list did not meet the definition of an asset and due to the fact that TPC is a new business without past history to support the value. The contracts faced high turnover and TPC did not have a Supplier business to fulfil these contracts. Again it was more conservative to not record the Asset in accordance with FASB Concept Statement No. 6, Elements of Financial Statements, at the acquisition date***.

F) IDENTIFIABLE INTANGIBLE ASSETS:

443. **ASC 805-20-25-10**, "*The acquirer shall recognize separately from goodwill the identifiable intangible assets acquired in a business combination. An intangible asset is identifiable if it meets either the separability criterion or the contractual – legal criterion described in the definition of identifiable.*"

G) ASC 805-10-Overall-20 Glossary:

H) IDENTIFIABLE:

444. *An asset is identifiable if it meets the either of the following criteria:*

a) *It is separable, that is, capable of being separated or divided from the entity and sold, transferred, licensed, rented, or exchanged, either individually or together with a related contract, identifiable or liability, regardless of whether the entity intends to do so.*

445. If PRHL and TPC were able to consider that the "customer list" was "separable" they would have clearly identified it as such in the purchase price as defined in **Exhibit 1116 under Section 2.1**. It was not b/c its incapable of being separated and distinguished based on TPC's employees efforts and the core business and technology created by TPC which is the implied asset in the "Goodwill" that PRHL obtained in its acquisition of TPC. Similar that when the TPC sales team left to another organization in the fourth quarter of 2015. Not

all the contracts left TPC but the continued revenues flat lined and decreased until TPC was able to retrain the sales team implying that the value of the contracts was embedded in the overall value of TPC's organization and it could not be "separable".

b) It arises from contractual or other legal rights, regardless of whether those rights are transferrable or separable from the entity or from other rights and obligations.

446. PRHL had contracts with 30 suppliers and actually only received business from 6 to 8 of these suppliers. ***The suppliers had the underlying contractual or other legal rights with the customers*** which were the end consumers **not Premier**. As Eric Rosenberg stated in his testimony, Premier was paid by the "suppliers" see **Respondents Proposed Facts 358**. As documented, in **Exhibit 1121** that at the time PRHL or TPC did not have a "***Supplier***" to accrete substantial value for the end customer contracts with regards to TPC. So no future economic benefits or non-contractual or legal control over the end customer means that the assets for the customers should not be booked in PRHL's financial statements.

447. In understanding the value of owning a "***Supplier***" PRHL purchased on October 22, 2014 an 85% interest in LP&L a supplier in upstate New York but since the LP&L transaction occurred eight months in the "***future***" of the TPC transaction. The TPC transaction could not piggy back off of the LP&L transaction as per **ASC 805-20-25-3**, the LPL transaction was a "**Separate Transaction**".

GOODWILL - NO IMPAIRMENT:

448. Overall, according to **Accounting for Goodwill ASC 350-20-35-1** "Goodwill shall not be amortized. Instead, goodwill shall be tested for impairment at a level of reporting referred to as a reporting unit. (Paragraphs 350-20-35-33 through 35-46 provide guidance on determining reporting units.) 350-20-35-2 Impairment is the condition that exists when the carrying amount of goodwill exceeds its implied fair value. The fair value of goodwill can be measured only as a residual and cannot be measured directly. **350-20-35-3 An entity may first assess qualitative factors, as described in paragraphs 350-20-35-3A through 35-3G, to**

determine whether it is necessary to perform the two-step goodwill impairment test discussed in paragraphs 350-20-35-4 through 35-19. If determined to be necessary, the two-step impairment test shall be used to identify potential goodwill impairment and measure the amount of a goodwill impairment loss to be recognized (if any).

A) 1st STEP IS THE QUALITATIVE ASSESSMENT:

449. **Qualitative Assessment 350-20-35-3A**: "*An entity may assess qualitative factors to determine whether it is more likely than not (that is, a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount, including goodwill. If it's not more likely than not then you don't need to do the two step impairment analysis.*"

The Qualitative Assessment was introduced for year ends after December 15, 2011 and totally ignored by Devor.

450. **Subsequent Measurement Qualitative Assessment 350-20-35-3C:** "*In evaluating whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, an entity shall assess relevant events and circumstances. Examples of such events and circumstances include the following:*

b. Industry and market considerations such as a deterioration in the environment in which an entity operates, an increased competitive environment, a decline in market-dependent multiples or metrics (consider in both absolute terms and relative to peers), a change in the market for an entity's products or services, or a regulatory or political development

d. Overall financial performance such as negative or declining cash flows or a decline in actual or planned revenue or earnings compared with actual and projected results of relevant prior periods."

350-20-35-3D *"If, after assessing the totality of events or circumstances such as those described in the preceding paragraph, an entity determines that it is not more likely than not that the fair value of a reporting*

unit is less than its carrying amount, then the first and second steps of the goodwill impairment test are unnecessary."

Devor's and the SEC's argument for an impairment analysis and that A&C and Honest Hardworking Americans analysis is incorrect is mischaracterized and their own analysis doesn't even comply with appropriate US GAAP and GAAS since it does not include the qualitative assessment.

B) PREMIER HAD SUBSTANTIAL REVENUE GROWTH:

451. Premier's revenue growth from 2013 to 2014 was $1.8MM to $4.828MM which is 168.2% increase (or a in dollars $3.028MM increase in revenues) and (Gross Profit was $1.458MM in 2014 and $1.766MM in 2013). This was supported by management's plans and projections being provided to A&C as part of an annual impairment test as required by ASC 350. The significant growth in Premier's revenues and gross profit support Premier's ability to raise significant money from third party investors, thereby indicating that the goodwill was not impaired. The growth expectations for PRHL were expected and assessed in our audit (**See Exhibits 1111 and Exhibit 1112**) ***fully complies with ASC 350-20-35-3Ca and d***. In fact the analysis quotes the standards for the qualitative assessment. Further confirming the dishonesty of the attorneys, Devor and the accountants involved in this matter.

C) WAHL COMPLETED AN INDEPENDENT ANALYSIS TO COMPLY WITH ASC 350-20-35-3C a and d.:

452. Dan Hayes and Devor are so dishonest. They claimed that management was required to complete a goodwill impairment analysis. Premier management was not required to complete an analysis in accordance with ASC 350 since The POWER COMPANY purchase price was still provisional until February 28, 2014 which would be the first quarter of 2014 not the December 31, 2013 year-end audit.

Devor and Hayes intentionally took a working paper that A&C was not even required to prepare. A&C prepared this working paper as an objective, unbiased analytic to assess whether there was any impairment to mitigate its risk based on subsequent events as part of the December 31, 2013 audit. Even when Honest

Hardworking Americans are clearly acting in accordance with appropriate professional standards during their audits. The Division and Devor are so desperate that they simply mischaracterize the work and manipulate the accounting standards because they have no respect for this court.

453. Wahl discussed the independent analysis in his investigative testimony that it was performed independently of the company and tied to third party information the bank statements (**See P.F.F# 368)**.

454. Devor's report is incorrect he claims that management completed a goodwill analysis in the notes (**Exhibit 1118: Page F-8 Goodwill and Other Intangibles**) PRHL does not mention the goodwill impairment analysis b/c they were not required to complete the analysis in accordance with ASC 350. During trial, Gaurdi and the SEC attorneys put up the heading of the Goodwill note and do not fully disclose the entire note simply b/c it would reveal that they are not being honest.

ANTON & CHIA'S PCAOB COMPLIANT AUDIT WORKING PAPERS:

A) EXHIBIT 1100: PREMIER'S BOARD MINUTES:

455. Page 1 paragraph 9**:** Is part of A&C's working papers and clearly identifies the 5,000,000 shares to record the Note at $869,000 on January 7, 2013. Stock closes at $0.18 per yahoo/finance on January 7, 2013. 5,000,000 * $0.18 = $900,000 with a 3% discount = $869,000.

B) EXHIBIT 1101: ASSET PURCHASE AGREEMENT:

456. The agreement is part of the working papers. Clearly documents the assets and liabilities transferred to Wepower Eco Corp.; four patents, 3 trademarks and 28 contracts were transferred. The transaction was properly disclosed in the notes to the financial statements as a discontinued operation.

C) EXHIBIT 1104: PCA-CX-3-2 ENGAGEMENT TEAM DISCUSSION:

457. A&C engagement planning meeting and discussion to confirm we discussed all required documents and issues for the engagement. No negligence, no gross negligence, no scienter and no fraud. A group of CPAs trying to save the CPA world.

a. **Discussion Date:** March 29, 2014

b. **Discussion Participants:**

Name	Title
Greg Wahl, CPA	EP
Rich Koch, CPA	EQR
Tommy Shek, CPA	Manager
Monique Lai	Staff
Ivan Shing	Staff
[ ]	[ ]
[ ]	[ ]
[ ]	[ ]
[ ]	[ ]

2. **Describe the Discussion:** Indicate how it occurred (for example, the location, whether there were one or more meetings, whether it occurred via face-to-face meeting, conference call, teleconference, etc.) and what was discussed.

The meeting took place at the office in Newport Beach, CA. We discussed the documents such as the preliminary financials, goodwill impairment, materiality, related party transactions, equity related transactions, revenue recognition (See WP 7000.00), and sampling in sales substantive testing. The team also discussed the risks from fraudulent financial reporting. We also discussed the key audit areas on which we intend to focus.

D) EXHIBIT 1105: PLANNING MEMORANDUM:

458. The planning memorandum is in our working papers. It clearly documents all the requirements under PCAOB Auditing Standard 3. No negligence. No Gross Negligence. No Scienter. No Fraud.

E) EXHIBIT 1106: PCA CX 3.1 UNDERSTANDING THE COMPANY:

459. Clearly indicates that A&C understands the business and the nature of the transactions related to Premier. Their client. No negligence. No Gross Negligence. No Scienter. No Fraud.

F) EXHIBIT 1107: PROPOSED ADJUSTMENT:

460. Clearly documents the passed adjustment identified. No negligence. No Gross Negligence. No Scienter. No Fraud.

G) EXHIBIT 1108: PCA-CX-16-1 GOING CONCERN CHECKLIST:

461. Coincides with our work to support the going concern matter identified in our audit opinion as a 4th paragraph **(Exhibit 402 F-1 Paragraph 5)** and management was required to disclose the going concern matter in the notes (**Exhibit 402 F-10 Note 3 Going Concern**). Clearly demonstrates that A&C is integrating its working papers with its audit opinion and ensure that management complied with US GAAP. We are ensuring that investors are being made aware of this major red flag. No negligence. No Gross Negligence. No Scienter. No Fraud.

H) EXHIBITS 1109:NOTE RECEIVABLE VALUATION AND EXHIBIT 1110 NOTE RECEIVABLE VALUATION MEMO:

462. The engagement team's professional judgment that the valuation information available to them, including letters from management and the documentation received from and communications with Doty Scott, provided appropriate evidence that fair value measurements were in conformity with GAAP, was reasonable.

1) ANTON & CHIA'S EVALUATION OF THE FAIR VALUE MEASUREMENT FOR THE WEPOWER NOTE RECEIVABLE (EXHIBITS 1109 AND 1110):

463. uditing standards recognize that the objective of an audit of financial statements is the expression of an opinion on the fairness with which the financial statements present, in all material respects, the financial position, results of operations, and cash flows in conformity with GAAP. In meeting this objective, the auditor has a "responsibility to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud."[53] To evaluate whether the financial statements are free of material misstatements, the auditor considers

[53] AU § 110.02.

the significance of misstatements that are not corrected by the entity, involving both quantitative and qualitative considerations[54]. The auditor also exercises professional judgment in nearly every aspect of planning, performing, and reporting on an audit.[55]

464. When evaluating fair value measurements, AU 328 notes that the pertinent available information varies depending on the asset being measured, "GAAP… expresses a preference for the use of observable market prices to make that determination. In the absence of observable market prices, GAAP requires fair value to be based on the best information available in the circumstances."[56] Similarly, the AU 328 limits the scope of the "auditor's consideration of such assumptions" to "information available to the auditor at the time of the audit."[57]

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[54] AS 14, ¶ 17.

[55] [8] AS 3 ¶ A18–A19 ("Auditors exercise professional judgment in nearly every aspect of planning performing, and reporting on an audit…. Moreover, because professional judgment might relate to any aspect of an audit, the Board does not believe that an explicit reference to professional judgment is necessary every time the use of professional judgment may be appropriate.")

[56] AU § 328.03.

[57] AU § 328.05.

465. In considering the evidence available to the auditors with respect to the WePower Note Receivable, we discuss auditing literature regarding management's responsibility for financial statements and its related representations, the disclosure of subsequent events in the financial statements (related to the 2013 Audit) and the testing of fair value estimates to examine whether the evidence Anton and Chia obtained was appropriate evidence supporting Anton & Chia's conclusion that "the ending balance of the [WePower] [N]ote [R]eceivable [was] reasonably recorded" as of December 31, 2013 (**EXHIBITS 1109 AND 1110**).

2) MANAGEMENT'S RESPONSIBILITY:

466. Auditing standards identify management's responsibility for the measurement of fair value and indicate that auditors may obtain written representations from management specific to fair values. Similar to other amounts in the financial statements, AU 328 notes that "Management is responsible for making the fair value measurements and disclosures included in the financial statements."[58] Indeed, that standard further indicates that "[d]epending on the nature, materiality, and complexity of fair values," the auditor may want to include representations in a management representation letter.[59] The objective of such letters is to "confirm representations explicitly or implicitly given to the auditor, indicate and document the continuing appropriateness of such representations, and reduce the possibility of misunderstanding concerning the matters that are the subject of the representation."[60] These letters complement other testing and provide written confirmation of the "many representations" Management makes "to the auditor, both oral and written, in response to specific inquiries or through the financial statements."[61]

467. Such representations may range in terms of their specificity, and AU 328 suggests potential

[58] AU § 328.04.
[59] AU § 328.49
[60] AU § 333.02.
[61] AU § 333.02.

"management representations about fair value measurements and disclosures contained in the financial statements," including:

- "The appropriateness of the measurement methods, including related assumptions, used by management in determining fair value and the consistency in application of the methods.
- The completeness and adequacy of disclosures related to fair values.
- Whether subsequent events require adjustment to the fair value measurements and disclosures included in the financial statements."[62]

468. Anton & Chia obtained signed management representations letters with representations related to fair values consistent with the suggestions in AU 328. Regarding the Company's fair value measurement and disclosures, in conjunction with the 2013 Audit, Mr. Letcavage signed a management representation letter (**see P.F.F#467**).

3) **NATURE OF FAIR VALUE ESTIMATES AND CONSIDERATONS FOR TESTING:**

469. For the 2013 Audit, the WePower Sales Transaction was recorded and its effects reflected in the financial statements. Auditing standards acknowledge that in the absence of observable market prices, such as quoted stock or bond prices, fair value measurements can be complex and require a number of assumptions.[63] The auditor evaluates the accounting for fair value measurements using their "understanding of the requirements of GAAP and knowledge of the business and industry, together with the results of other audit procedures."[64]

[62] AU § 328.49.
[63] AU § 328.08.
[64] AU § 328.15.

470. ***When observable market prices are not available, AU 328 notes that fair value measurements "are inherently imprecise. That is because, among other things, those fair value measurements may be based on assumptions about future conditions, transactions, or events whose outcome is uncertain and will therefore be subject to change over time***."[65] In the absence of observable market values, "GAAP requires that valuation methods incorporate assumptions that marketplace participants would use in their estimates of fair value whenever that information is available without undue cost and effort***. If information about market assumptions is not available, an entity may use its own assumptions as long as there are no contrary data indicating that marketplace participants would use different assumptions.***"[66]

471. ***In the absence of observable market prices, "the auditor should evaluate whether the entity's method of measurement is appropriate in the circumstances. That evaluation requires the use of professional judgment. It also involves obtaining an understanding of management's rationale for selecting a particular method by discussing with management its reasons for selecting the valuation method.*** The auditor considers whether:

a. Management has sufficiently evaluated and appropriately applied the criteria, if any, provided by GAAP to support the selected method.

b. The valuation method is appropriate in the circumstances given the nature of the item being valued.

c. The valuation method is appropriate in relation to the business, industry, and environment in

[65] AU § 328.05.

[66] AU § 328.06.

which the entity operates."[67]

472. During the planning of the engagement, Anton & Chia identified the valuation of the WePower Notes Receivable as a significant audit area. The planning for the area included plans to "***obtain the $5 million note receivable agreement and also the discounted cash flow calculation by the Company for the notes paid off in 15 years.***" (**See Exhibit 1105**) Moreover, ***in conjunction with the planning of the audit, the audit team had a discussion of fraud and significant risk that included a discussion of the WePower Note Receivable***. **(See Exhibit 1108)**

In conjunction with its testing, Anton & Chia obtained a spreadsheet from Doty Scott, which outlined the fair value methodology used and the related assumptions. (**Exhibit 1109 and 1110**) Doty Scott was retained by Premier and not A&C. Therefore the spreadsheets were the work product of management. As Wahl noted in his testimony, the spreadsheet contains the results of different valuation methods, and, based on conversations with Scott, Anton & Chia focused on the enterprise valuation method as the most appropriate method to use.[68]

In conducting this audit, members of the engagement team from multiple levels, including the engagement partner were involved in reviewing and examining the evidence obtained. Based on the testimony of Wahl and Chris Wen, they and Mr. Tommy Shek were involved in discussions regarding the WePower Note Receivable during the course of the audit.[69] Wahl, in reviewing the spreadsheet noted that, the valuation methodology designated as most appropriate by Scott was based upon market multiples and discounted cash flows.[70] ***These methodologies are commonly used for fair valuations and are set forth in GAAP as methodologies that may be used if observable market prices are not available.***[71]

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[67] AU § 328.18.
[68] Wahl Transcript, Vol I., p. 73:1–25; p. 74:11–16. Wen Transcript, p. 57:20–25.
[69] Wahl Transcript, Vol II., pp. 339:10–340:8. Wen Transcript, p. 39:12–40:24.
[70] Wahl Transcript, Vol I, p. 85:25–86:9.
[71] Financial Accounting Standards Board, Statement of Financial Accounting Standards No. 157, *Fair Value Measurements,* paragraph 18.

4) TESTING THE FAIR VALUE MEASUREMENTS:

473. Auditing standards do not provide a set of specific procedures for testing all fair value measurements and recognize the need for the use of professional judgment. AU 328 notes that such testing "var[ies] significantly in nature, timing, and extent."[72] This variation is the result of a "wide range of possible fair value measurements, from relatively simple to complex" and "varying levels of risk of material misstatement associated with the process for determining fair values."[73] While these procedures are not specifically required, the auditing standards note that "[f]or example, substantive tests of the fair value measurements may involve:

(a) testing management's significant assumptions, the valuation model, and the underlying data…;

(b) developing independent fair value estimates for corroborative purposes…; or

(c) reviewing subsequent events and transactions…."[74]

474. Based on a review of the relevant audit workpapers and the testimony provided in this matter, Anton & Chia used a combination of (a), (b) and (c) in conducting their testing. The testing is outlined below. Auditing standards note that, "[w]hen testing the entity's fair value measurements and disclosures, the auditor evaluates whether:

a. Management's assumptions are reasonable and reflect, or are not inconsistent with, market information;

[72] AU § 328.23.
[73] AU § 328.23.
[74] AU § 328.23.

b. A&C reviewed the March 4, 2014 settlement agreement which determined that the transaction was settled for 7,500,000 common shares significantly for more than the $869,000 (**see P.F.F#363**).

c. The fair value measurement was determined using an appropriate model, if applicable; [and]

d. Management used relevant information that was reasonably available at the time."[75]

475. While the auditor evaluates these assumptions, AU 328 notes that the testing is done in the context of the audit taken as a whole. Specifically, AU 328 states that "[w]here applicable, the auditor should evaluate whether the significant assumptions used by management in measuring fair value, taken individually and as a whole, provide a reasonable basis for the fair value measurements and disclosures in the entity's financial statements."[76] Indeed, AU 328 also notes that the "***objective of the audit procedures is…not intended to obtain sufficient appropriate audit evidence to provide an opinion on the assumptions themselves. Rather, the auditor performs procedures to evaluate whether the assumptions provide a reasonable basis for measuring fair values in the context of an audit of the financial statements taken as a whole."[77]*** In terms of the assumptions, the "auditor focuses attention on the significant assumptions that management has identified"[78] and that these assumptions "ordinarily are supported by differing types of evidence from internal and external sources that provide objective support for the assumptions used."[79]

[75] AU § 328.26.
[76] AU § 328.28
[77] AU § 328.32.
[78] AU § 328.33.
[79] AU § 328.31.

476. AU 328 further outlines a number of factors to consider in evaluating whether the assumptions are reasonable. The standard notes "[t]o be reasonable, the assumptions on which the fair value measurements are based (for example, the discount rate used in calculating the present value of future cash flows), individually and taken as a whole, need to be realistic and consistent with:

a. The general economic environment, the economic environment of the specific industry, and the entity's economic circumstances;
b. Existing market information;
c. The plans of the entity, including what management expects will be the outcome of specific objectives and strategies;
d. Assumptions made in prior periods, if appropriate;
e. Past experience of, or previous conditions experienced by, the entity to the extent currently applicable;
f. Other matters relating to the financial statements, for example, assumptions used by management in accounting estimates for financial statement accounts other than those relating to fair value measurements and disclosures; and
g. The risk associated with cash flows, if applicable, including the potential variability in the amount and timing of the cash flows and the related effect on the discount rate."[80]

477. In addition to testing the assumptions, the auditor tests relevant data that is used "to develop the fair value measurements and disclosures and evaluate[s] whether the fair value measurements have been properly determined from such data and management's assumptions."[81]

[80] AU § 328.36.
[81] AU § 328.39.

478. Anton & Chia's audit documentation notes that the team [reviewed] the reasonableness of the assumptions [and] estimates of the fair value." Anton & Chia's procedures included "recalculate[ing] the [valuation] schedule…to ensure [there were] no material changes to the underlying valuation and assumptions."

479. The notations in the audit documentation ("tickmarks") and the testimony indicate that multiple members of the engagement team reviewed the assumptions and estimates used for the valuation of the WePower Note Receivable. In reviewing the valuation schedule with Anton & Chia's documentation, I noted that the audit documentation indicates a recalculation of the enterprise valuation of the notes. Moreover, Wen noted that Wahl reviewed "the reasonableness of the assumptions [and] estimates of the fair value."

I) EXHIBIT 1111 GOODWILL IMPAIRMENT MEMO:

480. Page 2 paragraph 3. The memorandum is put together by Tommy Shek. Devor is so dishonest that he ignored on page two third paragraph the appropriate US GAAP for the qualitative assessment. Tommy puts it right in his memorandum.

481. **ASC 350-20-35-3 "**An entity may first assess qualitative factors, as described in paragraphs 350-20-35-3A through 35-3G:, to determine whether it is necessary to perform the two-step goodwill impairment test discussed in paragraphs 350-20-35-4 through 35-19."

482. Then they lied in the report and then lied again in the ALJ court about it. If management decides that based on qualitative factors the goodwill is not impaired it's not "***necessary to perform the two-step goodwill impairment test."***

J) EXHIBIT 1112 TCP 2014 vs 2013 PROJECTIONS:

483. The analysis that Shek put together to support ASC 350-20-35-3 and paragraphs ASC 350-20-35-3A through 35-3G that clearly demonstrates there is no provisional impairment. Management's provisional period is up through February 28, 2014. There is no requirement for an impairment analysis.

K) EXHIBIT 431 ACCOUNTING FOR DISCONTINUED OPERATIONS_ WEPOWER:

484. This is the SEC's Exhibit. The memorandum prepared by A&C shows the settlement of the Note Receivable and ties into the contractual terms relating to the disposition of the We Power, LLC and also provides the appropriate US GAAP reporting requirements for the disposition.

L) EXHIBIT 432 PREMIER HOLDINGS CORPORATION REPORT TO THE BOARD OF DIRECTORS:

485. This is the SEC's Exhibit. Demonstrates A&C's independent, objective and professional judgment in completing the audit. On page 7: A&C identifies 9 audit adjustments that were individually and cumulatively material that were

booked by management. On page 8 there is one passed adjustment that is identified on **Exhibit 1107**. Then on page 9 it clearly identifies the material weaknesses over financial reporting and other significant areas that A&C had.

FINANCIAL STATEMENT DISCLOSURES:

A) RELATED PARTY TRANSACTIONS A&C'S AUDIT REPORT EMPHASIS OF A MATTER – INVESTOR RED FLAG:

Exhibit 402 Page F-1 (Page 17)

486. "As discussed in Note 6 to the consolidated financialstatements, during the year ended December 31, 2013,the Company made payments to Nexalin Technology. Nexalin Technology is in an unrelated business to the Company, and Mr. Letcavage is its president and a shareholder. In addition, the Company has also made payments to iCapital Advisory, which Mr. Letcavages serve as President."

487. A&C acted conservatively in its audit report and provide an additional red flag to investors by ensuring that it provide an "emphasis of a matter" in relation to PRHL's related party transactions. The related party transactions are fully disclosed throughout the Form 10-K including the consolidated financial statements.

488. Emphasis of Matter paragraph (EMP) has been defined in International Standards on Auditing (ISAs) as follows:

A paragraph included in the auditor's report that refers to a matter appropriately presented or disclosed in the financial statements that, in the auditor's judgment, is of such importance that it is fundamental to users' understanding of the financial statements.

489. Emphasis of a Matter

AS 3101.19, "The auditor may emphasize a matter regarding the financial statements in the auditor's report ("emphasis paragraph").[36] The following are examples of matters, among others, that ***might*** be emphasized in the auditor's report:[37]

a. Significant transactions, including significant transactions with related parties;"

490. This additionally demonstrates that A&C acted with prudent appropriate due care and were not negligent in its completion of the 2013 audit. The conclusions to add an "Emphasis of a Matter" are based on appropriate professional judgement.

491. "The consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As shown in Note 3 to the consolidated financial statements, the Company has incurred an accumulated deficit of $13,146,885 from inception to December 31, 2013. This raises substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to this matter are described in Note 3. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty."

B) GOING CONCERN A&C'S AUDIT REPORT EMPHASIS OF A MATTER – INVESTOR MAJOR RED FLAG:

492. Going concern qualification cut strongly in an accountant's favor (See, *In re North American Acceptance Corp. Securities Cases,* 513 F.Supp. 608, 636 n. 15 (N.D.Ga. 1981) (calling "going concern" qualification "about the most conspicuous `red flag' that an auditor can wave")).

493. **AS 3101 .18**, "Other standards of the PCAOB require that, in certain circumstances, the auditor include explanatory language (or an explanatory paragraph) in the auditor's report, while not affecting the auditor's opinion on the financial statements. These circumstances include when:

a. There is substantial doubt about the company's ability to continue as a going concern;"

C) NOTES RECEIVABLE RECORDED:

494. **Exhibit 402 Page F-2 (Page 18)**

Notes receivable	869,000

495. The Note Receivable was appropriately disclosed in accordance with **Regulation S-X Rule 5-02.3 Balance Sheets See paragraph 210-10-599-1.**

D) DISCONTINUED OPERATIONS REPORTED:

496. **Exhibit 402 Page F-3 (Page 19)**

Income (Loss) from discontinued operations	985,138	(756,912)

497. The Discontinued Operations income statement was appropriately disclosed in accordance with **Presentation of Financial Statements, Discontinued Operations, Other Presentation Matters ASC 205-20-45-1A** and paragraphs **45-3 to 45-3c.**

E) CASH FLOW STATEMENT DISCLOSES WEPOWER TRANSACTION:

498. **Exhibit 402 Page F-3 (Page 19)**

Supplemental Schedule of Non-Cash Investing and Financing Activities		
Common stock issued for acquired assets	$ 4,500,000	$ 390,000
Note receivable related to sale of subsidiary	$ 869,000	$

F) DISCONTINUED OPERATIONS NOTE DISCLOSURES:

499. **Exhibit 402 F-9 paragraph 9.**

Gain from Discontinued Operations

Gain from discontinued operations of $985,138 for the nine months ended September 30, 2013 consists of the sale of both intangible assets in the form of sales opportunities and leads, and the assumption of liabilities from the discontinued operations to WEPOWER ECO Corp (an unrelated company). The gain is based upon the estimated value of the $5,000,000 note received in the transaction. The provisional amounts are subject to revision until the evaluations are completed to the extent that additional information is obtained about the facts and circumstances that existed as of the acquisition date. ***The preliminary appraised value of the note is $869,000***;$116,138 consists of liabilities which were assumed by the acquirer in the transaction.

500. PRHL's accounting policy is appropriately disclosed in accordance with ***ASC 235 Notes to the Financial Statements and Accounting Policies – ASC 235, paragraph 50.***

501. **Exhibit 402 F-14 (page 30)**

NOTE 8 - DISCONTINUED OPERATIONS

The Company acquired assets from WEPOWER, LLC during 2011. WEPOWER, Ecolutions, Inc. was expected to offer clean energy products and services to commercial markets, developers, and management companies of large scale residential developments. In 2012, WEPOWER Ecolutions, Inc was classified as held for sale under the requirements of ***ASC 360-10-45-9, and therefore, the result of its operations are reported in discontinued operations in accordance with ASC 205-20-45-3***.

On January 7, 2013, Premier Holding Corporation ("PRHL"), acting through its wholly owned subsidiary, WEPOWER Ecolutions, Inc., completed the sale of assets under an Asset Purchase Agreement with WEPOWER Eco Corp., a newly formed entity, controlled by Kevin B. Donovan, PRHL's former CEO. PRHL sold certain assets related solar energy, wind power projects, energy efficiency projects in real estate, and fuel efficiency for diesel and gasoline engines for a note payable for $5,000,000, (preliminary valuation on the note is $869,000). WEPOWER Eco Corp. assumed $116,138 in liabilities, acquired three patents, six trademarks, and twenty- eight contracts. Further, PRHL and WEPOWER Eco Corp. agreed to certain exclusive business opportunities, fifteen exclusive opportunities and nineteen exclusive for nine months. A Mutual General Release between PRHL, WEPOWER Ecolutions, Inc., WEPOWER Eco Corp., and the former directors and officers, Kevin Donovan, Frank Schulte, and Thomas C. Lynch was signed, and executed on January 4, 2013 releasing all parties from all claims, from whatever source.

The WePower, LLC is appropriately disclosed in the notes to the PRHL consolidated financial statements **ASC 2015-20-50 Presentation of Financial Statements, Discontinued Operations, and Disclosures**.

502. **NOTE 9 - SUBSEQUENT EVENTS**

Subsequent to the period ended December 31, 2013 the Company settled a disagreement with a former employee. In 2013 Brian Manahan alleged a complaint related to shares previously issued in 2012 related to his employment. On March 4, 2014 the parties agreed to a settlement whereby the Company would pay Mr. Manahan $35,000 payable over a period of one year, payment was personally guaranteed by Randall Letcavage. As well, Marvin Winkler agreed to transfer $15,000 in the form of 83,334 common shares of the Company to Mr. Manahan. In return, Mr. Manahan agreed to sell no more than 30,000 shares of the Company's stock per month through June 30, 2014. ***Additionally, WePower LLC returned 5,000,000 common shares of the Company previously issued related to the sale of TPC, and in exchange for the promissory note in the face amount of $5,000,000 (and valued at 869,000 on the Company's financial statements as of December 31, 2013), the Company had returned an additional 2,500,000 common shares.***

503. **Exhibit 1119 page 39 and 40**

Gain from Discontinued Operations

Gain from discontinued operations of $985,138 for the year ended December 31, 2013 consists of the sale of both intangible assets in the form of sales opportunities and leads, and the assumption of liabilities from the discontinued operations to WEPOWER ECO Corp (an unrelated company). The gain is based upon the estimated value of the $5,000,000 note received in the transaction. The provisional amounts are subject to revision until the evaluations are completed to the extent that additional information is obtained about the facts and circumstances that existed as of the acquisition date. The value of the note is $869,000; $116,138 consists of liabilities which were assumed by the acquirer in the transaction.

504. ***On March 4, 2014, as part of an overall settlement, certain individuals associated with the transaction returned 5,000,000 common shares of the Company previously issued related to the sale of WePower ECO Corp, and in exchange for the promissory note in the face amount of $5,000,000 (and valued at $869,000 on the Company's financial statements as of December 31, 2013), WePower ECO Corp had returned an additional 2,500,000 common shares, for a total of 7,500,000 shares returned to the Company.***

*The Common shares that were tied to THE POWER COMPANY were issued on **February 28, 2013**, which is fully disclosed to the investors on Form 8-K and in the notes to consolidated financial statements. A reasonable investor would be able to clearly understand. The shares were exchanged for the Note Receivable there was no other consideration exchanged. Note Receivable for shares. Additionally, in the discontinued operation line item. There is only one line that shows the gain or loss. The line item is not broken out nor is it required to be broken out. Additionally, from the beginning as described in **Exhibit 1100 page 1 paragraph 9**, if the shares were not to be*

settled or used for another transaction, they were to be returned to treasury. In the settlement of the Note. The Accounting must follow the legal form which was to return the cost basis of the Note Receivable to Treasury Stock with the common shares provided by Marvin Winkler.

505. **Exhibit 1119 page 53, 54 and 55.**

NOTE 12 – DISCONTINUED OPERATIONS

The Company acquired assets from WePower LLC during 2011. WePower, Ecolutions Inc. was expected to offer clean energy products and services to commercial markets, developers, and management companies of large-scale residential developments. In 2012, WePower Ecolutions Inc. was classified as held for sale under the requirements of ASC 360-10-45-9, and therefore, the result of its operations are reported in discontinued operations in accordance with ASC 205-20-45-3. On January 7, 2013 the Company, acting through its wholly owned subsidiary, WePower Ecolutions, Inc., completed the sale of assets under an Asset Purchase Agreement with WePower Eco Corp., a newly formed entity, controlled by Kevin B. Donovan, the Company's former CEO. The Company sold certain assets related to solar energy, wind power projects, energy efficiency projects in real estate, and fuel efficiency for diesel and gasoline engines for a note payable for $5,000,000, and WePower Eco Corp. assumed $116,138 in liabilities, acquired three patents, six trademarks, and twenty eight contracts.

506. ***On March 4, 2014, as part of an overall settlement, certain individuals associated with the transaction returned 5,000,000 common shares of the Company previously issued related to the sale of WePower Eco Corp, and in exchange for the promissory note in the face amount of $5,000,000 (and valued at $869,000 on the Company's consolidated financial statements as of December 31, 2013), WePower Eco Corp had returned an additional 2,500,000 common shares, for a total of 7,500,000 shares returned to the Company.***

507. **Exhibit 49, Page 131, Lines 4:9:**

Q. *Do you know whether or not at the time that you negotiated with Mr. Letcavage for the Promissory note in exchange for your 7.5 million shares of Premier Holdings, whether or not the promissory note was in default? A. I don't recall.*

Even Ellenbogen and Winkler understand that the Note Receivable was settled for 7,500,000 shares.

G) TREASURY STOCK:

508. **Exhibit 1119 page 27**

Stockholders' Equity (Deficit):

Treasury stock	(869,000)	
Additional paid in capital	23,886,440	19,639,399
Accumulated deficit	(21,326,640)	(13,146,885)
Total Premier Holding Corporation stockholders' equity (deficit)	1,987,542	6,507,615
Non-controlling interest	(499,702)	(179,356)
Total Stockholders' Equity (Deficit)	1,487,840	6,328,259
Total Liabilities and Stockholders' Equity (Deficit)	$ 6,892,406	$ 6,879,145

509. ***On February 28, 2013, Premier acquired an 80% interest in The Power Company USA, LLC ("TPC") for 30,000,000 shares of Premier's common stock valued at $4,500,000.*** TPC is based is a deregulated power broker which was originally formed as an Illinois limited liability company on November 29, 2010. TPC brokers power to both residential and commercial users in the 12 states that allow the distribution of deregulated power.

*The Common shares that were tied to THE POWER COMPANY were issued on **February 28, 2013**, which is fully disclosed to the investors on Form 8-K and in the notes to consolidated financial statements. A reasonable investor would be able to clearly understand. The shares were exchanged for the Note Receivable there was no other consideration exchanged. Note Receivable for shares. Additionally, in the discontinued operation line item. There*

is only one line that shows the gain or loss. The line item is not broken out nor is it required to be broken out. Additionally, from the beginning as described in ***Exhibit 1100 page 1 paragraph 9****, if the shares were not to be settled or used for another transaction, they were to be returned to treasury. In the settlement of the Note. The Accounting must follow the legal form which was to return the cost basis of the Note Receivable to Treasury Stock with the common shares provided by Marvin Winkler.*

H) THE POWER COMPANY: EXHIBIT

402 – Page F-8 paragraph 1:

510. **Goodwill and Other Intangible Assets**

The Company **periodically reviews** the carrying value of intangible assets not subject to amortization, including goodwill, to determine whether impairment may exist. Goodwill and certain intangible assets are assessed annually, or when certain triggering events occur, for impairment using fair value measurement techniques. These events could include a significant change in the business climate, legal factors, a decline in operating performance, competition, sale or disposition of a significant portion of the business, or other factors. Specifically, goodwill impairment is determined using a two-step process. The first step of the goodwill impairment test is used to identify potential impairment by comparing the fair value of a reporting unit with its carrying amount, including goodwill. Premier uses level 3 inputs and a discounted cash flow methodology to estimate the fair value of a reporting unit. A discounted cash flow analysis requires one to make various judgmental assumptions including assumptions about future cash flows, growth rates, and discount rates. The assumptions about future cash flows and growth rates are based on the Company's budget and long-term plans. Discount rate assumptions are based on an assessment of the risk inherent in the respective reporting units. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired and the second step of the impairment test is unnecessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of that

goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. That is, the fair value of the reporting unit is allocated to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the purchase price paid to acquire the reporting unit.

As of December 31, 2013, amortizable intangible assets consist of patents, trade names, trademarks, domain names, website emails, and non-compete agreements, and contracts with suppliers and customers. See Note 4 for further information regarding the acquisition and amortization of these intangible assets. These intangibles are being amortized on a straight line basis over their estimated useful lives, two to ten years.

511. **The Goodwill and Other Intangibles Note does not mention an impairment analysis as there is no requirement until the purchase price allocation is completed by February 28, 2014**, which is a subsequent event from the December 31, 2013 form 10-K filing.

EXHIBIT 402 Page F-11, paragraph 4:

512. **The Power Company USA, LLC Share Exchange**

On February 28, 2013 Premier acquired 80% of the outstanding membership units of the The PowerCompany USA, LLC, an Illinois limited liability company ("TPC" or "The Power Company"), a deregulated power broker in Illinois for thirty million 30,000,000 shares of Premier's common stock valued at $4,500,000. The PowerCompany had over 14,000 residential and commercial customers. ***The initial accounting for the business combination is not complete because the evaluations necessary to assess the fair values of certain net assets acquired and the amount of goodwill to be recognized are still in process. The provisional amounts are subject to revision until the evaluations are completed to the extent that***

additional information is obtained about the facts and circumstances that existed as of the acquisition date. Any changes to the fair value assessments will affect the acquisition-date fair value of goodwill.

513. As represented under there is no representation or requirement to complete a goodwill impairment analysis by management since the purchase price allocation wasn't required to be completed until February 28, 2014, which would be in May 2014 when the first quarter 10-Q was filed. The fact that the amounts are provisional and are still subject to completion was fully disclosed by Premier management.

I) PREMIER 2013 FORM 10-K MANAGEMENT CERTIFIED THE 2013 FINANCIAL STATEMENTS AND DISCLOSURES:

514. The SEC attorneys should read the certifications by management for the audit. In conjunction with our report to the board of directors, Honest Hardworking Americans proposed and management recorded nine audit adjustments and communicated A&C did not attach any public disclosures of their representations to investors. Management made all public disclosures to investors and representations in Exhibits 31.1 and

32.13.

EX-31.1 2 premier_10k-ex3101.htm CERTIFICATIONS

Exhibit 31.1

Certifications

I, Randall Letcavage, certify that:

4 I have reviewed this annual report on Form10-K of Premier Holding Corporation for the year ended December 31, 2013;

5 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

6 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

7 Premier Holding Corporation's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under its supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

- Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under its supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

- Evaluated the effectiveness of Premier Holding Corporation's disclosure controls and procedures and presented in this report its conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

- Disclosed in this report any change in Premier Holding Corporation's internal control over financial reporting that occurred during its most recent fiscal quarter (Premier Holding Corporation's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting; and

8 Premier Holding Corporation's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Premier Holding Corporation's auditors and the audit committee of its Board of Directors (or persons performing the equivalent functions):

I. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Premier Holding Corporation's ability to record, process, summarize and report financial information; and

II. Any fraud, whether or not material, that involves management or other employees who have a significant role in Premier Holding Corporation's internal control over financial reporting.

Date: April 15, 2014

/s/ Randall Letcavage

Randall Letcavage

Chief Executive Officer and Chief Financial Officer

(Principal Executive Officer and Principal Finance and Accounting Officer)

EX-32.1 3 premier_10k-ex3201.htm CERTIFICATIONS

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT

OF 2002

In connection with the annual report of Premier Holding Corporation (the "Company") on Form 10-K for the year ended December 31, 2013, as filed with the Securities and Exchange Commission (the "Report"), the undersigned principal executive and financial officer of Premier hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1 The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2 The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. Date: April 15, 2014

/s/ Randall Letcavage

Randall Letcavage

Chief Executive Officer and Chief Financial Officer

(Principal Executive Officer and Principal Finance and Accounting Officer)

PREMIER - THE SEC HAS NO EVIDENCE:

515. Exhibits **416, 421, 422, 423, 424, 437, 439, 440, 448, 449, 452.1, 452.2, 452.3, 452.4**, and **452.5.** The Exhibits are all draft and are incomplete and should never had been admitted as evidence. Doty Scott didn't issue a report as Al Haddad said on **Exhibit 445**: "**could I get one number – projected revenue in 2018"**. Then Doty Scott completed the projections for the one year they didn't have the projections and completed the financial model, which was completed correctly and in accordance with appropriate valuation standards. Doty Scott never issued a report. Premier's management took the spread sheets and confirmed that they were correct. This is not a case of "Doty Scott represents" b/c he has represented no supported facts in this case. Doty Scott never signed his report. No signed report. No representations made. This is a case based on ***management's representations*** that the $869,000 was "***management's best estimate***" and considering that management settled the Note Receivable for gain recorded in equity for the 7,500,000 shares that were returned to treasury. Management signed the representation letter. Management signed the certifications.

516. The following **Exhibits 455, 459,460, 461, 465, 466, 469, 472, 473, 474, 476, 480, 495, 495.1,** and **495.2** were after March 4, 2014 which is the "effective date" of the settlement of the note for 7,500,000 shares per **Exhibit 454** so any communication or documentation there after March 4, 2014 is irrelevant.

517. The SEC attorneys, Devor and accountants on this case filed these erroneous, false, duplicates, "draft" and invalid Exhibits simply in attempt to justify their jobs and make this case much larger and more onerous than it was or is. This is 30 Exhibits. Further proving significant waste of tax payer's dollars. As mentioned in the **P.F.F#28** the SEC employees have "*contempt for the taxpayer.*" The pattern continues in this case, Mark Cuban case and others.

518. Plus, if the SEC attorneys and accountants actually read and understood the contracts, Premier's business and industry, the board minutes, the audit support, the financial statements and the applicable note disclosures to follow the transaction from inception through to the note settlement that all the accounting and disclosures for the Note Receivable and the return of 7,500,000 was completed in accordance with US GAAP and GAAS.

PREMIER'S STOCK PRICE:

519. During the period for the 2013 audit and Note settlement in early March 2014. PRHL's stock traded in a very tight range of $0.13 to $0.25 per share based on daily closing prices. The average daily volume is 106,376 which is sufficient volume for the shares to be treated similar to cash.

PHRL - Trades from January 29, 2013 to January 28, 2014 from yahoo finance					
Average Volume per Day	**Average Share Price per Day**	**Per Day Value Traded**	**Trading Days Per Month**	**Monthly Value Traded**	**Annualized Value Traded**
106,376	$ 0.16	$16,986	22	$373,701	$4,484,415

Date	Open	High	Low	Close	Adj Close	Volume
1/29/2013	0.21	0.22	0.19	0.21	0.21	24500
1/30/2013	0.21	0.23	0.21	0.21	0.21	68500
1/31/2013	0.19	0.23	0.19	0.22	0.22	43200
2/1/2013	0.21	0.22	0.2	0.2	0.2	177500
2/4/2013	0.23	0.23	0.18	0.21	0.21	73000
2/5/2013	0.2	0.2	0.19	0.2	0.2	29400
2/6/2013	0.19	0.2	0.19	0.2	0.2	44200
2/7/2013	0.18	0.2	0.18	0.2	0.2	14700

2/8/2013	0.18	0.2	0.18	0.2	0.2	59100
2/11/2013	0.19	0.2	0.17	0.2	0.2	57100
2/12/2013	0.18	0.18	0.16	0.16	0.16	36000
2/13/2013	0.14	0.2	0.14	0.18	0.18	135700
2/14/2013	0.16	0.18	0.15	0.17	0.17	44700
2/15/2013	0.18	0.18	0.16	0.17	0.17	19800
2/19/2013	0.16	0.17	0.15	0.17	0.17	10400
2/20/2013	0.14	0.18	0.14	0.17	0.17	58100
2/21/2013	0.15	0.16	0.15	0.16	0.16	19000
2/22/2013	0.15	0.17	0.14	0.15	0.15	168100
2/25/2013	0.14	0.15	0.11	0.15	0.15	131000
2/26/2013	0.14	0.15	0.14	0.15	0.15	20100
2/27/2013	0.12	0.14	0.12	0.14	0.14	21900
2/28/2013	0.13	0.14	0.1	0.14	0.14	149400
3/1/2013	0.14	0.14	0.12	0.13	0.13	52800
3/4/2013	0.12	0.13	0.12	0.13	0.13	136900
3/5/2013	0.12	0.18	0.12	0.16	0.16	497600
3/6/2013	0.16	0.18	0.12	0.14	0.14	1479700
3/7/2013	0.14	0.14	0.1	0.11	0.11	1393600
3/8/2013	0.11	0.11	0.09	0.09	0.09	329200
3/11/2013	0.09	0.1	0.07	0.1	0.1	250900
3/12/2013	0.1	0.1	0.08	0.09	0.09	38500
3/13/2013	0.09	0.09	0.07	0.09	0.09	103400

3/14/2013	0.08	0.11	0.08	0.1	0.1	219200
3/15/2013	0.11	0.13	0.1	0.13	0.13	226700
3/18/2013	0.12	0.13	0.12	0.13	0.13	123900
3/19/2013	0.12	0.13	0.12	0.13	0.13	55800
3/20/2013	0.12	0.13	0.09	0.11	0.11	93300
3/21/2013	0.1	0.12	0.09	0.11	0.11	93200
3/22/2013	0.13	0.13	0.09	0.11	0.11	12000
3/25/2013	0.11	0.11	0.08	0.11	0.11	297700
3/26/2013	0.1	0.11	0.08	0.1	0.1	54900
3/27/2013	0.08	0.1	0.08	0.09	0.09	31600
3/28/2013	0.08	0.11	0.07	0.1	0.1	72200
4/1/2013	0.1	0.1	0.07	0.1	0.1	66000
4/2/2013	0.09	0.09	0.08	0.09	0.09	24600
4/3/2013	0.08	0.09	0.06	0.08	0.08	167100
4/4/2013	0.07	0.08	0.06	0.06	0.06	32900
4/5/2013	0.1	0.1	0.06	0.09	0.09	15000
4/8/2013	0.11	0.11	0.07	0.09	0.09	144900
4/9/2013	0.1	0.1	0.07	0.09	0.09	48600
4/10/2013	0.09	0.1	0.07	0.1	0.1	108500
4/11/2013	0.1	0.1	0.08	0.1	0.1	26500
4/12/2013	0.08	0.1	0.08	0.1	0.1	21000
4/15/2013	0.1	0.1	0.07	0.1	0.1	22800
4/16/2013	0.07	0.1	0.07	0.1	0.1	16200

4/17/2013	0.1	0.1	0.08	0.1	0.1	199300
4/18/2013	0.1	0.1	0.07	0.1	0.1	13500
4/19/2013	0.08	0.09	0.07	0.09	0.09	229900
4/22/2013	0.09	0.1	0.08	0.09	0.09	191700
4/23/2013	0.09	0.09	0.07	0.08	0.08	11700
4/24/2013	0.08	0.08	0.07	0.08	0.08	145100
4/25/2013	0.08	0.1	0.08	0.1	0.1	644600
4/26/2013	0.1	0.1	0.08	0.09	0.09	59100
4/29/2013	0.07	0.09	0.07	0.08	0.08	63600
4/30/2013	0.08	0.09	0.08	0.08	0.08	262100
5/1/2013	0.07	0.08	0.07	0.08	0.08	16400
5/2/2013	0.1	0.1	0.07	0.09	0.09	154700
5/3/2013	0.07	0.09	0.07	0.09	0.09	44600
5/6/2013	0.07	0.09	0.07	0.09	0.09	10900
5/7/2013	0.09	0.09	0.07	0.09	0.09	11500
5/8/2013	0.07	0.08	0.07	0.08	0.08	48200
5/9/2013	0.08	0.08	0.07	0.08	0.08	231300
5/10/2013	0.07	0.08	0.07	0.08	0.08	11600
5/13/2013	0.07	0.08	0.07	0.08	0.08	71900
5/14/2013	0.07	0.07	0.07	0.07	0.07	124600
5/15/2013	0.07	0.08	0.07	0.08	0.08	122200
5/16/2013	0.08	0.08	0.06	0.06	0.06	234200
5/17/2013	0.07	0.08	0.06	0.08	0.08	81000

5/20/2013	0.08	0.1	0.06	0.1	0.1	39600
5/21/2013	0.08	0.09	0.07	0.07	0.07	42700
5/22/2013	0.07	0.09	0.07	0.09	0.09	74200
5/23/2013	0.09	0.09	0.08	0.09	0.09	44900
5/24/2013	0.07	0.09	0.07	0.09	0.09	18600
5/28/2013	0.09	0.1	0.08	0.09	0.09	229900
5/29/2013	0.08	0.08	0.08	0.08	0.08	25800
5/30/2013	0.09	0.09	0.09	0.09	0.09	6300
5/31/2013	0.09	0.12	0.09	0.12	0.12	142000
6/3/2013	0.12	0.12	0.09	0.12	0.12	45500
6/4/2013	0.12	0.12	0.08	0.1	0.1	39200
6/5/2013	0.08	0.11	0.08	0.09	0.09	168800
6/6/2013	0.09	0.09	0.06	0.08	0.08	205000
6/7/2013	0.08	0.08	0.08	0.08	0.08	500
6/10/2013	0.08	0.1	0.08	0.1	0.1	30100
6/11/2013	0.09	0.11	0.09	0.11	0.11	1400
6/12/2013	0.07	0.09	0.07	0.09	0.09	41100
6/13/2013	0.08	0.09	0.07	0.09	0.09	116300
6/14/2013	0.07	0.09	0.07	0.09	0.09	15500
6/17/2013	0.09	0.09	0.08	0.09	0.09	46700
6/18/2013	0.08	0.09	0.06	0.07	0.07	507800
6/19/2013	0.09	0.09	0.07	0.08	0.08	14800
6/20/2013	0.08	0.09	0.08	0.09	0.09	78700

6/21/2013	0.09	0.11	0.07	0.11	0.11	412100
6/24/2013	0.09	0.1	0.08	0.09	0.09	311400
6/25/2013	0.07	0.09	0.07	0.09	0.09	5500
6/26/2013	0.09	0.09	0.08	0.09	0.09	46100
6/27/2013	0.09	0.09	0.09	0.09	0.09	0
6/28/2013	0.08	0.09	0.08	0.09	0.09	32700
7/1/2013	0.09	0.09	0.09	0.09	0.09	31000
7/2/2013	0.09	0.1	0.09	0.1	0.1	63800
7/3/2013	0.1	0.11	0.1	0.1	0.1	25000
7/5/2013	0.1	0.1	0.1	0.1	0.1	212200
7/8/2013	0.09	0.1	0.09	0.09	0.09	59500
7/9/2013	0.1	0.1	0.08	0.1	0.1	128700
7/10/2013	0.1	0.1	0.09	0.1	0.1	12000
7/11/2013	0.1	0.1	0.09	0.1	0.1	36200
7/12/2013	0.1	0.1	0.09	0.1	0.1	78400
7/15/2013	0.1	0.1	0.09	0.1	0.1	122300
7/16/2013	0.09	0.11	0.09	0.11	0.11	161900
7/17/2013	0.11	0.13	0.09	0.13	0.13	216500
7/18/2013	0.12	0.15	0.12	0.14	0.14	199600
7/19/2013	0.15	0.15	0.12	0.15	0.15	224200
7/22/2013	0.15	0.23	0.14	0.2	0.2	225700
7/23/2013	0.22	0.22	0.16	0.22	0.22	77600
7/24/2013	0.22	0.23	0.18	0.21	0.21	42900

7/25/2013	0.2	0.25	0.18	0.24	0.24	93600
7/26/2013	0.21	0.25	0.19	0.25	0.25	133600
7/29/2013	0.23	0.25	0.19	0.23	0.23	98500
7/30/2013	0.19	0.22	0.19	0.2	0.2	56200
7/31/2013	0.18	0.21	0.17	0.21	0.21	75700
8/1/2013	0.18	0.21	0.18	0.2	0.2	135500
8/2/2013	0.23	0.23	0.18	0.22	0.22	75900
8/5/2013	0.2	0.22	0.18	0.18	0.18	69200
8/6/2013	0.2	0.2	0.18	0.2	0.2	32300
8/7/2013	0.18	0.19	0.17	0.19	0.19	25500
8/8/2013	0.18	0.19	0.18	0.19	0.19	35300
8/9/2013	0.25	0.25	0.21	0.23	0.23	17700
8/12/2013	0.23	0.23	0.19	0.23	0.23	48200
8/13/2013	0.22	0.23	0.2	0.23	0.23	19200
8/14/2013	0.23	0.25	0.2	0.25	0.25	26800
8/15/2013	0.21	0.25	0.2	0.24	0.24	29300
8/16/2013	0.24	0.25	0.23	0.25	0.25	30000
8/19/2013	0.22	0.24	0.22	0.24	0.24	25700
8/20/2013	0.23	0.25	0.23	0.25	0.25	11200
8/21/2013	0.23	0.24	0.22	0.22	0.22	21700
8/22/2013	0.2	0.24	0.19	0.21	0.21	28500
8/23/2013	0.21	0.23	0.21	0.23	0.23	9000
8/26/2013	0.18	0.23	0.18	0.22	0.22	18700

8/27/2013	0.17	0.2	0.16	0.2	0.2	35600
8/28/2013	0.23	0.23	0.21	0.21	0.21	900
8/29/2013	0.18	0.2	0.15	0.18	0.18	140800
8/30/2013	0.17	0.24	0.17	0.23	0.23	48000
9/3/2013	0.18	0.22	0.18	0.21	0.21	26200
9/4/2013	0.23	0.23	0.18	0.23	0.23	29700
9/5/2013	0.23	0.23	0.18	0.22	0.22	14600
9/6/2013	0.23	0.23	0.18	0.23	0.23	27600
9/9/2013	0.23	0.23	0.2	0.21	0.21	28200
9/10/2013	0.18	0.21	0.18	0.21	0.21	7900
9/11/2013	0.18	0.21	0.18	0.21	0.21	7000
9/12/2013	0.21	0.21	0.21	0.21	0.21	0
9/13/2013	0.19	0.21	0.18	0.2	0.2	57000
9/16/2013	0.18	0.2	0.16	0.2	0.2	34300
9/17/2013	0.16	0.2	0.16	0.2	0.2	2700
9/18/2013	0.21	0.21	0.16	0.19	0.19	57400
9/19/2013	0.21	0.23	0.19	0.2	0.2	30000
9/20/2013	0.2	0.2	0.19	0.2	0.2	20800
9/23/2013	0.19	0.2	0.17	0.2	0.2	6800
9/24/2013	0.2	0.2	0.2	0.2	0.2	0
9/25/2013	0.16	0.2	0.16	0.2	0.2	67300
9/26/2013	0.2	0.21	0.18	0.2	0.2	28000
9/27/2013	0.2	0.2	0.16	0.2	0.2	53400

9/30/2013	0.17	0.18	0.15	0.18	0.18	30300
10/1/2013	0.18	0.18	0.15	0.17	0.17	173100
10/2/2013	0.17	0.19	0.14	0.19	0.19	19100
10/3/2013	0.19	0.19	0.19	0.19	0.19	0
10/4/2013	0.17	0.2	0.17	0.2	0.2	142800
10/7/2013	0.19	0.22	0.17	0.2	0.2	173200
10/8/2013	0.2	0.21	0.18	0.2	0.2	18100
10/9/2013	0.19	0.2	0.18	0.19	0.19	103300
10/10/2013	0.19	0.2	0.19	0.2	0.2	8900
10/11/2013	0.19	0.19	0.19	0.19	0.19	5000
10/14/2013	0.18	0.18	0.14	0.16	0.16	310900
10/15/2013	0.17	0.17	0.16	0.17	0.17	155200
10/16/2013	0.16	0.17	0.16	0.17	0.17	10500
10/17/2013	0.17	0.17	0.15	0.16	0.16	46400
10/18/2013	0.16	0.16	0.16	0.16	0.16	2900
10/21/2013	0.16	0.16	0.16	0.16	0.16	0
10/22/2013	0.17	0.21	0.16	0.21	0.21	182500
10/23/2013	0.21	0.23	0.18	0.22	0.22	23700
10/24/2013	0.17	0.22	0.17	0.22	0.22	11600
10/25/2013	0.18	0.22	0.18	0.22	0.22	17100
10/28/2013	0.2	0.23	0.2	0.23	0.23	155300
10/29/2013	0.22	0.22	0.2	0.21	0.21	103300
10/30/2013	0.21	0.21	0.21	0.21	0.21	31800

10/31/2013	0.21	0.21	0.2	0.21	0.21	80800
11/1/2013	0.22	0.24	0.21	0.23	0.23	214100
11/4/2013	0.24	0.24	0.22	0.24	0.24	80600
11/5/2013	0.21	0.24	0.21	0.24	0.24	60200
11/6/2013	0.22	0.24	0.22	0.24	0.24	41000
11/7/2013	0.24	0.24	0.22	0.24	0.24	1700
11/8/2013	0.24	0.24	0.21	0.23	0.23	100800
11/11/2013	0.24	0.24	0.22	0.24	0.24	36300
11/12/2013	0.23	0.24	0.21	0.23	0.23	129000
11/13/2013	0.24	0.24	0.22	0.23	0.23	8500
11/14/2013	0.22	0.23	0.21	0.23	0.23	98500
11/15/2013	0.23	0.24	0.23	0.23	0.23	76600
11/18/2013	0.23	0.23	0.23	0.23	0.23	8000
11/19/2013	0.23	0.23	0.21	0.22	0.22	21500
11/20/2013	0.21	0.23	0.21	0.22	0.22	34400
11/21/2013	0.22	0.23	0.2	0.22	0.22	24400
11/22/2013	0.21	0.23	0.21	0.23	0.23	19600
11/25/2013	0.23	0.23	0.22	0.23	0.23	13000
11/26/2013	0.21	0.23	0.21	0.22	0.22	12000
11/27/2013	0.21	0.22	0.21	0.22	0.22	5400
11/29/2013	0.21	0.21	0.21	0.21	0.21	21400
12/2/2013	0.22	0.25	0.21	0.21	0.21	200300
12/3/2013	0.2	0.21	0.2	0.2	0.2	18800

12/4/2013	0.2	0.23	0.17	0.23	0.23	238800
12/5/2013	0.22	0.23	0.21	0.21	0.21	55300
12/6/2013	0.22	0.22	0.2	0.22	0.22	6200
12/9/2013	0.2	0.22	0.18	0.2	0.2	92100
12/10/2013	0.17	0.2	0.16	0.19	0.19	180500
12/11/2013	0.16	0.19	0.16	0.19	0.19	25000
12/12/2013	0.21	0.22	0.17	0.19	0.19	679200
12/13/2013	0.2	0.2	0.17	0.19	0.19	71600
12/16/2013	0.19	0.19	0.18	0.19	0.19	51000
12/17/2013	0.2	0.2	0.18	0.19	0.19	2100
12/18/2013	0.18	0.2	0.18	0.2	0.2	26500
12/19/2013	0.2	0.2	0.2	0.2	0.2	14200
12/20/2013	0.2	0.22	0.16	0.2	0.2	1303300
12/23/2013	0.19	0.19	0.16	0.18	0.18	120900
12/24/2013	0.18	0.18	0.18	0.18	0.18	0
12/26/2013	0.16	0.19	0.16	0.19	0.19	36700
12/27/2013	0.17	0.17	0.16	0.17	0.17	34100
12/30/2013	0.16	0.17	0.16	0.16	0.16	65200
12/31/2013	0.16	0.17	0.14	0.16	0.16	33000
1/2/2014	0.16	0.17	0.15	0.16	0.16	64600
1/3/2014	0.16	0.16	0.12	0.16	0.16	236600
1/6/2014	0.15	0.15	0.15	0.15	0.15	2700
1/7/2014	0.14	0.18	0.14	0.18	0.18	333000

1/8/2014	0.17	0.17	0.09	0.14	0.14	174000
1/9/2014	0.14	0.17	0.14	0.16	0.16	200900
1/10/2014	0.16	0.17	0.15	0.17	0.17	225400
1/13/2014	0.17	0.18	0.16	0.17	0.17	231800
1/14/2014	0.17	0.18	0.16	0.18	0.18	138300
1/15/2014	0.18	0.18	0.17	0.18	0.18	144800
1/16/2014	0.17	0.18	0.17	0.18	0.18	107200
1/17/2014	0.17	0.18	0.15	0.18	0.18	175100
1/21/2014	0.18	0.18	0.17	0.17	0.17	25800
1/22/2014	0.16	0.2	0.16	0.19	0.19	227700
1/23/2014	0.2	0.2	0.16	0.19	0.19	688100
1/24/2014	0.18	0.19	0.14	0.19	0.19	274100
1/27/2014	0.19	0.19	0.15	0.16	0.16	113300
1/28/2014	0.15	0.17	0.14	0.17	0.17	227300

ACCELERA:

N) GREGORY WAHL

1) WAHL WORKED ON OVER 150+ M&A TRANSACTIONS PROBABLY MORE:

Exhibit 23 Page 42 Lines 1-25 and Exhibit 23 Page 43 Lines 1-23:

520. WITNESS: January 1999 I started with KPMG. I worked there for six years. Got my Canadian C.P.A. license working on various private companies in Canada doing corporate and personal tax work. Involved with some very large transactions in sales of companies to other large conglomerates. Moved to Atlanta, Georgia. Became a manager in Atlanta, Georgia. My clients were, like, Panasonic, Phillips. Miran Corporation was another client of mine. I was involved in a couple IPOs there. Worked on a couple other – handful of other public companies. I left Atlanta. Went to a firm in the Valley here in California in 2005 called Grobstein Horwath. Ant that's where I really cut my teeth in the small cap market, working on various transactions of IPOs, reverse mergers, large cap raises and M & A. And then made partner within a year. And I was sent down to Orange County, opened their Orange County office. Built that up to about a million in revenue, 2 million in revenue with about eight to 10 people in about a year. I left to another firm called Squar Milner. And I was one of the top three rainmakers in bringing in new business, mostly in the form of IPOs, reverse mergers and M & A transactions.

Q. And that experience that you talked about that involved reverse mergers, IPOs and M & A, did that include accounting for those transactions, the proper account for those transactions? WITNESS: Yes.

Q. And about how many of those transactions do you think you were involved in evaluation the account for?

WITNESS: At various stages, probably all of them.

Q. About how many would that be?

WITNESS From 1999 to 2007 are we talking about? That's kind of pre-Anton & Chia. Or are you talking in my whole career?

Q Let's do pre Anton & Chia. It's probably – that's probably about ***100, 120 transactions***. Well, when you started Anton & Chia, over the course of your work from start to finish, about how many M & A, IPO, reverse merger transactions would you say you worked on at Anton & Chia?

WITNESS: It's hard to really estimate a umber. But probably ***more than 60***.

Exhibit 23 Page 64 Lines 23-24

WAHL: I drafted lots of memos throughout my career.

Exhibit 23 Page 19 Lines 15-18:

521. THE WINTESS: All I remember is the fear in their eyes when I answered some of the questions. That's all I remember.

Exhibit 23 Page 89 Lines 16-19:

522. did your transition impact the quality of the work that was done on those engagements? WITNESS: No, never.

2) THE CASE IS EGREGIOUS; MALISCIOUS WITH MASSIVE OVER REACH:

Exhibit 23 Page 14 Lines 12-18:

523. Do you recall what did it refresh your recollection about? WITNESS: ***It just refreshed my memory that this is a bullshit case. There is no fraud. There is no negligence. There is no recklessness. That we complied with U.S. GAAP and GAAS in our audits and reviews of Accelera from 2013 to 2015.***

Exhibit 23 Page 16 Lines 2-12:

Did you discuss your deposition today with anybody other than your counsel? No. Oh, let me rephrase that, please. I did discuss the upcoming deposition with Michael Deutchman. And what did you discuss with Mr. Deutchman? WITNESS: ***Basically, that it's a bullshit case. There is no fraud. There is no negligence. There is no recklessness. We complied with U.S. GAAP and GAAS in all situations involved with the audits and reviews of Accelera from 2013 to 2015.***

Exhibit 23 Page 14 Lines 16-25:

Did you talk about the audits that you and Mr. Deutchman worked on for Accelera? WITNESS: Not in detail. Just in general. And what did you generally talk to him about? I already answered that question. Did you discuss with him the consolidation of Behavioral into Accelera? Again, you know, I already answered that question.

Exhibit 23 Page 120 Lines 6-7:

524. It's the SEC's ***false accusations*** against myself and Anton & Chia.

Exhibit 23 Page 120 Lines 13-16:

525. have you – you've read this order prior to today? WITNESS: Once, yes. Never read so much bullshit in my life.

3) HONEST HARDWORKING AMERICANS COMPLIED WITH US GAAP AND GAAS:

Exhibit 23 Page 17 Lines 6-8:

526. ***We believe that when we reviewed the – the work performed and the financial reporting, that the consolidation complied with U.S. GAAP and U.S. GAAS.***

Exhibit 23 Page 17 Lines 15-19:

527. THE WITNESS: ***Everything was fully disclosed in the financial – financial statements and the 10-K. Again, we believe that there is definitely a strong basis that under U.S. GAAP and GAAS that the reporting was done correctly.***

Exhibit 23 Page 17 Lines 21-25:

528. And so when you say there's no fraud, no negligence and no recklessness, you're referring your own conduct and Anton and – is it Anton & Chia? Am I saying that correctly? WAHL: I – yes, I'm referring to the allegations

4) MARY JO WHITE WANTED A PRESS RELEASE CLAIMING AUDITOR FRAUD:

Exhibit 23 Page 18 Lines 1-7:

529. that the SEC made in their December 4th reckless press release about myself and various other people in our firm that have no merit and is complete bullshit and has ruined many people's lives for absolutely no reason, other than the fact that Mary Jo White wanted to get a press release with the letter fraud on it with an account – accounting firm on it.

5) THE SEC DECEMBER 4th PRESS RELEASE WAS INTENTIONALLY CREATED TO DENY DUE PROCESS:

Exhibit 23 Page 25 Lines 1-24:

530. I am not an attorney but – I'll probably screw this up, but this is my understanding of what hap – what transpired. ***Once the SEC said they were going to destroy the firm back in May 2017, we had to communicate that to the partners. And basically what happened was the firm had to deconstruct because partners were leaving the firm. And then their wonderful press release they put out that says a whole bunch of fictitious and malicious information about myself and the firm weas released on December 4th, 2017, that created a further run on the firm. May 2017 we had 100 plus employees in eight offices and 32 affliciate offices. By February 2018***

we had two consultants in one office thanks to the SEC. We then filed for Chapter 11 to restructure the firm. And we did that for myself because there was some debts that were collateralized against property that we held personally. The bankruptcy judge, in his infinite wisdom, decided that within three weeks of filing Chapter 11, that they would convert A & C into Chapter 7 on I believe its August 10th 2018. So from there A & C ceased operations.

6) GANDHI CORRECTLY CONSOLIDATED BHCA:

Exhibit 23 Page 111 Lines 18-19

531. HL: I thought Rahul was a competent accountant.

Exhibit 23 Page 30 Lines 10-22:

532. HL: My reaction is one of sadness, frustration and confusion as to why he did the things that he did.

Q. What do you mean by that, why he did the things that he did?

533. WAHL: Upon leaning – or pardon me. Upon testifying back in, I think, June 2016 or July 2016, whatever that date was, heading to that – that deposition, we did not know what issues the SEC were looking at with respect to Accelera. Once that deposition had taken place, we have a very clear understanding of what the issue was that the SEC was looking at. Upon leaving that deposition, my attorney and I said we should meet with Mr. Gandhi.

Exhibit 23 Page 33 Lines 1-14:

534. WAHL: We instructed Rahul Gandhi not to issue the 2015 financial statements without preparing a very detailed consolidation memo, No. 1. No.2, we told him that there was various options in terms of before they issue the 2015 financial statements. One would be based on their analysis whether to restate or not, to resign, or just to simply not issue the – the 10-K. Without, at that time, having all the facts, those are just generic options provided

to Mr. Gandhi. But I told him explicitly not to issue the 2015 financial statements without us meeting and going through the detailed memo that should have been prepared for the 2015 audit.

Exhibit 23 Page 124 Lines 14-18:

535. HL: Do you recall consulting with Mr. Gandhi about whether restatement was necessary as alleged in this paragraph? WITNESS: I don't know where this came from because this is just not factual.

Exhibit 23 Page 125 Lines 1-3:

I don't recall any consult – consultations with Gandhi on – on that matter, other than what I testified earlier after I was deposed.

Exhibit 23 Page 110 Lines 13-20:

Did you have discussions with Mr. Gandhi about whether Accelera needed to remove Behavioral's revenue for the four years prior to 2016? WITNESS: The only discussion I had with him regarding Behavioral was ***subsequent to testifying in front of the SEC, that we needed an extremely detailed consolidation memo and that we have to be careful in how we proceed with the client***.

Exhibit 23 Page 111 Lines 3-8:

As stated, once I left the deposition, I communicated with Rahul that that could be potentially an option ***but I would need to see a very detailed consolidation memo with all the facts between the two parties to determine, you know, how we should handle the situation***.

7) BHCA CONSOLIDATION:

Exhibit 23 Page 69 Lines 15-21:

536. Did anybody from Behavioral ever tell you that Accelera didn't own Behavioral? Not that I can remember. Did anybody from Behavioral ever tell you that Behavioral shouldn't be consolidated into Accelera's financial statements? ***No.***

Exhibit 23 Page 70 Lines 10-13:

Did anybody who worked for Anton & Chia ever tell you that someone from Behavioral said Accelera couldn't consolidate Behavioral? ***I – I don't recall that.***

Exhibit 23 Page 91 Lines 15-20 and Line 23 and Page 92 Line 1:

Did you have any discussions with anybody during the 2014 audit about this particular risk factor in the 2014 10-K? WITNESS: No. But it's interesting that the language, it says ***"terminate the acquisition." Indicates that it was acquired.***

That Behavioral was acquired?

WITNESS: Yeah.

Exhibit 23 Page 93 Lines 14-17:

I was impressed that the company was able to identify when and when not to terminate a contract with a vendor and then, you know, ensure the accounting was done correctly.

Exhibit 23 Page 106 Lines 17-25:

Did Anton & Chia ever get a legal representation specifically as to business that Accelera acquired in 2013 and 2014? There would be no requirement to get that specific representation; however, it would fall underneath the

responsibility of the company's attorney to provide if there was any litigation or material issues – potential legal issues with those acquisitions as to the scope of their involvement.

Exhibit 23 Page 107 Lines 1-6:

537. WAHL: And that's really the responsibility of management communicating to us those representations, because as you know, as an attorney, a lot of this information does not become public until its filed. And it can take many months for these legal documents to be prepared before they're filed in public.

Exhibit 23 Page 112 Lines 19-25 and Page 113 Lines 1-6:

538. But being involved in as many M & A acquisitions as I've been involved with and actually doing my own M & A acquisitions with real companies, that the reality is not always in -- is in the legal documents. And that, you know, people that will answer a transaction in good faith to fully commit to those transactions.

But the reality is life is sometimes -- you know, doesn't always work out that way. So there could be times where, you know, acquirers default and -- and -- you know, but doesn't mean that they're going to terminate the agreement or that they didn't have control of the acquisition.

Exhibit 23 Page 95 Lines 5-7:

539. you agreed with the – the statement that's in the audit opinion here? WITNESS: **Yes, "in all material respects."**

8) GOING CONCERN DISCLAIMER:

Exhibit 23 Page 72 Lines 8-12:

540. And we should also look at the fourth paragraph in the opinion because that highlights to investors and to the user of the financial statements that this company might not make it in the next 12 months.· So it's like a buyer beware paragraph.

Exhibit 23 Page 72 Lines 19-24:

going concern." Is that what you were referring to? Yes. It highlights the current operating losses and negative cash flow and its finances and working cap requirements through advances from related parties. So that's a big red flag for investors.

Exhibit 23 Page 95 Lines 12-18:

the write-off of the goodwill on the transaction of 5 million obviously indicated that and supports the fourth paragraph in our audit opinion that there was negative cash flows. And I was surprised to see that there was a $36 million loss in 2014 and a $7.4 million loss in 2013.

Exhibit 23 Page 95 Lines 21-24:

Yeah, its material, it's significant that this company really – wow. I mean, you know, I don't know why anyone would invest in this company. I mean, it's really – it scratches your head.

9) ANTON & CHIA, LLP AS A SECONDARY ACTOR COMPLIED WITH US GAAP AND GAAS:

Exhibit 23 Page 73 Lines 9-11:

541. NESS: I can say that the financial statements were reported in accordance with U.S. GAAP and GAAS.

Exhibit 23 Page 79 Lines 14-25 and Page 80 Line 1:

542. NESS: I'm happy to see that -- that we did a lot of work to ensure the financial statements were recorded in U.S. GAAP and GAAS and identified these material adjustments to the financial statements. Obviously shows that we were not negligent and not fraudulent and -- and not reckless in our completion of these -- of this audit and the financial -- review of the financial statements. And then identifying these material weaknesses or the one major material weakness clearly indicates that we were engaged during the audit of the -- of Accelera and identifying weaknesses in their financial reporting and doing our jobs.

Exhibit 23 Page 80 Lines 5-14:

Yes, Page 6 has two adjustments that are -- you know, would be above our materiality in that case. And then, obviously, the identification of the material weaknesses, which normally get its -- gets into your point about the -- you know, not having a CFO in place, but the valuation of the good will, the revenue recognition issues and accrued expenses, which clearly shows that, you know, Anton & Chia was doing a diligent job and was not fraudulent in its behavior in completing this audit of Accelera.

Exhibit 23 Page 80 Lines 18-19:

543: And we would never have signed off on the audit without these adjustments.

Exhibit 23 Page 82 Lines 8-22:

544: Do you know whether Mr. Chen received a response to his questions in this E-mail in Defendants' Exhibit 214? Well, it appears that he had a significant amount of questions on the consolidation. Based on his E-mail, clearly shows to me that Yoda is a very competent accountant, even at this stage of his career, and -- just by the questions that he's asking. And that he's trying out the consolidation schedule. He looks like a seasoned pro in terms of reviewing this consolidation schedule, and I'm quite impressed with his questions and comments. I assume that he would have had those resolved in some shape or form before we issued the financial statements, but I have no way of verifying that or remembering that.

10) ANTON & CHIA, LLP MAINTAINED ITS INDEPENDENCE:

Exhibit 23 Page 87 Lines 8-16:

545. Well, do you recall generally, is that something that Anton & Chia had for use with clients if they needed it? No. I don't recall ever seeing someone give someone a consolidation schedule. I'm trying to think of any templates off the top of my head. No, I don't recall. I mean, ***we had internal templates that we used but nothing that we would probably give to clients.***

Exhibit 23 Page 88 Lines 15-22:

the report to the Board of Directors at -- it shows that we issued a material weakness on their accounting and reporting, which is -- it's actually a big deal. It's significant, it's material because most public companies really work to not get a material weakness because it's a very negative connotation to have involved with your company

11) DEUTCHMAN IS A SERIOUS PROFESIONAL:

Exhibit 23 Page 103 Lines 20-22:

546. All I can remember about Arci is there was an – an intense conversation between him and Michael Deutchman about getting paid and –

Exhibit 23 Page 104 Lines 3-8:

That's one of the ways to handle quality control, so we could hear people's conversations and, you know identify whether someone was being right or wrong or if there's an issue to be dealt with. We had break off rooms as well. But, yeah, I was in the area at the time when this conversation transpired.

12) ACCELERA STILL OWES ANTON & CHIA FEES:

Exhibit 23 Page 119 Lines 5-7:

547. How much Anton & Chia believe was outstanding that Accelera didn't pay? They still owe us $65,000.

Exhibit 23 Page 119 Lines 10-12:

It also wouldn't include any overrun because Rahul didn't book an overrun fee for the 2015 audit.

13) THE SEC RULES REQUIRE SUBSIDIARIES TO BE AUDITED:

Exhibit 23 Page 122 Lines 5-7:

548. ***if they didn't control BHCA, then why would we be out there auditing their books and records***?

Exhibit 23 Page 123 Lines 22-25:

549. it's clear that section 2.1 of the contract tes that the contract as -- or the consult -- the acquisitions closed I think on November -- I think some time in November 2013, clearly indicating that

Exhibit 23 Page 124 Lines 1-8:

550. there is a substance for control. Additionally, there is a new Operating Agreement between Accelera and Behavioral and Wade Pullson (phonetic) has an employment agreement that reports directly to the Board of Accelera. So to say that -- your question is -- this only identifies one factor in many -- a number of many factors in analyzing the agreement.

Exhibit 23 Page 128 Lines 9-13 and Page 128 Lines 18-22 and Page 129 Lines 1-5:

551. It says: "***Accelera did have control of BHCA***." Do you see that? Yes. Is that still your view today? I believe there was a basis -- as previously testified, I believe there is a basis for consolidating Accelera based on a number of -- or BHC, pardon me.· And there's a number of facts -- or facts that support consolidating that entity.

BHCA received an employment contract that states he will report directly to the Board of Directors of Accelera. BHCA completed the audit as part of Accelera's consolidated financial statements. The owner of BHCA received consideration from Accelera."

Exhibit 23 Page 129 Lines 21-25:

552: I was impressed that Accelera disclosed all the agreements and contracts and consolidation of BHCA and other entities. And it clearly delineated to investors and stakeholders that, you know, there could be potential

Exhibit 23 Page 130 Lines 1-2:

553. breach in this contract, but there's no indication that they should not be consolidated.

Exhibit 23 Page 130 Lines 21-23:

Did anyone ever – anybody from Accelera ever tell you that Accelera didn't control Behavioral? I don't recall that ever.

Exhibit 23 Page 131 Lines 7-10:

At any point in time during the Accelera engagement, were you asked to sign off on any accounting treatment that you didn't agree with? ***Not that I remember.***

Exhibit 23 Page 141 Lines 13-16:

554. Mr. Wahl, as part of kicking off the audits, the firm typically had planning meetings; correct? Yeah, it was – it was required to actually have a planning meeting.

Exhibit 23 Page 142 Lines 23-24:

I think everybody else kind of did their jobs appropriately.

14) QUALLS WINS THE CASE FOR HONEST HARDWORKING AMERICANS AND SHE SAYS "WE (HONEST HARDWORKING AMERICANS) ARE NOT RESPONSIBLE FOR THE FINANCIAL STATEMENTS":

Exhibit 23 Page 145 Lines 1-4:

555. BY MS. QUALLS:: Okay. ***So it's not the auditor who has any responsibility for the company's financial statements; is that right?***

Exhibit 23 Page 146 Lines 4-20:

BY MS. QUALLS: Okay. So if you look at – at Page F-2 of both these Exhibits 94 and 95, do you see in the first paragraph it says in – in Exhibit 94 it says: "***These consolidated financial statements are the responsibility of the company's management***." Is that right? The company's management is responsible for the consol – for these consolidated financial statements. Okay. And it ways something similar in Exhibit 95; right? It says: "***The company's management is responsible for these consolidated financial statements.***" Do you see that in 95?

15) ACCELERA RESTATES ONLY 2015 BUT THE SEC IS DISHONEST REGARDING ACCELERA'S MOTIVATION TO DO SO:

Exhibit 23 Page 151 Lines 19-24:

556. The prior year financial statements have been restated to remove BHCA from the consolidated financial statements of the company. The following tables present the restated financial statements as of and for the year ended December 31st, 2015.

Exhibit 23 Page 152 Lines 4-7:

557: Well, it says for the year-end December 31st, 2015. Yeah. Not for 2014 and 13.

Exhibit 23 Page 152 Lines 13-14:

558: the company must determine that there was a material errors; is that right?

Exhibit 23 Page 152 Line 20:

THE WITENSS: Not necessarily.

Exhibit 23 Page 153 Lines 12-15:

559: BY MS. QUALLS: Well, why would you deconsolidate?

WITNESS: Well, they were under investigation by the SEC in an attempt –

Exhibit 23 Page 153 Lines 22-25:

And they obviously were bullied or coerced into making this restatement in a – in a means of trying to settle

16) QUALLS AND THE ATTORNEYS IF THEY GET FURLOLUGHED THEY CAN GO WORK FOR THE MAFIA:

Exhibit 23 Page 154 Lines 1-25:

560. BY MS. QUALLS: You weren't – Anton & Chia was not the auditor of Accelera for the 2016 10-K; is that right?

WITNESS: That's right.

QUALLS: Okay. And so you have no – you're not privy to any of the company's rationale for why it – I am no. – elected to restate; is that right?

WITNESS: They also have an obligation to communicate with us under professional standards and they never did.

QUALLS: ***What are you talking about? What – when did they have an obligation to communicate to you under professional standards?***

WAHL: They do. Under PCAOB standards, they're required, if there's a material misstatement, or they believe to be a material misstatement in previously issued financial statements, they are required to communicate it to the previous auditor.

QUALLS: Even after they've retained another auditor?

WAHL: That's right. Even more so, the auditor is actually supposed to communicate those errors to – or what they claim is errors to the auditor.

QUALLS: And you're saying you never received any communication –

561. "*Successor auditors are required [for privately held entities, AU-C section 510.12 or for publicly held entities, Auditing Standard (AS) 2610.21] to request that client management 1) inform a predecessor auditor whenever they become aware of information that leads to the belief that financial statements reported on by the predecessor auditor may require revision and 2) arrange for the parties to discuss this information to arrive at a consensus as to the need for restatement and to determine a course of action (including selecting from available reporting options). In addition, a successor auditor is obligated to provide any information available that the predecessor may need to*

make the judgments required pursuant to AU-C section 560, "Subsequent Events and Subsequently Discovered Facts" (or, for SEC issuers, AS 2905.04-.09 and 3101.72)."

The SEC Attorneys don't understand the GAAS requirements for a restatement and are dishonest in trying to corner Wahl. But it gets better.

Exhibit 23 Page 155 Lines 11-12:

And do you have any idea of what the motivation was for Accelera to restate in 2017

Exhibit 23 Page 155 Lines 15-16:

I heard through the grapevine that they were trying to make a settle with the SEC.

Exhibit 23 Page 155 Lines 24-25:

they were being bullied into restating the financial statements by the SEC.

Wahl knows Accelera's auditor very well. Accelera was dishonest, retained a new auditor to re-audit 2015 so they didn't have to pay A&C the $65,000 that was owed for the 2015 audit. Accelera management still had an obligation to communicate the restatement to Anton & Chia, LLP which never happened and in doing so Accelera broke federal securities laws.

Accelera is a public company and they can't plead ignorance. https://www.sec.gov/Archives/edgar/data/1444144/000149315217003990/form10-k.htm

See **Page F-2** for 2016 and 2015 audit report. It has no reference to Anton & Chia for 2015.

Then Alyssa Qualls and Gaurdi knowingly take the lack of communication between A&C and Accelera to use it against Wahl and Deutchman. First in this deposition, that is why Qualls pretends to act in disbelief regarding Wahl's comments that management and the auditor are required to communicate with the previous auditor if there is a potential restatement. Qualls knew that this communication never happened. Then against Wahl and

Deutchman in this case and Qualls, Gaurdi, Hayes and Devor were dishonest at trial. Dan Hayes and Devor tried to say that 2014 and 2013 were restated, when they were not b/c in order to do so Accelera would have had to communicate with Anton & Chia and they did not. Hayes, Qualls and Devor used dirty cop tricks to try and trick Wahl, Deutchman and this ALJ court. Continued unethical and dishonest behavior by Devor and this group of SEC attorneys even after the Lucia vs the SEC decision, which almost cost them their ALJ trial courts. This group of SEC attorneys, accountants and Devor have no respect for their own courts.

Exhibit 23 Page 162 Line 25 and Page 163 Lines 1-8:

THE WITNESS: Any accounting issue or to do something or not is – in accounting is considered a gray area. I could take five different accounts and they can give you five different opinions on the same transaction.

BY MS. QUALLS: So would you agree that it would have been equally appropriate not to consolidate the financials of Behavioral into Accelera's financial statements?

Exhibit 23 Page 163 Line 11:

THE WITNESS: That's not what I said.

Exhibit 23 Page 163 Lines 22-25:

No. What I said is every accountant could have their own opinion on whether to handle a transaction in a manner – in a manner or not. On our basis, we believe we complied with U.S. GAAP and U.S.

Exhibit 23 Page 164 Lines 14-16:

THE WITNESS: Sure. I read Micahel's testimony. I don't recall him saying that.

Exhibit 23 Page 165 Lines 12-13:

562. We don't typically share our work papers with the client.

Exhibit 23 Page 166 Lines 23-25

563. Did you know whether Accelera had the ability to control Behavioral's employees? Logically, by default, if you control Wolf Blasrum (sic), then you control everybody else at the – the entity. So indirectly, I believe they would,

Exhibit 23 Page 170 Lines 9-13:

564. BY MS. QUALLS: As an auditor, would it have been relevant to know in deciding whether Behavioral should be consolidated with Accelera's financials whether – Wahl: What kind of fucking question is this?

Qualls previously states that auditor has no responsibility for the financial statements and this is management's responsibility **See P.F.F#555**. Qualls question is a matter of Accelera's managements accounting policy. It's not for Wahl's or Deutchman's capacity to act as management. Qualls is unethically attempting to trick Wahl into agreeing that as an auditor he has primary liability, when that has already been established in the testimony that Wahl and Deutchman are secondary actors. Only responsible for their audit report. Not the financial statements. Further unethical behavior by Qualls, Devor and this group of SEC attorneys.

Exhibit 23 Page 172 Lines 12-14:

565. Would it have been relevant to you in completing the 2013 audit to know that Accelera had not received any shares of Behavioral?

Exhibit 23 Page 172 Lines 17-19:

THE WITNESS: I'd have to look at the agreement to determine whether or not that's a requirement.

Exhibit 23 Page 173 Lines 4-9:

WITNESSS: I don't think that's our problem. So the answer is no? I said that is not our problem. I think that's a legal question.

Exhibit 23 Page 176 Lines 4-6:

You're asking me a legal question, not an accounting question. I'm not an attorney.

Exhibit 23 Page 176 Lines 13-19:

What I believe is that Accelera acquired control of Behavioral Health by virtue of the Employment Agreement and the new Operating Agreement; and therefore, by virtue of having control, we – that the company complied with U.S. GAAP and U.S. GAAS. There was no fraud. There was no negligence. There was no recklessness.

O) RAHUL GANDHI

566. Rahul Gandhi should have calmly reviewed all the facts of the case and he realized that Gandhi did nothing wrong. Gandhi's two lawyers gave him bad advice. Three years and $15,000 fine where Gandhi was engagement partner for one audit where he completed the audit correctly? Gandhi trusted the government came in as their witness, originally but then was deported back to Vancouver Canada.

1) GANDHI IS AWARE OF SEC INVESTIGATION:

Exhibit 13 page 13. Lines 6, 7 and 8:

567. So were you aware of the SEC investigation as of the day that you signed off on the 2015 audit?

A Yes.

Exhibit 13 page 37: Lines 25 and page 38: Lines 1:3:

Q So at the time that you and the EQR agree to issue the audit opinion, were you aware of the SEC's investigation into Accelera?

A Yes.

2) GANDHI WAS DILIGENT IN COMPLETING HIS WORK:

Exhibit 13 page 19. Lines 11: 20:

568. Taking a step back, when you become engaged on the 2015 audit for Accelera, what, if anything, did you do to familiarize yourself with the prior audits, the audits for prior periods?

A Reviewed the 10(K) and 10(Q) filings for fiscal year 2014 and 2015, reviewed the --

Q Anything else? A Reviewed the -- Q Sorry.A -- audit binder for the 2015 fiscal year.

Exhibit 13 page 24: Lines 20: 25:

A: The agreement between Accelera and Blaise Wolfrum substantiated the acquisition.

Q: The reasons, as you've just described them for Behavioral having been consolidated with Accelera, what is the source of your understanding?

A: The stock purchase agreement, which was duly

Exhibit 13 page 25: Lines 1: 3:

executed by the purchaser and the seller, and all of the exhibits included in the stock purchase agreement, which included –

Exhibit 13 page 25: Lines 6: 16:

Q Go ahead. I'm sorry.

A -- a bill of sale.

Q There is just a little bit of an issue, I think, with the video feed here. Did you say the bill of sale? Is that the last thing you listed?

A Yes.

Q Got it. And did you, yourself, review this stock purchase agreement and the exhibits thereto?

A Yes.

Q And did you indeed review the bill of sale?

A Yes.

Gandhi's testimony is consistent with Wahl's and Deutchman and the underlying facts in the case (i.e. the Exhibits (i.e. contracts) and the underlying working papers). This proves that another independent CPA determined that the consolidation of BHCA was appropriate.

Exhibit 13 page 26: Lines 15: 25:

Did you personally determine that consolidation of Behavioral was appropriate?

A Based on the information that I had, I did not question whether it was appropriate to consolidate.

Q And when you say "based on the information that you had," are you referring to the stock purchase agreement and the exhibits thereto that you referenced earlier in your testimony?

A Yes.

Q Anything else that you're referring to?

Exhibit 13 page 27: Lines 3: 12:

Q And did you review those -- did you personally review those amendments as well?

A Yes.

Q And when you said, based on the information I had, you didn't question the consolidation, are you referring to anything else aside from the stock purchase agreement, the exhibits, and the amendments?

A I had reviewed the accounting memo, which was drafted to discuss and conclude that the acquisition resulted in a consolidation.

Exhibit 13 page 29: Lines 6:25:

Q So you were aware that as of 2016 -- spring of 2016, there was no longer an active stock purchase agreement between Behavioral and Accelera?

A Yes.

Q And what impact, if any, did that have on your analysis of the propriety of consolidating Behavioral into Accelera's financial statements?

A Well, I assessed if the termination agreement would impact the continued consolidation of Behavioral into Accelera during the year ending 2015.

Q And what was your conclusion? A That in 2015, it would continue to be appropriate to consolidate Accelera and Behavioral.

Q And why did you come to that conclusion? A The termination agreement was executed in spring of 2016. It was retroactively made effective January 1st, 2016. It's reasonable to conclude based on those dates that as of December 31st, 2015, those events did not exist, and it was not necessary to de-consolidate Behavioral and show it as a discontinued operation for the year ended 2015.

Exhibit 13 page 30: Lines 2:11:

Q And that analysis and conclusion that you have just testified to, did you discuss that with anyone else? A. Yes.

Q. With whom? A With Mr. Kevin Pickard, who is outside accountant and involved in the audit prep and financial statement preparation for the company, and also Cynthia Boerum, Accelera's chief operating officer.

Q Anyone else? A As I recall, Jason Nakagawa was also present.

Exhibit 13 page 31: Lines 1:22:

Q Well, you explained to us -- you testified earlier your own analysis of why the termination agreement did not call for Behavioral being de-consolidated; correct?

A Correct.

Q Did anyone on this conference call, Mr. Pickard or Ms. Boerum or Mr. Nakagawa disagree with that analysis?

A No.

Q Did anyone from the company, meaning Ms. Boerum or, I suppose, Mr. Pickard, express any view as to whether Behavioral should be de-consolidated based on the termination agreement?

A They agreed that it should be consolidated.

Q Did anyone from Accelera ever communicate to you an opinion about whether Behavioral should be consolidated into -- strike that. Did anyone from Accelera, including Mr. Pickard, ever communicate to you that it would be important to Accelera for Behavioral to continue to be consolidated into Accelera's financials?

A No.

Exhibit 13 page 32: Lines 8:13:

Q And how did that fact, if at all, impact your decision regarding the consolidation of Behavioral Healthcare Associates and the Accelera's financials?

A It did not impact my conclusion based on the four amendments that were made between the company and Blaise showing that the acquisition was still active.

Exhibit 13 page 35: Lines 3:8:

Q What evidence did you receive of Accelera controlling the day-to-day operations of Behavioral?

A Well, as -- from my observations, it seemed that there was a working relationship between Cynthia Boerum, Accelera's COO, and Blaise Wolfrum and other personnel at Behavioral.

Exhibit 13 page 38: Lines 4:19:

MR. GARTENBERG: Excuse me. Stop. I'm going to instruct you -- I'm going to instruct you not to disclose attorney-client communications. So if you can answer that question with did you learn anything about the SEC'S interest in consolidation other than what you may or may not have learned from an attorney --

Exhibit 13 page 44: Lines 4:19:

Q So, then, again, what is the rational for saying that Accelera has control since they don't – they don't own the stock yet, do they?

A I believe they do.

Q Why?

A Due to the other exhibits in this document, such as the bill of sale.

Q Can you explain that, please.

A The bill of sale reads, "For valuable consideration, Blaise J. Wolfrum, seller and individual resident of the State of Illinois, hereby sells and conveys to Accelera Innovations, Inc., buyer, a Delaware corporation, the following property effective upon payment of the purchase price as set forth in section 1.111, the agreement 100 percent of shares of stock of Behavioral Care Associates."

*Gandhi forgets to mention that in **Exhibit 1217** which is the first amendment to the stock purchase agreement that was effective February 24, 2014 almost seven weeks **BEFORE** the first audit was completed that "**Purchaser, Seller***

and Company agree that Article 1.1.1.1 of the Stock Purchase Agreement is hereby deleted in its entirety*." This section 1.1.1.1 is the SEC's entire support for an enforcement action. Well 1.1.1.1 is cancelled,* ***DELETED****, much like the SEC's case if they paid attention and read the contracts they would have known that there never could have been an enforcement action against Honest Hardworking Americans.*

Exhibit 14: Page 17 Line 8:19:

He (Pickard) asked me, "Do you know what the SEC is investigating?" I said, "Well,based on the questioning, based on my knowledge, it looks like they're questioning the consolidation of Behavioral and Accelera." And Kevin Pickard replied, "Well, okay. ***Wouldn't have expected that.***" And then I said, "Yeah, we -- we looked at the consolidation of Behavioral and Acceleera together during the audit." He's, like, "Yeah, I remember that with the termination agreement." ***And so we discussed how we assessed the accounting treatment, and Kevin Pickard replied that he still agreed with that***.

Exhibit 14: Page 39 Line 15:

Q Did you feel like you had access to adequet number of and quality of staff in conducting the 2016 --I'm sorry, 2015 audit of Accelera?

A I did, yes.

Rahul claims he had adequate staff to complete the 2015 audit and which would have been the 2016 year end audits. The only reason staff started to leave "Fall of 2016" was that Rahul, Shek, Rusywick, etc. started to recruit people away from A&C and started to divulge the SEC investigations to people that should not have been made public information since there were no enforcement actions that were moving forward.

Exhibit 14: Page 41 Line 17:25:

Q So the question to Mr. Gandhi was please list for us all the documents you reviewed during the 2015 audit related to -- well, related to the agreement between Accelera and Behavioral, please.

A Sure. I reviewed the accounting memo, which was prepared in April of 2014, which had concluded that the consolidation of Behavioral and Accelera was appropriate. I reviewed previous -- 8Ks, previous 10Ks of Accelera that were filed referencing the behavioral acquisition.

Exhibit 14: Page 42 Line 1:12:

I reviewed all those documents and saw that behavoral is referred to as a business unit. I reviewed the entire 2014 audit binder as well. I reviewed the promissory note, which was issued as consideration. I reviewed the stock purchase agreement, the amendments, the operating agreement for Blaise Wolfrum from becoming management of Behavioral. The security agreement, Blaise Wolfrum's employment agreement, the bill of sale, the stock power certificate, board of director's resolution for both Accelera and Behavioral for issuing stock to Blaise Wolfrum's or sorry -- the termination agreement between Behaveioral and Accelera. That's it.

Exhibit 14 Page 43 Line 24:25 and Page 44 Line 1:2:

A In preparation for the 2015 audit, I reviewed the 2014 audit binder, which did contain documents from 2013, which were brought forward and gave the full history of the Accelera behavioral transactions.

Exhibit 14 Page 45 Line 6:9:

And then I (Gandhi) reviewed it repeatedly throughout the audit process and through my review of the audit binder. I reviewed it specifically upon learning that the consolidation between behavioral and Accelera may be an issue.

Gandhi was fully aware that the consolidation was an issue that the SEC was considering an enforcement action. In late July, 2016, after Wahl was deposed by the SEC. Wahl specifically instructed Gandhi to prepare a memorandum to determine the position that the Company, the auditors should take. Based on the facts. Wahl also specifically instructed Gandhi to not issue the audit without payment of the $65,000 that was owed to A&C. Gandhi didn't listen to either of Wahl's directives. More importantly Gandhi never drafted the consolidation position memorandum that Wahl wanted to see before the audit was finalized.

Even without the memorandum Gandhi concluded on the consolidation correctly but let his attorneys and the SEC ruin his career in the process and he was deported like an "illegal" when Gandhi could have simply believed in the work he completed. Another round of bullying by the SEC attorneys in this case.

Exhibit 14 Page 46 Line 1:16:

Q Did you read the entire agreement or select parts of the agreement?

A I read the entire agreement.

Q In your opinion, and, again, this is at the time of the 2015 audit of Accelera. In your opinion at that time did you believe this document supported consolidation of behavior into Accelera Innovations?

A I believe, yes, it did in conjunction with other documents.

Q And can you explain why you believed that?

A Sure. I believed that this is a -- this stock purchase agreement was a legal and binding agreement between Accelera and Wolfrum for Accelera to purchase Behavioral. This stock purchase agreement sets up the agreement between the two parties for the transaction.

Exhibit 14 Page 49 Line 1:10:

A Well, I knew it existed. It was never terminated. It was confirmed by Blaise Wolfrum as being -- as existing at December 31, 2015, Blaise Wolfrum had confirmed that to the auditors in May of 2016.

Q Blaise Wolfrum confirmed to the auditors that the promissory note was active?

A Yes.

Q And there are you referring to the confirmation of liability that you testified to earlier?

A Yes.

Exhibit 14 Page 49 Line 19:25:

Q Mr. Gandhi, just when you testified – were testifying about the previous exhibit or -- and also the promissory note, your voice broke up when you answered one of the questions. Did you say it was a critical piece of evidence? Was that your word? Because I didn't hear it.

A Yes.

Exhibit 14 Page 64 Line 1:2: Lines 6:13:

a liability was incurred, and that's in accordance with ASC 805, 10-52-2, which It states that an acquisition can be incurred by -- by incurring liabilities by purchaser. This is the situation we had in Accelera where Accelera was recording the full liability, and the seller was confirming that the full liability was owed to them repeatedly over numerous audits. So I'd really like to differentiate between the cash payment and payment in the form of incurring liabilities.

Exhibit 14 Page 76 Line 1:8:

noted that there was also a confirmation of the liability in 2014. So it's this continued and repeated confirmation that Accelera has incurred this liability to acquire Behavioral. And both Blaise Wolfrum and John Wallen are acknowledging that Accelera has, in fact, incurred a liability to Blaise Wolfrum. So without -- if that -- if that – how is that possible, if the transaction hasn't occurred?

Exhibit 14 Page 78 Lines 3:7:

And I had the 2013 audit, the 2014 audit, and two ***base my – my assessment or skepticism of that this was a bona fide transaction***. ***I saw the acquirer and the seller both validating continuously through their cooperation that the transaction had occurred.***

Gandhi provides an independent and unbiased review of all the documents and concludes that BHCA should be consolidated.

Exhibit 14 Page 100 – Lines 18-20

Q Let me ask you this. Would it surprise you to learn that the acquisition memo was not in the 2015 audit binder?

Exhibit 14 Page 101– Lines 9-25

MR. SHERMAN: He did answer. He said yes.

BY MS. GUARDI:

Q Thanks. I believe the second thing you mentioned, Mr. Gandhi, was that you had conversations with Yu-Ta Chen on the topic of the check check prorighty of consolidating behavioral with Accelera; is that right?

A Yes.

Q Was that one conversation or multiple conversations?

A I realize it was two conversations.

Q And without telling me about anything that you conveyed to Mr. Chen that you originally learned from counsel, can you describe to me the first of those two conversations?

A Sure. It was around, I think, late July or early August. I advised Mr. Chen that we all needed to look at the propriety consolidating Behavioral and Accelera. I followed up, I don't recall when, and asked

Exhibit 14 Page 102– Lines 1-25

Mr. Chen if he had reviewed the accounting issue and if he had any concerns, and he did not have any concerns.

Q When you conveyed to Mr. Chen that you all needed to look at the consolidation issue, did you convey to him any opinion of your own about the propriety of the consolidation of Behavioral?

A I'd have to say in the context of that conversation, Mr. Chen had already performed the work

that I was then beginning to review where Behavioral and Accelera were already consolidated. So we didn't discuss or I didn't state my personal view, but I said this is what we need to visit again and assess again.

Q And -- and do you know what Mr. Chen did in order to -- let me back up. And then was it your understanding from the subsequent conversation that Mr. Chen did revisit the issue of consolidation?

A Yes, that's my understanding.

Q And did he tell you what he did in --specifically?

A No, he did not tell me specifically.

Q But -- but did he tell you the conclusion that he reached?

A He -- he told me that he -- yes, he told me its conclusion.

Q And what was his conclusion?

Exhibit 14 Page 103– Lines 1:2:

A That he believed it was appropriate to continue to have Behavorial and Accelera consolidated in 2015.

Exhibit 14 Page 109– Lines 8:17:

Did you ever have a conversation with anyone from Accelera where they said that they wanted to restate the financials for 2013 and 2014 in order to pull out Behavioral?

A No. I had a conversation with Cynthia Boerum on accounting for the termination agreement and whether that would cause a restatement of prior years.

Q Did Ms. Boerum ever tell you that Accelera, in fact, never controlled Behavioral?

A No.

Exhibit 14 Page 110– Lines 3:11:

Accelera controlled Behavioral's day-to-day operations in any way?

A Not -- not really day-to-day. Other than Blaise Wolfrum was tasked with writing Behavioral, and he was reporting to John Wallen, COO of Accelera. So there was that employer-employee relationship, which I think implies control on a day-to-day basis.

Exhibit 15 pages 40 Lines 8:19:

Q. Did everybody on the call then agree that it was appropriate to consolidate Behavioral into Accelera for the 2015 audit?

A. Yes.

Q. Do you recall if Mr. Pickard or Ms. Boerum specifically expressed a view one way or the other in terms of whether it would be appropriate to consolidate Behavioral into Accelera for the 2015 audit?

A. As I recall, they agreed.

Q. Both of them?

A. Yes.

Exhibit 15 pages 93 Lines 3:7:

Q. So you understood that based on your practice and understanding of the role of a quality review partner that she agreed that the consolidation for the 2015 audit was appropriate?

A. Correct.

Exhibit 15 pages 113 Lines 1:13:

Q. In your experience working with those three on your audit staff, were they qualified to perform the work that you asked them to do?

A. Yes.

Q. Did you have any concerns about their knowledge or experience to do the work that you had asked?

A. No.

Q. Did they raise any questions or concerns to you during the course of the audit that they didn't feel like they had appropriate knowledge or resources to perform the work that they had been asked to do?

A. No.

Exhibit 15 pages 115 Lines and 116 Lines 1:20:

Q. And if I understand correctly, you did review the stock agreement as part of your work with

Q. And was that stock purchase agreement publicly available?

A. Yes.

Q. And if you continue to look further in Paragraph 12, there's a reference to a promissory note.

Do you see that?

A. Yes.

Q. And if I understood your prior testimony correctly, you reviewed the promissory note as part of your work on the audit of Accelera for 2015, correct?

A. Yes.

Q. And did -- and you reviewed amendments to the stock purchase agreement between Behavioral and Accelera as part of your work on Accelera for the 2015 audit, correct?

A. Yes.

Exhibit 15 pages 120 Lines 17:24 and 121 Lines 1:12:

Q. What do you mean by "Behavioral was audited"?

A. There was a financial statement audit on Behavioral where the audit team from Anton & Chia actually went out to Behavioral's office and audited them.

Q. What types of work did they do at the office?

A. I believe the majority of their work was testing revenues, actually detailed testing.

Q. And what does that entail?

A. Making sure that -- verifying that the revenue actually was real and it related to, you know, actual clients, that there was money collected for that revenue.

Q. Would the testing include where the money went in terms of --

A. Yes.

Q. -- collections?

A. Yes.

Exhibit 15 pages 124 Lines 8:15

Q. Okay.

A. And there is an operating subsidiary which is run quite autonomously. It's very common.

Q. So in your mind, the factors that are listed here in Section or Paragraph 16 is not the entirety of the analysis for whether Accelera controlled Behavioral?

A. Correct.

Exhibit 15 pages 125 Lines 1:15

Q. And how would that be relevant?

A. Well, Behavioral was consolidated into Accelera as a decision of the company, so that shows control, because ***how would they be able to obtain the financial information to consolidate if they didn't have control over the finances and the financial information?***

Gandhi even in his settlement still autonomously disagrees with the SEC's position. Then Gandhi was deported.

Exhibit 15 pages 134 Lines 1:24

Q. And in your mind, what does this confirmation provide to you in terms of understanding of Accelera's financial statements?

A. Accelera had liability on its balance sheet for the same amount, for 4.55 million, and this confirmation is verification that that liability is completely stated and that it's accurate.

Q. And how does the 4.55 million liability on Accelera's financial statements -- how did that -- or I guess did that have any -- was that evidence for you that the consolidation of Behavioral into the financial statements was appropriate?

A. It's part of the acquisition accounting. The liability on Accelera's books is a result of the consideration that is owing and that's paid by virtue of the note, and that's -- by crediting the

Exhibit 15 pages 135 Lines 1:7

liability for that amount, Accelera is able to purchase Behavioral and consolidate it.

Q. If Accelera did not own Behavioral as of the time of the 2015 audit here, would you have expected to see this $4.55 million liability on Accelera's financial statements?

A. No.

Gandhi recognizes that it would have been entirely irresponsible for Honest Hardworking Americans not to alert the readers of the statements to the existence of this very material liability.

Exhibit 15 pages 137 Lines 14:18

Q. And as part of your work in the 2015 audit, when you reviewed this memo, did it raise any questions or concerns to you about the way that Accelera's financial statements were prepared?

A. No.

Exhibit 15 pages 143 Lines 14:18

Q. Do you recall ever having a conversation with Ms. Boerum about Accelera restating its financials to remove BHCA?

A. No.

Exhibit 15 pages 149 Lines 11:19

Q. Do you recall reviewing this particular paragraph within the termination agreement?

A. Yes.

Q. What was your reaction to this paragraph?

A. I recall my reaction was that it was incorrect to go back and restate based on the information that I had, which was that the consolidation was appropriate.

Exhibit 15 pages 153 Lines 1:8

Q. What was that phone cal about?

A. I remember getting a call that – I think he was very annoyed. It was related to a review or an audit of trying to get the work started, and I believe Accelera still owed Anton & Chia fees, and Anton & Chia couldn't start the work because of independence issues. That's all I recall from Geoff.

Exhibit 15 pages 165 Lines 22:23

"We have also introduced Accelera to competent outside accountants such as Kevin Pickard,"

Exhibit 15 pages 166 Lines 1:6

at the time of the 2015 audit that he was a competent accountant, as you write here?

A. Yes.

Q. Has that view changed at all since the time that you wrote this e-mail?

A . No.

Exhibit 15 pages 185 Lines 20:24 and page 186 Lines 1:2

Synergistic, the defendant that's – the defendant in this matter?

A. Yes.

Q. Wha was the issue?

A. As I recall it, Synergistic had received investment funds for the sale of Accelera stock instead of the funds going into Accelera.

Exhibit 15 page 190 Lines 5:11

Q. What do you recall about the Synergistic entity? Did you have any discussions with anyone at Accelera about that entity and its relationship to Accelera?

A. I recall that it was listed as a related party. I recall that it was Geoff Thompson's holding company.

Exhibit 15 page 197 Lines 4:8

Q. Does an auditor sign the financial statements when they're filed with the SEC?

A. Only the audit report is signed.

Q. So who signs the financial statements?

A. The officers of the company.

3) GANDHI ISSUED ACCELERA WITHOUT WAHL'S APPROVAL:

Exhibit 14 pages 135 Lines 11:22

569. Q Okay. So prior to the issuance of the audit opinion, outside of the presence of legal counsel, did you have any communication with Greg Wahl on the subject of consolidation for 2015?

A Yes, I did. I -- after performing my analysis in reaching my conclusion, after hearing from -- I told Greg my conclusions. I told him what I had assessed in terms of all the document review, and Greg agreed that it was a good conclusion.

Totally fabricated and dishonest statement. Wahl asked for a memo. The memo was so that Wahl could read the engagement team's analysis of the facts; analyze all of the agreements and then determine whether the engagement team had made a "good conclusion" or not. If Gandhi would have actually approached Wahl with no memorandum which there isn't in 2015. Wahl would have not been very happy and Wahl wasn't aware Accelera issued until September 2016 when he asked Robert Han if they paid the $65,000 they owed us. The SEC bullied Gandhi into a fake settlement and he was deported.

Exhibit 14 pages 135 Lines 23:26 and page 136 Lines 1:2:

Q Okay. And -- and the timeframe, as best as you can pinpoint it?

A It would have been the last week of July to the first week of August 2016, prior to the issuance of the audit report.

Wahl was deposed on July 26, 2016. Wahl, A&C Counsel and Gandhi had a conference call regarding the result of the SEC deposition on July 27, 2016. Counsel, Gandhi and Wahl discussed various items. Wahl and Gandhi had a one on one discussion right after the conversation with counsel. Wahl told Gandhi, I want a Memorandum and Accelera cannot issue without paying us the $65,000. Anton & Chia's policy expressly stated that there could be no outstanding fees before issuing. Wahl could not have met with Gandhi in the time frame he mentioned. It did not happen. Gandhi on his own accord allowed the 10-K for Accelera to be issued and not approved by Wahl or A&C's counsel b/c Wahl was out of town working on acquisition integration of the Vancouver Canada operations and took his family to visit Wahl's parents as his father's and Wahl's daughter are born in late August. Wahl was unaware that Gandhi allowed Accelera to file its Form 10-K when Wahl began reviewing Accounts Receivable and asked A&C's CFO Robert Han "When is Accelera going to pay." And Gandhi replied "We issued." And Gandhi gave Wahl

some story about when Accelera was going to pay. Wahl called A&C counsel immediately. The SEC bullied Gandhi to lie and he was deported.

Exhibit 15 pages 20 Lines 5:11:

At some point did he identify for you that the consolidation of Behavioral was something that the SEC was investigating?

A. Yes.

Q. When did he identify that for you?

A. I recall it was around June or July of 2016.

Wahl fully disclosed any and all information to Gandhi in fact Wahl over disclosed. The day Wahl transitioned the practice to Gandhi. Wahl mentioned that there was a pending investigation of Accelera but at the time of transitioning the client, Accelera we (Shek, Koch, Wahl, Deutchman, etc.) had no idea what the SEC was looking at. The email that Michael Deutchman is communicated on related to a different Subpoena on a client A&C had fired. Ganhdi if he would have followed orders from Wahl and A&C's counsel and believed in the work he was completing he would never had to have been involved in this investigation. Instead Gandhi acted reckless and issued the 2015 Form 10-K without communicating with Wahl, without providing Wahl with the memorandum he requested and Gandhi never communicated with A&C counsel before issuing the Form 10-K. Gandhi fully knew what the issues were that the SEC was looking at and / or should have known at the end of the day. Gandhi did the correct treatment but didn't believe in his work and he submitted to the SEC's bullying tactics and was deported.

Exhibit 15 pages 21 Lines 12:21:

Q. Okay. Did you have any conversations with Mr. Wahl about the SEC's investigation of Accelera where counsel was not present and you weren't discussing things that you had discussed -- anything other than what had been discussed in the presence of counsel?

A. Well, the conversation with counsel was related to the whole investigation, so, I mean***, I did have follow-up conversations as I proceeded to try and address the issue***.

Gandhi "proceeds to try and address the issue" and he should have believed in his work b/c he did nothing wrong and was bullied by SEC, given extremely poor advice by his counsel and was deported.

Exhibit 15 page 210 Lines 14:19

A. Accelera issued a promissory note, so they booked that as consideration. So there were no payments in cash, but they booked the note.

Q. So the liability entry on Accelera's books is the consideration for the acquisition?

A. Yes.

4) THE REAL REASON GANDHI QUIT WAS DUE TO THE SEC ORDER:

Exhibit 15 pages 34 Lines 1:2:

570. nformed Mr. Pickard one of the main reasons I quit was because of the SEC order

5) WAHL RAN THE FIRM TIGHTLY:

Exhibit 15 pages 74 Lines 18:22:

571. . Q. Do you remember any specificconversations about fees for Accelera?

A. Yeah. Greg was always very determined to make sure that all of the fees were collected or there was some sort of a payment plan.

6) GANDHI WAS PAID ALL THE MONEY HE WAS OWED:

Exhibit 15 pages 74 Lines 18:22:

572. . Q. About how much did the firm owe you in back pay?

A. I believe it was over $40,000.

Q. Did you ever end up collecting any back pay from the firm?

A. I did.

Q. About how much did you end up collecting?

A. They paid me all of it.

Gandhi was paid all his money. Just like every employee was paid their salaries. Even though Gandhi was intentionally creating problems and character assassinating Wahl, taking clients from A&C. Wahl found out that Gandhi during his SEC cease and desist was working on public companies. Wahl communicated the violation of Gandhi's order to the SEC. Maybe this was why he was deported. Gandhi was reckless in his behavior. A&C commission / bonus policy were to be paid to existing employees only and were up to Wahl's discretion as advised by counsel.

7) GANDHI CONFIRMS SHEK LOST HIS JOB B/C OF NON DISCLOSURE OF THE INVESTIGATION:

Exhibit 15 pages 80 Lines 8:14:

573. So did you talk about the SEC's investigation of Mr. Shek with him?

A. Only his sanction.

Q. What did he tell you?

A. That he was prohibited from working on public companies. He had actually lost his job as a result of the SEC sanction.

Exhibit 15 pages 81 Lines 8:14:

Do you have any understanding of the current status of his matter with the SEC?

A. No. Only that he lost his job due to the public information, yeah.

8) THE DIVISION HAS EXTREME HATE TOWARDS THE SMALL CAP MARKET:

Exhibit 15 page 204 Lines 10:22

574. nd did Anton & Chia -- to your knowledge, did Anton & Chia suggest Mr. Pickard as a consultant for Accelera?

A. I recall that, yes, he was. There was actually a list of consultants that -- if clients needed more expertise in financial statement preparation, the firm would give the clients a list, and then the clients could pick.

Q. Oh, so Mr. Pickard came on the Anton & Chia pre-approved list of --

A. Right.

Q. -- consultants. Okay.

A. Reliable consultants.

Exhibit 15 page 205 Lines 10:22

Q. And did Anton & Chia -- to your knowledge, did Anton & Chia suggest Mr. Pickard as a consultant for Accelera?

A. I recall that, yes, he was. There was actually a list of consultants that -- if clients needed more expertise in financial statement preparation, the firm would give the clients a list, and then the clients could pick.

Q. Oh, so Mr. Pickard came on the Anton & Chia pre-approved list of --

A. Right.

Q. -- consultants. Okay.

A. Reliable consultants.

Q. How common was it for Anton & Chia clients to not have sufficient accounting personnel at the companies?

A. It was fairly common with the small public companies.

Q. And by "small public companies," are those companies generally penny stock companies?

A. Yes.

Q. What percentage of Anton & Chia's public company clients were penny stock companies?

A. Almost all.

MS. MALLON: Do you know what a penny stock company is before you answer the question?

THE WITNESS: Yeah.

MS. MALLON: There's a legal definition. Do you understand it?

THE WITNESS: No, I don't.

MS. MALLON: Okay.

BY MS. QUALLS:

Q. Well, do you know --

MS. MALLON: Do you want to change that answer since you don't know what a penny stock company is?

THE WITNESS: Yes.

BY THE WITNESS:

A. Could you please explain that?

BY MS. QUALLS:

Q. Were those companies listed on – the public companies that Anton & Chia audited, what percentage of those companies were listed on the New York Stock Exchange?

A. I don't know.

Q. All right. Were you aware of any that were?

A. No.

Q. And what about any -- were there any companies listed on the NASDAQ?

A. Not that I'm aware of.

Q. Okay. And based on my representation to you that a penny stock company is a company whose stocks sell for less than $5 a share, do you believe that Anton & Chia had any audit clients that had shares of stock that traded for more than $5 a share?

A. Not to my knowledge.

9) RAHUL REVIEWED THE WORKING PAPERS AND DETERMINED THE BASIS FOR THE ACQUISITION AND HE WAS CORRECT:

Exhibit 15 page 212 Lines 11:24

575. I think you just testified about the promissory note, that it was -- it was the collateral or the consideration for the transaction, is that right?

A. Yes.

Q. Did you ever express that opinion to Accelera?

A. No.

Q. Anyone at Accelera?

A. No.

Q. That's just your personal opinion?

A. That's what was presented to me based on prior audits that had been concluded.

Q. Who presented that to you?

Exhibit 15 page 213 Line 1:

A. It was in the audit file.

Q. So no one at A&C ever said the basis for the consolidation is this promissory note?

A. ….based on the prior year audits that was the basis for the acquisition.

P) DAN FREEMAN

1) FREEMAN'S FIRST PUBLIC COMPANY:

Exhibit 23 Page 167 Lines 23-25:

576. WAHL: Who's Mr. Freeman? Q. The CFO that they – that they hired at Accelera.

Exhibit 23 Page 168 Lines 1-8:

WAHL: ***Wasn't this like his first public company he was on? I mean, he's an idiot. He doesn't know what he is doing***. Q. So your – your opinion is that he's an idiot. WAHL: Yeah. Q. Did you ever – did you ever speak to him? WAHL: ***I didn't have to. I saw his work***.

2) FREEMAN'S HISTORY INDICATES HE HAS A HARD TIME GETTING ANYTHING COMPLETED:

Exhibit 11 page 16 Lines 16-23

577. A. Well, let me clarify. ***We tried to, but the records were difficult***. I don't know how many of them we actually filed a tax return on ultimately. ***We tried to straighten out the information***; but, again, ***I can't -- you know, my memory isn't that good that I can remember*** where we were successful and where we weren't. But, yes, Abacus was one of them.

Freeman can't even put together basic book keeping and get a tax return filed. Maybe he thought he called the AICPA but didn't actually do it b/c he has no evidence to suggest otherwise. "His memory isn't that good…." Maybe he should be tested for Dementia, Parkinsons, etc. Much like the SEC attorneys on this matter they dreamt up a fraud case that wasn't.

Exhibit 11 page 17 Lines 11-12:

A Ultimately***, I don't think we ended up able to, again, pull the information together to file any returns***.

Freeman cant even put together simple book keeping and complete a tax return for filing.

Exhibit 11 page 17 Lines 11-12:

A I think that was an investment group that they had put together. And I'm not sure exactly what it ultimately did other than it had people that had invested, and somehow they got transferred over into Accelera. But, ***you know, that was difficult to try and sort out as well***.

Freeman can't even put together simple book keeping and complete a tax return for filing. Appears that everything is difficult to figure out for Freeman. If he can't "sort out" the shares that were transferred into Accelera then how is he going to figure out this so called restatement or even this incorrect consolidation? Tax return preparation and book keeping is very easy work. If he can't do that then how is Freeman planning to handle a public company? Obviously $19MM in audit adjustments in the 2014 audit alone by Honest Hardworking Americans demonstrates that Freeman was clearly unqualified for a public company but he can't even do the simple CPA book keeping, tax returns. Not credible.

Exhibit 11 page 20 Lines 15-21:

A I can't say for sure. I don't know all the people that were in TecExplorer and if they were – Some of the people that had done business with Geoff and Nancy ended up with stock in Accelera through Synergistic. ***Synergistic would give them shares in Accelera to satisfy some obligations of TecExplorer, some past real estate deals.***

Freeman knows Thompson well enough to fly out to Florida and spend time with Thompson. Then he invests $14K into Thompsons deal b/c he wanted to help Thompson out with obtaining the required shareholders to be listed on the OTC markets. Freeman is not being honest with his knowledge of Thompson's business deals and business track record.

Exhibit 11 page 25 Lines 22-25:

A I'm familiar with it. I believe that was insurance products. ***And I never understood the transaction. So, no, I never did anything with it.*** What was your position when you went to work for DS&B?

Freeman can't even put together simple book keeping and complete a tax return to be filed. Appears that everything is difficult for Freeman. If he can't "sort out" the shares transferred into Accelera then how is he going to figure out this so called "restatement" or even this "incorrect consolidation"? Tax return preparation and book keeping is very easy work. If he can't do that then how is going to handle public company? Obviously $19MM in audit adjustments in the 2014 audit clearly demonstrate his incompetency.

Exhibit 11 page 25 Lines 22-25:

A Um, they met with us in -- at DS&B. ***We were trying to, again, find a way to straighten out their taxes. Again, not successful***.

Freeman can't even put together simple book keeping and complete a tax return filed. Appears that everything is difficult to figure out. If he can't "sort out" the people transferred into Accelera then how is he going to figure out this so called restatement or even this incorrect consolidation? Tax return preparation and book keeping is very easy work. If he can't do that then how is going to handle public company? Obviously $19MM in audit adjustments in the 2014 audit clearly demonstrate Freeman's incompetency.

3) FREEMAN TWINS WITH DEVEOR NEVER AUDITED A PUBLIC COMPANY THAT COMPIED WITH PCAOB STANDARDS:

Exhibit 11 page 23 Lines 23-25:

578. . A I was an audit partner. Q And at DS&B, what kind of clients did you have?

A ***Oh, privately held clients.***

Another Devor like character that has never audited a public company….. $19MM in audit adjustments in the 2014 audit clearly demonstrate Freeman's incompetency.

4) THERE IS NO CORRORATING EVIDENCE THAT FREEMAN CALLED THE AICPA AND THE AICPA IS NOT AUTHORITATIVE LITERATURE:

Exhibit 11 page 41 Lines 13-23

579. January of '14 or January of '15?

A When did I quit? I'm probably -- I'm getting I called the AICPA and laid out the scenario to the AICPA. And they concurred with my opinion that the entities should not be consolidated. All AICPA had asked for is my license number and my AICPA number. They don't ask who the entity is or anything like that. And even though I shared this with Anton & Chia as well as Thompson and the others, including Bob Acri and the law firm, again, it didn't have any weight.

*There is no evidence that Freeman called the AICPA and if he did. Where is the memorandum documenting the conclusions in accordance with US GAAP and the seven contracts, the four amendments and the termination agreement. There isn't one b/c Freeman never spoke to anyone. Freeman claims he was working 30 to 40 hours a week with Accelera (***see P.F.F#582***). He could have taken 8 hours maybe 16 hours complete the US GAAP research, read the contracts and put a memorandum together. He had three (***1. Blanski, Peter, Kronlage & Zoch; 2. Boulay and 3. DS&G***) accounting firms that Freemen could have asked them to draft the memorandum. The reason he never did it is b/c like Devor and Glacer they don't understand what they are doing. If Boulay are such "experts"*

where is the memorandum from Boulay? There is no documented evidence that Boulay even said that the consolidation was improper.

If you go to the AICPA hotline. ***Non authorative literature means it's meaningless and they have no expertise in public companies.***[82]

The AICPA Auditing and Accounting Technical Hotline provides non-authoritative guidance on accounting, auditing, attestation, and SSARS standards. Please note that Technical Hotline staff's responses reflect only the staff's opinions in light of particular circumstances described by the inquirer and should not be viewed as an official position of the AICPA. Official AICPA positions are determined through certain specific committee procedures, due process, and extensive deliberation. The views expressed by Technical Hotline staff in response to technical questions submitted to the Technical Hotline are expressed for the purposes of deliberation, providing member services, and other purposes, but not for the purposes of providing accounting services or practicing public accounting.

Application of generally accepted accounting principles is the responsibility of a company's management. As such, the Technical Hotline staff is prohibited from making subjective judgments for constituents or acting as an arbitrator on any issue (for example, a dispute between a company and its auditor).

Exhibit 11 page 54 Lines 20-22

Q And was that opinion rendered orally or via e-mail?

A ***Orally***.

[82] https://www.aicpa.org/research/technicalhotline.html

A convenient "oral" opinion. No evidence. No facts. No memorandum. No US GAAP support. No contractual support tying into US GAAP. Freeman creates the fraud against Honest Hardworking Americans. Freeman has not one piece of credible evidence that this conversation occurred and an analysis was properly created.

Q Now to your knowledge, did Boulay memorialize your conversations and their analysis regarding Accelera Innovations in any way?

A ***I have no idea.***

*A convenient "oral" opinion. No evidence. No facts. No memorandum. No US GAAP support. No contractual support tying into US GAAP. Freeman creates the fraud against Honest Hardworking Americans. Freeman has not one piece of credible evidence that this conversation occurred and an analysis was properly created whether BHCA should be consolidated or not. Freeman has "**no idea!**" about anything and this is the SEC enforcement division's star witness.*

5) EVEN WITH THE SUPPORT OF A THIRD PARTY ACCOUNTING FIRM, ACCELERA HAS $18MM IN AUDIT ADJUSTMENTS:

Exhibit 11 page 81 Lines24-25 and page 82 Lines 1-5

580. We were using an outside accounting firm to help pull the information together because I didn't have a staff. So that was my old firm: Blanski, Peter, Kronlage & Zoch. We would -- ***They had the software to consolidate schedules***. They would do the work papers so that Anton & Chia strictly acted as auditors.

6) FREEMAN KNOWINGLY SIGNS OFF ON A FORM 10-Q THAT HE CLAIMS IS INCORRECT:

Exhibit 11 page 101 Lines 16-23

581. This is the Form 10-Q for September 30th, 2014. Do you recognize this?

A Yes.

Q What role did you play with respect to this 2014 10-Q?

A I signed off as the CFO, and I was responsible for pulling the information together from the accounting side of it to put into the 10-Q.

So basically, Freeman claims that there are a number of errors relating to various periods but takes primary liability for the financial statements in the Form 10-Q and signss off? Knowingly commits primary financial fraud, according to his own testimony but the SEC doesn't go after Freeman?

7) 40 HOURS A WEEK? WHERE IS THE CONSOLIDATION MEMORANDUM?

Exhibit 11 page 103 Lines 17:21

582. During the period of time that you were CFO of Accelera, how many hours a week did you devote to your duties as the CFO?

A Thirty, plus or minus. Maybe 40. It depends on the week and what we were working on.

Maybe Freeman should have allocated some time to do some actual work if he was working 30 to 40 hours a week he could have prepared the business combination memorandum and did some US GAAP research.

8) NOT A SMART DEAL:

Exhibit 11 page 104 Lines 17:21

The employment agreement with Daniel Freeman provides that the company shall pay Daniel a base salary of $[redacted] per year to be paid at the times and subject to the company's standard payroll practice. It then goes on to say that you will begin receiving compensation at the time Accelera completes one million dollars in financing.

Freeman did testify in trial that "he wasn't the smartest guy". Well. This is further evidence to this.

Exhibit 11 page 120 Lines 22:25

And then what did Synergistic do with it? A I think money went out to Geoff and Nancy and others. I really don't know. I didn't do any of the accounting for Synergistic. I didn't want to do any….

Freeman "didn't want to do any" thing that involved actual work or ensuring that Accelera complied with US GAAP. Freeman's primary responsibility. Obviously $19MM in audit adjustments in the 2014 audit clearly demonstrate Freeman's incompetency.

9) FREEMAN IS THE CFO; HE IS RESPONSIBLE FOR THE FINANCIAL STATEMENTS NOT ANTON & CHIA, LLP:

Exhibit 11 page 56 Lines 11:12:

583. …is to convince Anton & Chia, the one that created --helped create the problem that they need to fix it.

Only someone that is clearly ignorant to public accounting would make this statement. This statement clearly demonstrates his lack of understanding that Accelera, Accelera's CEO and CFO were "responsible" for their

"problems". Their financial reporting and compliance with US GAAP. Not Anton & Chia. Freeman can't even handle basic book keeping and he claims that Honest Hardworking Americans "helped create the problem". Freeman again says this without not one shred of credible evidence. Freeman should look back at the problems he created due to his incompetency. Obviously $19MM in audit adjustments in the 2014 audit clearly demonstrate Freeman's incompetency.

10) FREEMAN THINKS NON-BINDING LOI'S WILL TURN INTO $500MM:

Exhibit 11 page 154 Lines 14-17:

584. Under Growth it says: Our goal is 500 million in revenue by 2015 year's end and to conservatively grow in revenue in excess of one billion dollars by the end of 2016.

Exhibit 11 page 154 Lines 24:25:

……We did a projection, if we were able to close on all of the entities that they had under letters of 1 intent, I believe it would hit 500 million. But, again, I -- That one is foreseeable.

Freeman thinks the $500 million in revenues by 2015 "is foreseeable". Freeman completed projections based on LOI's knowing that the only acquisition that they closed was BHCA? Freeman never was paid b/c Accelera had to raise $1.0MM to start paying him. Freeman thinks that Accelera's projections are "foreseeable'?

11) FREEMAN CANT FIGURE OUT WHAT'S REALLY GOING ON:

Exhibit 11 page 157 Lines 3:8:

585. ***figure out what's really going on in the organization***……..Because, you know, if the accounting is wrong, then it comes back to me. And so ***I was focusing on trying to get the accounting right*** so that, you know,

*Freeman should have focused on "**figure out what's really going on**" since Accelera only had $2.5MM in revenues and 5 employees. He apparently was "**trying**" really hard to "**get the accounting right**" but A&C proposed and required management to book $19.1MM in audit adjustments for 2014 audit where he was the CFO from October 2014 to March 2015.*

Freeman had the privilege of becoming Accelera's CFO but Freeman had to pay Accelera $14,000 to be the CFO. Freeman was so incompetent that even Accelera refused to pay him for his CFO services and thanked Freeman by taking his $14,000.

12) THE AICPA DOES NOT APPLY TO PUBLIC COMPANIES:

586. **Exhibit 12 page 37: Lines 4-8:**

A. Right. I spent -- I have spent close to 30 years in public accounting. And part of that public accounting my firms had to undergo peer review for documentation to meet AICPA standards. And in every case we've gotten clean opinions.

13) EVEN A NURSING PROFESSIONAL KNEW THAT ACCELERA WAS NEVER ON THE NASDAQ:

587. **Exhibit 12 page 65: Lines 7:**

A. I believe we were already listed on NASDAQ.

Freeman had the privilege of becoming Accelera's CFO but Freeman had to pay Accelera $14,000 to be the CFO. Freeman was so incompetent that even Accelera refused to pay him for his CFO services and thanked Freeman by taking his $14,000.

14) FREEMAN; DEVOR AND THE SEC ATTORNEYS SHOULD HAVE A ZOOM READING PARTY ON ASC 805 BUSINESS COMBINATIONS. IT MAKES NO REFERENCE TO CONTROL OF CASH OR EMPLOYEES OR WHATEVER THEY ARE THROWING AT THE WALL:

Exhibit 12 page 66: Lines 3-9:

588. FREEMAN: Professional guidance looks to control. If you have control over an entity, then the entity should be consolidated. Since we do not control cash and the employees or any other aspects of the enterprise, their opinion is we do not have control and the entity should not be consolidated with Accelera. (**see P.F.F#570**)

The AICPA would never provide guidance in this manner as its nonauthorative literature that is provide by the AICPA (**see P.F.F#552**).

15) ANTON & CHIA ARE EXPERTS:

Exhibit 12 page 79: Lines 24-25:

589.We need the actual experts, being Anton & Chia……..

16) FREEMAN NEEDS TO READ THE CORPORATE STRUCTURE THE PREFERRED SHARES ARE AUTHORIZED:

Exhibit 12 page 102 Lines 20:22:

590. That they had also issued preferred shares, and the company was not authorized to issue preferred shares.

This is interesting since Freeman keeps talking about the preferred shares were not authorized but if you review the **Exhibit 100 Form 10-K for December 31, 2012 on Page F-4:**

Stockholders' Equity

Preferred stock; $0.0001 par value; 10,000,000 shares authorized; 0 shares issued and outstanding

Accelera has 10,000,000 preferred shares authorized. ***Exhibit 105 Page F-3*** *Form 10-K for December 31, 2013*

Accelera has 10,000,000 preferred shares authorized. ***Exhibit 114 Page F-3*** *Form 10-K for December 31, 2013*

Accelera has 10,000,000 preferred shares authorized. ***Accelera has always had authorized preferred shares. Did anyone review the attorneys work before the filed the case?!?***

17) FREEMAN NEVER SPOKE TO ANYONE AT BEHAVIORAL:

Exhibit 12 page 149 Lines 9-11:

591. Did you ever have discussions directly with anyone at Behavioral?

A. No.

18) HEAVENS, NO. FREEMAN DOESN'T KNOW THE ACCOUNTING STANDARDS FOR ASC 805:

Exhibit 194 page 185 Lines 1:8:

592. into this question, were there particular sections of GAAP that you went to to get guidance on whether the consolidation of Behavioral was appropriate?

A. Definitely.

Q. Do you recall which ones those were?

A. Heavens, no.

Q. Do you recall, other than the e-mails and documents that we've looked at today, any other written memorialization of your views on the consolidation of Behavioral that we haven't already talked about?

A. No.

Q. You didn't drat a memo explaining the research you did?

A. No.

19) NO JOKE FREEMAN PAID $14,000 TO BECOME THE CFO:

593. **Exhibit 11 page 28 Lines 7-9:**

And then I added it up to $14,000.
A. Freeman That would be about right.

Q) CINDY BOREUM, A NURSING PROFESSIONAL

1) A NURSING PROFESSIONAL PERFORMED BETTER THAN FREEMAN:

Exhibit 12 page 120 Lines 16:17 and Lines 21:22:

594. Cindy Boerum was put in charge of finishing up the 10-K. She was a nursing professional. She didn't have an accounting background.

Ms. Boreum did a better job than Dan Freeman with the accounting.....

Exhibit 4 page 12 Line 2

A It was, I became the person, like an admin,

Exhibit 4 page 24 Line 1:2

A In 2012 I made $[redacted] In 2013 I made $[redacted] In 2014 I made $[redacted] In 2015 I made $[redacted]

Accelera paid Boreum more than Freeman. Freeman had to pay $14,000 to be the CFO.

Exhibit 4 page 37 Line 8:13

So we purchased his company and, for whatever it was here, without looking at the detail, and he had an employment agreement that went with this as well.

Ms. Boreum has a pretty good handle on ASC 805. Better than Devor, Freeman, the SEC attorneys and accountants.

Q So Accelera purchased 100 percent of Behavioral healthcare Associates from Blaise Wolfrum, is that right?

A Correct.

Exhibit 4 page 37 Line 4:7

Were you aware of who had made the decision to consolidate Behavioral into Accelera's revenue?

A ***No, no, I didn't even understand in all honesty the situation.***

Exhibit 4 page 68 Line 6

A ***based on my uneducated opinion***

Exhibit 5 page 53 Lines 22:23

"***I have no idea what they're doing here.I have no idea of any of this.***"

Exhibit 5 page 100 Lines 12:13

A. ***I don't think I'd have the brains to say that, no. I don't remember that, no***.

Exhibit 5 page 162 Lines 12

A. ***No. Like I said, I was truly the gofer.***

Exhibit 23 Page 83 Lines 7-11:

Do you recall who Miss Boerum is? WAHL: Vaguely. WAHL Like ***administrative assistant or something***.

Ms. Boreum was a Nurse, an administrator and she was being asked questions that are not part of her core expertise. The SEC continued to bully and badger her. ***It's clearly understandable that someone in Ms. Boreum's position would not "understand…the situation."*** *The time of her testimony was January 2017 and April 2019 a long time after the transactions had occurred. Why even ask Ms. Boreum when it's clear* ***that she didn't have an accounting background****. This clearly demonstrates the SEC's desperation in this case. They have no credible witnesses. The SEC for 375 pages of deposition transcript torture Ms. Boreum over the accounting for a complicated transaction, which Ms. Boreum acknowledges that she doesn't have the experience to analyze and even other people (Freeman, Wahl, etc.) clearly recognize that the consolidation of BHCA is not an area for her to provide any relevant expertise.*

Exhibit 4 Pages 53 to 57: *Any reference to Wahl is factually incorrect. Wahl never had any discussions on this matter until July 26, 2016 and after regarding BHCA consolidation. Since the initial audit and the relevant amendments in 2013 and 2014. Wahl never reviewed any of these documents until April or May 2017 in preparing for a Wells Submission. Wahl also testified to preparing for the Wells Submission.*

2) ACCELERA COMPLETED THE BHCA ACQUISITION:

Exhibit 4 page 91 Lines 11:25:

595. Q Under acquisition strategy here, you've written ***Accelera completed two acquisitions in 2003, Behavioral Health*** and At Home Health, with combined revenue of 5.7 million and an EBITDA of 1.3 million. Currently through these acquisitions we deliver personal care to approximately 10,000 patients a year and partner with 15 hospitals and 1,200 physicians in Chicago.

A Right.

Q Where is that information in particular coming from, if you recall?

A Yeah, it's coming from the fact that ***Behavioral had almost a total of that many patients they touched. They touch that many physicians because physicians would take their Behavioral Health patients, send them to Behavioral Health,***

Accelera's investor presentation to US. Capital references Accelera completed two acquisitions in 2013, Behavioral Health.

Exhibit 4 page 93 Lines 7:10:

A ***The Holding Company is Accelera. Behavioral Health and Blaise is a member of the Holding Company through his employment agreement.***

Accelera's investor presentation to US. Capital references ***Blaise Wolfrum as part of the Accelera Holding Company that Blaise was a member of the management team through his employment agreement.*** *Didn't Accelera, Boreum, Freeman and the SEC attorney's deny that this was not in effect?*

3) NEVER ON THE NASDAQ:

Exhibit 4 page 95 Lines 9:11

596. celera never became listed on the NASDAQ?

A Correct.

Maybe Dan Freeman should have reported to Cindy Boreum. She appears to know more about Accelera than Freeman.

4) NOBODY FROM ANTON & CHIA SAID CONSOLIDATE BHCA:

Exhibit 5 pages 64 Lines 1:16 and Page 63 Lines 21:25:

597. You know, so is it accurate to say that your conclusion -- or understanding that it was Tommy from Anton and Chia and Timothy Neher from AVP who had made the initial decision to consolidate Behavioral Health Care Associates into Accelera's financials -- was your assumption based on their respective roles for that 2013 10-K?

A. Yes.

Q. It's not the case that either Tommy or Timothy Neher told you specifically that they had made that decision?

A. Correct.

Q. And is it the case that anyone from Accelera or from AVP or from Anton and Chia ever told you specifically that Tommy and/or Timothy Neher had made that decision to -- that initial decision to consolidate Behavioral Health Care Associates into Accelera's financial statements?

A. Correct.

Q. Correct, nobody had specifically said that?

A. Correct.

Anton & Chia would never have provided the advice to consolidate or not. This would have impaired their independence. The determination and responsibility for US GAAP compliance is the responsibility of Thompson, Wallin and Accelera.

Exhibit 5 pages 95 Lines 10:14:

5) BLAISE WOLFRUM WAS COMPENSATED WITH SHARES:

598. Blaise Wolfrum -- Blaise Wolfrum got shares in connection with the amendments that Accelera entered into with him to extend the payment terms of the Stock Purchase Agreement, right?

A. Correct.

To compensate Blaise and to keep as part of Accelera.

Exhibit 5 pages 95 Lines 10:14:

shares on his employment agreement with Accelera?

A. The employment agreement stated that he would get so many shares.

Blaise Wolfram's employment agreement was in effect.

6) THOMPSON AND LAZ BELIEVED BHCA WAS A "MAJOR SUBSIDIARY":

Exhibit 5 pages 173 Lines 9:13:

599. And when you -- when Laz responded, he said, "Yes, because he has a major subsidiary." Did you understand him to mean a major subsidiary of Accelera?

A. I would -- now that I look at it and read it, I would assume yes, that that's what it means.

Exhibit 5 pages 185 Lines 24:25 and Pages 186 Lines 1:3:

Q. Okay. So just so I understand, you don't recall Laz ever telling you personally in any form of communication that Accelera should restate because of Behavioral?

A. Right.

Accelera's attorney Laz Rothstein calls BHCA a "major subsidiary" and does not mention restatement.

Exhibit 5 pages 189 Lines 17:18:

I believe that through conversations, Geoff truly believed that he owned Behavioral Health.

Or why would Geoff Thompson sign off on the 2013, 2014 and 2015 certifications (**see P.F.F#s804to#805**) and Thompson represented to US Capital that they acquired BHCA in 2013. Thompson, Accelera and US Capital marketed to investors that they owned BHCA and Blaise Wolfrum was part of the Accelera's management team.

Exhibit 5 pages 194 Lines 8:12:

Q. Okay. Did anybody from Anton and Chia ever tell you that they didn't think Accelera needed to go back and restate -- that that decision had anything to do with the fees that Accelera paid or didn't pay?

A. No.

7) ACCELERA MANAGEMENT WAS MARKETING TO INVESTORS AND BHCA WAS INCLUDED AS A CLOSED ACQUISITION:

Exhibit 5 pages 203 Lines 17:23:

600. And if you turn to -- I think the PowerPoint has a page number, but the Bates number on the document is Accelera 14054.

A. Yes.

Q. And you see it refers to Behavioral Health Care as a current acquisition?

A. Yes.

Thompson marketed the powerpoint to U.S. Capital and to other investors.

Exhibit 5 page 204 Lines 11:25 and page 205 Lines 1:25 and page 206 Lines 1:18:

Q. And if you look at -- a couple pages later -- Accelera 14056, it says, "Current revenue through acquisitions," and then in parentheses, "Behavioral and Advance Lifecare."

Do you see that?

A. Yes.

Q. And it has -- the slide has revenue and EBITDA numbers in a chart, correct?

A. Yes.

Q. So do you -- what's your understanding, based on drafting this PowerPoint, on what the actual and projected numbers in this chart -- where did those numbers come from?

A. From Blaise's -- Blaise had a projection of where he wanted to take Behavioral, so expand Behavioral Health, and Advance Health – Advance Lifecare was a smaller acquisition that also had the opportunity to expand. So with their numbers -- that's how this was created was their feedback.

Q. So the chart here was created with revenue and EBITDA from Behavioral and Advance Lifecare?

A. Correct.

Q. And I think you referenced "was their feedback." What do you mean by -- whose feedback?

A. Blaise and Jimmy LaCaba both had feedback, and they basically said, "Here's where I want to take the organization. I'd like to have 'X' amount of patients in the City of Chicago," that sort of thing, and then that is worth "X" amount of revenue.

So yes, it just wasn't being pulled out of a hat.

Q. You asked Blaise Wolfrum for what he projected over the course of 2014 to 2016 in revenue and EBITDA for his business?

A. Yeah. Bob and Patrick would have helped me ask that, because I didn't have the relationship. Like I said, they would go visit him, and so they would also visit with Jimmy LaCaba. So yes, information would come to me, and then I would put it together in a PowerPoint, and then everybody would agree that, yes, that's correct.

Q. Did you have any communications with Mr. Wolfrum about why Accelera was asking for information on projected financial information?

A. Well, he knew that there were investment firms out there. He was told by Bob and Geoff and John and everybody, when they'd go meet on-site, that the company was in the process of trying to get investment firms to invest in Accelera so that his agreement could be paid in full. So he was willing -- in fact he even -- there were organizations that came to him and also had detailed conversation with him doing their own due diligence so that that -- those potential bank investors would fund Accelera for the acquisitions.

Q. And was that your understanding of what this PowerPoint was used for, is organizations who may invest?

A. Yes.

8) THOMPSON, BOREUM BELIEVED THE FINANCIAL STATEMENTS TO BE ACCURATE:

Exhibit 5 Page 213 Lines 5:10:

601. did you have any concerns that the company was filing financial statements that they didn't believe were accurate?

A. No.

Q. Did you ever have any concerns that Mr. Thompson thought that the financial statements of Accelera were not accurate when they were filed?

A. No.

R) GEOFFREY THOMPSON

1) ACCELERA WAS TO INDEMNIFY DR. WOLFRUM:

Exhibit 26: Page 13 Lines 6-16:

602. bill was submitted to Accelera, as they (THOMPSON) had promised to indemnify me for legal services, and they had not paid that and they still haven't paid it -- that's one reason why I don't have counsel here today, because it costs money for that – and they owe me for my expenditures and counsel related to the deposition and the subpoena that I got from the SEC, and if I had counsel here today, I'd be paying out of pocket, although Accelera promised to reimburse me and indemnify me, which they have no delivered on that promise.

Exhibit 26: Page 23 Lines 2-3:

A. Wolfrum Yes. That they (THOMPSON) hadn't paid on the indemnification.

Based on the testimony of Dan Freeman, it appears that Thompson has a track record to move investors from one venture to the next, to the next, to the next. Moving from failure to failure and empty promises to those investors. Thompson was in charge of Synergistic Holdings and miraculously

Thompson should understand that he signed the certifications in 2013, 2014 and 2015 where he represented to investors that financial statements were accurate, etc. (**See P.F.F#804to806)**.

Lucky for Thompson those financial statements were reported correctly as he certified them.

Exhibit 274: Thompson is unhinged and lays blame in every direction but himself in failing to raise the necessary capital to move Accelera through its acquisition strategy. It's not that big a deal. Not every venture works out. But to blame the auditors for Accelera's stock price or the investment bankers firing the company with $14.5MM (**Exhibit 132 Page F-4**) loss in 2015; $36MM (**Exhibit 114 page F-4**) loss in 2014 and $7.5MM in 2013 (**Exhibit 105 Page F-4**).

2) THOMPSON INCORRECTLY STATES THAT SHEK ASSISTED WITH THE 2013 AUDIT[83]:

Exhibit 21, Page 184, Lines 3-9:

603. Did you ever tell either anyone at Accelera, anyone at Anton & Chia or Tim Neher, that it was appropriate under GAAP for Accelera to consolidate Behavioral into its financial statements? WITNESS: ***I did not make the decision to say should that be consolidated, because that already was concluded in '13.***

[83] https://www.greenmarketreport.com/thompson-resigns-from-covalent-collective/

https://www.sec.gov/litigation/admin/2020/ia-5474.pdf

3) MATERIAL WEAKNESS:

Exhibit 20, Page 90, Lines 15-18:

604. WITNESS: I think the company is, I do not think they care. They just want to file on time. But I'm just asking like, well, you want to have this footnote there, you have to give me the support.

4) ACCELERA DIDN'T RESPOND AND NO SUPPORT FOR RESTATEMENT:

Exhibit 20, Page 74, Lines 8-16:

605. they come back for the second draft, I compare it to where I leave a comment. I think at least 75 to 80 percent of the stuff I leave a comment, they either didn't respond or they just, you know, or they just ignored it, so which I'm not too happy on that because I really spent a lot of time to beef up the disclosure and it's already April 6th, and if they don't cooperate I don't see the filing is going to happen. That's what I've been communicating here.

Exhibit 20, Page 85, Lines 16-19:

did you discuss that with Michael Deutchman? WITNESS: I forget, but I just ***remember I asked for the support.*** That's what I remember.

5) FREEMAN PAID $14,000 TO SYNERGISTIC TO RECEIVE THE CFO JOB:

Exhibit 20, Page 86, Lines 8-9:

606. SHEK: Yes. Well, I didn't object to restatement, I'm just asking for support.

Exhibit 20, Page 87, Lines 1-6:

WITNESS: I said I need to have the supporting source documents for prior period adjustment to determine whether it's correct or not on my third comment box.

Exhibit 20, Page 93, Lines 14-15:

I requested for the supporting documents, but I do not recall they gave it to me.

Exhibit 20, Page 89, Lines 6-19:

This is 116. These are all kind of versions of the same thread as you can see, because this is that same e-mail we've seen previously at the bottom of the first page from you where you ***(SHEK) say obviously there is significant resistance from this consultant to address our comments.***

Based on representations from Blaise Wolfrum Thompson did not indemnify him for legal fees, Thompson did not pay $65,000 to Anton & Chia and did not pay Accelera's current auditor $75,000.

He has no evidence that Tommy or A&C told him about the accounting which based on the transcripts, A&C told Accelera to get their own CFO to make that determination.

S) DR. BLAISE WOLFRUM IS A SUSPENDED PSYCHIATRIST:

1) THE SEC EDUCATES DR. WOLFRUM:

607. And did you review it prior to meeting with the SEC about three months ago?

A. No.

Its very interesting how the testimony of Wolf and all the other witnesses that meet with the SEC. their testimony changes to the SEC's made up story.

2) THE ACCELERA TRANSACTION WAS TOO SMALL FOR PIPER JAFFRAY AND MERRILL LYNCH:

608. So Piper Jaffray and Merrill Lynch were competing over providing Accelera with funding? A

Yes.

Piper Jaffray and Merrill Lynch are not going to waste their time providing Accelera to their investors when they are losing money; $36MM loss; $3.0MM in revenues and with Bob Acri's background and Geoff Thompson's background Only an ignorant doctor would believe this.

3) BLAISE CONFIRMS ACCELERA COMPLETED DUE DILIGENCE:

Exhibit 25 Page 23 Lines 3-8:

609. Got it. And during this period of time between May of 2013 and November of 2013, did Accelera do any due diligence about Behavioral Health?

A Yes.

4) BLAISE SOLD BHCA TO ACCELERA:

Exhibit 25 Page 83 Lines 13:14:

610. And you see Patrick responds --Mr. Custardo responds and says, "Accelera has to list employees from the companies we own as our employees. I only need Behavioral's."

Exhibit 25 Page 25 Lines 15:16:

welcome to Accelera and we're glad you decided to sell your company with us.

Exhibit 25 Page 82 Lines 8:12 and Lines 14:17:

to restructure the stock purchase agreement. And that they were going to want to not pay me as much money or keep the same thing there, but only give me a certain amount of money up front and that they were going to have to put a lien against my receivables and do other things..

Q And that was in January of 2016 you said?

A. I want to say January, February, something like that.

Exhibit 25 Page 86 Lines 20:23: And the way I found out it was on the website is I got a call from a Zurich financial somebody, Zurich Bank or something, saying, hey, congratulations on your sale, you'll need some investment advice. I'm going like

Exhibit 26 Page 29 Line 15:16:

Q. And what did he (Wallin CEO) tell you about Accelera?

A. He was happy I was joining the company

Exhibit 26 Page 44 Lines 1:3 and Lines 10:14:

A. I believe I recall that they had ***very little in the way of earnings and may have had a loss, very little income prior to their acquisition***,

They said they were going to get more than enough money, they were going to get like maybe 50 million upfront or hundreds of millions upfront……, so I thought there would be plenty of money.

Exhibit 26 Page 46 Lines 19:21:

A. It looks very similar to what I would call a press release that was issued shortly after we signed the contract

Exhibit 26 Page 46 Lines 20:23:

I got a phone call from it was Credit Suisse a few days after the announcement asking what I wanted to do with the money and if they could help me invest it

Sounds like Wolfrum sold his company.

5) WOLFRUM SAYS THE BHCA TRANSACTOIN IS LIKE BUYING A HOUSE. ACCELERA DEFAULTED AND BLAISE TOOK HIS HOUSE (BHCA) BACK.

Exhibit 25 Page 69 Line 13

611. ***It's kind of like when you buy a house***

and the payment was never received and it was cancelled.

Exhibit 26 Page 48 Line 13:14

Interesting the way Blaise Wolfrum described the transaction is the same as Wahl's testimony in describing the BHCA transaction.

Exhibit 25 Page 83 Lines 5:6

the termination agreement was just to make it really clear

The termination agreement was so Blaise could take his house (BHCA) back.

Exhibit 26 Page 69 Lines 69:21

would be to give the shares back to me (Blaise Wolfrum).

Even Blaise didn't have control of the shares during the period from November 11, 2013 to January 1, 2016 where Blaise sold his house (BHCA) to Accelera and then Accelera gave it back to Blaise.

Exhibit 26 Pages 240 Lines 1:2:

It's kind of like real estate.

6) BLAISE COULDN'T SELL HIS COMPANY FROM NOVEMBER 11, 2013 TO JANUARY 1, 2016:

Exhibit 25 Page 52 Lines 16:17:

612. got my company that's not being marketed

Exhibit 25 Page 52 Lines 16:17:

And they said they would give me shares. They did say they'd be free trading shares that I could have as, separate from whatever agreements we already had in place to extend the time that they had to make their next payment. And there was a series of amendments that went on with that.

7. FUNDING WAS IMMINENT: IPOS, HALF A BILLION DOLLARS; LONDON STOCK EXCHANGE:

Exhibit 25 Page 55 Lines 6:

613. Because funding was always imminent.

$14.5MM (**Exhibit 132 Page F-4**) loss in 2015; $36MM (**Exhibit 114 page F-4**) loss in 2014 and $7.5MM in 2013 (**Exhibit 105 Page F-4**)*. Nope. Funding is not Imminent.*

Exhibit 26 Page 27 Lines 1:8:

multimillion-dollar deal, several hundreds of millions of dollars, maybe half a billion dollars, that they were get going to get funding, that these were going to be underwritten and that they were going to do some IPO and they were going around buying up a home health business, some nursing homes, other practices and that this was going to be a big company.

Exhibit 26 Page 55 Lines 21:24:

I know something about a shelf filing or a pipe thing that they were going to get money from some European stock exchange or they said that it's easier to list on the London Stock Exchange.

Exhibit 25 Page 59 Lines 1:3:

supposed to have an IPO, and I think I was being told the price would come out at like $10.00 a share or more than that.

$7.0MM loss in 2013; $36MM loss in 2014 and a $7.0MM loss in 2015 this performance doesn't warrant a $10 stock valuation.

Exhibit 26 Page 108 Lines 5:10:

So I was thinking like, "What? $40 million?" It's like if they got $40 million, why can't they pay for my company, you know? And then they just borrow the million to pay for the home health. ***So, you know, it shows my confusion.***

Exhibit 26 Pages 234 Lines 17:20:

Did Accelera tell you that?

A. Well, they said they are a NASDAQ-listed company and they have to -- although they always talked about this IPO

8) BLAISE IS A SUSPENDED PSYCHIATRIST[84] NOT A CPA:

Exhibit 26 Page 98 Lines 1:5:

614. just want to know if you had any conversations with Fr. Freeman about the difference between audit or GAAP and tax.

A. I couldn't tell you the difference between them and --

Exhibit 26 Page 202 Lines 12:24:

Q. You don't have a CPA license, certified.

A. No.

[84] https://wgntv.com/news/suburban-psychiatrists-license-suspended-after-claims-of-inappropriate-contact-with-patient/

Q. And we talked about GAAP. Do you have – have you taken any public accountant license? Courses or have any background in understanding GAAP?

A. I know there's a place that sells blue jeans called The Gap. That's probably something I better understand. You know, I recognize certain aspects of running a small business, but as far as GAAP things, no. I'm not an accountant.

Exhibit 21, Page 167, Lines 8-11:

SHEK: Well, like I said, they are doctors. They just do their daily work. I don't think they change. You help a patient, you help a patient, right?

9) ANTON & CHIA COMPLETED A DETAILED AUDIT:

Exhibit 25 Page 96 Lines 17:19:

615. did you even understand what consolidated financials of a publicly traded company were?

A No.

Blaise is a psychiatrist and he would not be expected to understand what consolidated financial statements or how seven contracts with various amendments. He wouldn't even know what ASC 805 is but that is ok. Blaise Wolfrum is on the same level of understanding of ASC 805 as the SEC attorneys; Freeman and Devor.

Exhibit 25 Page 96 Lines 17:19:

Anton & Chia have been on premises of Behavioral Health?

Exhibit 25 Page 103 Lines 2-3 and 8-14:

A Yes.

A They were doing a very thorough auditing of everything from pulling charts of patients, making sure there's notes. Seeing, well, they wanted copies of the contracts of the independent contractors, copies of contracts with insurance companies, bank statements, canceled checks. They had me signed to talk to my banker. I know they talked to my banker. Taxes.

Exhibit 25 Page 106 Lines 1:2:

let's see, seven that I was speaking with Yu-Ta. I was telling him very clearly you guys do a great audit.

Exhibit 26 Pages 238 Lines 6:7:

an audit makes sense.

Exhibit 26 Page 79 Lines 4:16:

thoroughly audited reports that we actually made what we said we made, and they came, Anton & Chia, three years, and we did a very thorough audit, an excruciatingly painful one, and they did trace-throughs all the way from progress notes in the charts to the billings to the receivables to the collection of the money to the posting in the bank accounts, and they did this on hundreds of charts. It took a lot of time, a lot of effort on the part of my office staff and my wife primarily, some -- getting things from the bank to prove that yes, we actually made what we made.

Blaise was very complimentary regarding A&C's audit work.

10) ACCELERA COULDN'T AVOID THE DEBT OBLIGATION:

Exhibit 26 Pages 236 Lines 18:19:

616. Wolfrum signs this thing every year that says liability 4.55 million,"

Exhibit 25 Page 112 Lines 18:21:

this is memorializing an original amount of $4.55 million owed to you, and an unpaid principal balance of $4.55 million owed to you. Is that right?

A Yes.

Confirms consolidation.

11) ACCELERA DISCLOSED BLAISE WOLFRUM AS AN OFFICER OR AN EXECUTIVE IN 2013, 2014 AND 2015 FORM 10-KS AND BLAISE KNEW ABOUT IT:

Exhibit 25 Page 125 Lines 10:16:

617. Did anyone ever tell you that they were going to list you as an officer or an executive in their public filings, Accelera's public filings?

A I know they listed me as president, Behavioral Healthcare Associates, which is accurate, and I still am. And that came out even on the first e-mail in November of 2013. That I'm the president of Behavioral Healthcare, Remember Wolfrum claimed that he was unaware of the public filings. Now he is claiming he was aware.

12) ACCELERA SIGNED UP BLAISE WOLFRUM FOR D&O INSURANCE TO PROTECT HIM AS A KEY EMPLOYEE:

Exhibit 25 Page 126 Lines 9-10 and Lines 2-5:

618. Do you remember discussions about Accelera purchasing executive term life insurance for you for the benefit of Accelera?

A Yes. a key man policy or something like that.

Exhibit 26 Page 177 Lines 8-14:

Q. And then if you look at -- it's Page 16 of the questionnaire that's attached to the e-mail.

A. Page 16 of the D&O form?

Q. Correct.

A. Yes.

Q. And you see there's a signature block?

A. Yes.

Exhibit 26 Page 170 Lines 18:23:

Q. Do you remember how many times you were asked to fill out a director and officer form?

A. At least once, possibly a second time.

Q. And do you recall you did in fact fill out a form and returned it?

A. Yes.

13) DURING THE PERIOD THAT DR. WOLFRUM COULD NOT SELL BHCA OTHER THAN TO ACCELERA HE WAS APPROPRIATELY COMPENSATED:

Exhibit 25 Page 129 Lines 14:17:

619. A There's the 70,000 shares that's restricted. There's an additional certificate that I got earlier this year for 200,000 shares that's restricted. And I got a 400,000 share that's unrestricted.

14) DR. BLAISE WOLFRUM WHILE HE WAS AN OFFICER OF ACCELERA DAY TRADED THE STOCK:

Exhibit 25 Page 135 Lines 24:25 and Page 136 Lines:

620. So all in, how much would you say you made from buying and sell Accelera stock in late '15, early '16?

A I'm trying to do the mental math and stuff like that. Let me think. Maybe I made $15,000, something like that. Maybe. I'm not sure. It's not a big amount.

It helps pay some of the bills.

MR. KOPECKY: He's on record saying $15,000's not a lot of money.

Exhibit 25 Page 142 Lines 5:13:

I was excited when I think it was like, you know, 50 cents or something. Then it kept getting less and less. And shortly before I bought, by the way, I have to add the only people that know that I ever bought or sold shares are the folks at Ameritrade, my wife, my attorneys and Bud Martin about two months ago that I told him. But no one at Accelera knows that I ever bought or sold any shares on the open market like that.

Blaise Wolfrum was listed as an officer of Accelera and he admits to day trading in Accelara's stock.

Exhibit 25 Page 146 Lines 21:23:

Q And you also sent a resignation release agreement. Is that right?

A Yes.

Exhibit 25 Page 138 Lines 6:24:

My first question is how often did you check the price of Accelera's stock after it started being listed on the OTC?

A Sometimes daily.

Q And on average?

A Well, it depends on when. Like I remember after the IPO came out, I was looking to see the pattern. Just, you know, I like trading stocks. It's kind of a fun thing to do sometimes. I've taken some classes in it, amateur classes, but it's still fun. Anyhow, when the IPO came out, there were like little spikes of volume, but not much.
And, you know, I was thinking like, well, for an IPO not much is happening, you know. So, but I would check it sometimes every day to see where it was or wasn't. And then sometimes I wouldn't check it for months. You know, oh where is it now? I actually checked it yesterday. I think its six cents or something like that.

15) SOUNDS LIKE BLAISE WOLFRUM WAS RAIL ROADED JUST LIKE HONEST HARDWORKING AMERICANS:

Exhibit 26 Pages 208 and Pages 209 Lines 14:24 and Lines 1:4:

621. Okay. At any point in time has that license been suspended?

A. Yes.

Q. Is it still suspended or has it been reinstated?

A. Yes, it's suspended currently.

Q. What was the suspension for?

A. certain allegations made that I had overprescribed to a patient and did not have accurate records of a controlled drug cabinet and they alleged improper prescribing to an undercover agent and they alleged boundary violations with a patient.

If a psychiatrist is being relied on by the US Government to determine the consolidation of a company or not. Then the US Government can rely on Wahl a CPA to complete psychoanalysis of individuals as well and prescribe prescription medication to take care of his diagnosis. Think about that one.

T) TOMMY SHEK

1) SHEK WAS APPROPRIATELY SUPERVISED BY WAHL AND DEUTCHMAN:

Exhibit 20, Page 35, Lines 15-19:

622. THE WITNESS: He is. Like I've checked the e-mail, and one thing I discussed with him is the revenue recognition, with Greg, and we have e-mail correspondence. So, I've been reporting to Greg on issues.

Exhibit 20, Page 35, Lines 21-25:

But at the end of the audit, did Greg write you review notes on your work? THE WITNESS: Yes, he did. On the work papers? THE WITNESS: Correct.

Exhibit 20, Page 36, Lines 1-4:

Did Mr. Deutchman also write review notes? WITNESS: He asked some questions. I do not recall if he gave me comments, but he raised some questions on the 10-K or stuff like that.

Exhibit 20, Page 54, Lines 3-7:

So, your recollection is that you asked Michael Deutchman to confer with Accelera's legal regarding the discontinued acquisitions of All staffing and At Home Health? WITNESS: That's correct.

Exhibit 21, Page 50, Lines 8-11:

WITNESS: Well, like I said, it is the first business combination I did, so I was under the supervision under Mr. Wahl. So whatever he asked me to do, I just did it.

2) SHEK HAD NO REASON TO BELIEVE THAT CONSOLIDATON WAS NOT APPROPRIATE:

Exhibit 20, Page 41, Lines 3-15:

623. were you satisfied that indeed Behavioral Health Care Associates should have been consolidated into Accelera? WITNESS: ***Well, I did not see any big issue because, you know, we sent our team to Behavioral to look at their records and stuff. The seller group is very cooperative in helping us do the confirmation. You know, obviously again we see the extension for the note, you know, the company paid additional consideration to buy more time to pay a year later. Those evidence if you put together, I did not see a big concern that I should go back and see why this company should not be consolidated back in '13, is not the year I'm now involved.***

Exhibit 20, Page 43, Lines 2-8:

WITNESS: But you're asking like why should I in '14 think back should this company be consolidated still, but always if you have something have a big concern pulled up, then you may go back and rethink. But ***I didn't see anything that's contradictory to what we've been doing in normal audit process that I have to back and think 8 there's consolidation problem.***

Exhibit 20, Page 56, Lines 3-9:

WITNESS: I think as an auditor, like we just want to make sure all the consolidation agreed by, you know, especially the attorney or like the management, and not something come up that we are not aware of. For example, like you say, should we consider not consolidating Behavioral, but I didn't see any representation from anyone for that.

Exhibit 21, Page 86, Lines 21-25:

WITNESS: They have a promissory note because they didn't pay everything up front. I think there's some delay in payment, so they have some amendments. They probably paid some additional consideration for the extension of time.

Exhibit 21, Page 87, Lines 8-25 and Exhibit 21, Page 88, Lines 1-3:

And so you read the agreements and the amendments that are listed here on Defendants' Exhibit 146? WITNESS: Yes. I remember signing off as I read it. Did you have any question after reading those documents about whether Accelera owned Behavioral? WITNESS: No.· Like I said, I asked the partner like what company are we consolidating or auditing……. And based on all the evidence, our team went there, all the stuff, I don't see anything that say we shouldn't consolidate or audit this company. Was there anything from your review of the agreements, the Behavioral agreements reflected here on Defendants' Exhibit 146, that raised a question to you about whether consolidation was appropriate? WITNESS: No, because the transaction happened the year before. So I'm not going back to prior work papers and keep challenging the conclusion of the prior engagement team.

Exhibit 21, Page 90, Line 10-15 and Page 91, Line 1-2:

In your practice, if you reviewed something that was done in a prior year, but you thought there was a question about what was done in the prior year, would you raise it? WITNESS: ***Oh, yes. Yeah, if I saw something really like wrong, then I would talk to that engagement team, but in this scenario I didn't see anything that caused me to believe that there is something wrong.***

Exhibit 21, Page 107, Lines 10-13:

WITNESS: ***Well, we need to confirm the balance that the company owe on the balance sheet. So we send a confirmation to the seller of Behavioral, in this case, and he sign back***

Exhibit 21, Page 107, Line 18-22:

So the company would be paying a little bit more consideration to get more time for the payment as well. ***There is no way that we don't remove the 4.55 million from the balance sheet, because that's what the company say they owe to them.***

Exhibit 21, Page 108, Lines 16-24:

Did you come to understand at any point during your work on Accelera whether Accelera ended up paying the amount that it owed to Behavioral? WITNESS: ***I forget the details, but like I say, you see the maturity date is attached like third amendment. So they would be amending the agreement. Like I said, I recall the company try to get more time to make the payment· And they are giving some shares and stuff like that to buy more time.***

Exhibit 21, Page 108, Lines 18-25 and Page 109, Lines 1-2:

And the confirmation here in Defendants' Exhibit 153, did that raise any questions to you about whether Accelera could consolidate Behavioral into its financial statements? WITNESS: No.The answer I respond to you, he signed the confirmation, our team go to the site to do the audit. Nothing really come back. And they have an amendment agreement to buy more time to give more stock to Accelera. So I don't see anything that they could walk away from each other at that time.

Exhibit 21, Page 112, Lines 1-5:

I think both parties are working together and, like I said, we went to do fieldwork and everything. It doesn't seem something that is contrary to the '13 audit engagement and conclusion.

Exhibit 21, Page 116, Lines 22-25:

WITNESS: look at the amendment agreements that they try to get more time to pay the cash. So I think I looked at it, because they issue some stock and I think I reconciled that to the equity, the equity section.

Exhibit 21, Page 121, Lines 19-25:

WITNESS: I know their books is pretty messy. They don't have strong controls or like very in - competent people working there full time. So we know that's a waste.· That's why we spend more time, even in a review, to take the time to make sure that's compliant to U.S. GAAP, which is an accrual basis.

Exhibit 21, Page 126, Lines 16-19:

Was there anything in the footnote disclosures about the Behavioral transaction that you thought at the time of the audit was not accurate? WITNESS: I think it should be accurate.

Exhibit 21, Page 130, Lines 20-24 and Page 131, Lines 1-3:

Are you familiar with page F-2 of the Form 10-K? WITNESS: Yes, that's the report. The report from Anton & Chia? WITNESS: Yes. did you believe that the statements in page F-2 were accurate? WITNESS: Oh, yes.

Exhibit 21, Page 131, Lines 18-21:

all the evidence, we go to the fieldwork, the amendments, the agreements. I don't see anything that contradicted the 2013 engagement team conclusion.

Exhibit 21, Page 144, Lines 12-27:

And that's based on -- is your comment based on looking at the transaction agreements? ***Yeah, I read the agreements.· Obviously, like I said, this is the first time Anton & Chia look at these agreements. So I need to make sure this is properly disclosed.***

Exhibit 21, Page 168, Lines 22-25 and Page 169, Lines 1-3:

has anybody ever told you that Behavioral told A&C that Accelera had not acquired the company? WITNESS: No.

Exhibit 21, Page 169, Lines 13-21:

did anybody on your staff say BHCA's owner told them that Accelera didn't own or control BHCA? WITNESS: No. Is that something you would have expected your staff to raise to you if they heard that? WITNESS: Oh, absolutely.· We would save a lot of time not to audit an entity that they don't consolidate, right?

3) NOT TELLING BHCA EMPLOYEES ABOUT THE AUDIT IS NOT A RED FLAG:

Exhibit 20, Page 46, Lines 2-9:

624.WITNESS: Well, like the first line, like I said they were cooperative, they gave us, you know, for us to make selections. The second one, it did not surprise me, I see that in other engagements because sometimes people just want to keep the information within the management but not disclosing to the employees because I mean it's not necessary they know what's going on. So, that's my understanding from the e-mail.

Exhibit 20, Page 47, Lines 7-10:

in your experience for employees to not know the purpose of the audit. Is that accurate? WITNESS: Accurate.

4) ANTON & CHIA PROTECTED INVESTORS AND IMPAIRED GOODWILL:

Exhibit 20, Page 61, Lines 9-19 and Lines 23-25 and Page 62, Lines 1-8:

625. So, according to the ASC 350, the company is supposed to have a good will impairment analysis provided to the auditor, right? WITNESS: Unfortunately we do not have it. So, we go back to the guidance and see, well, how has this business really been doing since they consolidated, right? And my understanding is they (BHCA) keep losing money, you know, not really bringing any benefit to the company (Accelera). I think, I forget, is it me or someone

prepared a memo to analyze like why we think that good will should be fully impaired. We did impair everything in the year-end audit for –Continued to have like loss from operation like cash outflow. So, those are more like indicators that the good will, qualitatively, is impaired, and I decided to impair it based on what we see or what we learn from the business.

Exhibit 21, Page 128, Lines 8-14:

Was Anton & Chia involved in any way in terms of determining the purchase price allocation for the Behavioral transaction? WITNESS: We can't do it.· It's independent. You reviewed it, but you didn't do the actual allocation? WITNESS: I can't do an allocation.

Exhibit 21, Page 128, Lines 20-25:

And you referenced impairment of goodwill. What do you recall about the goodwill that was on Accelera's financial statements related to Behavioral? WITNESS: The company just don't have support, because usually you do impairment for goodwill analysis

Exhibit 21, Page 129, Lines 1-3:

WITNESS: I don't think they have anything to support it. So the only thing we can do is to impair the whole thing.

5) ACCELERA NEVER RAISED INVESTOR MONEY IN 2014 AND 2013 SYNERGISTIC DID:

Exhibit 20, Page 65, Lines 21-22:

626. ITNESS: the money didn't go to Accelera bank and kind of instead going to Synergistic.

6) SHEK SAYS FREEMAN'S SO CALLED RESTATEMENT IS UNSUPPORTED AND IMMATERIAL:

Exhibit 20, Page 73, Lines 1-2:

627. NESS: attached are other comments from Dan, he is leaving it up to the auditors for restatement.

Exhibit 20, Page 73, Lines 12-18:

WITNESS: Then they say the company has suggested some adjustments, restatement, but ***it's not material***. I was asking for the support but there's ***no really support and I basically say I cannot restate anything without verifying anything***, right? So, that is what I recall from the conversation.

7) ACCELERA IS NOT LISTENING TO A&C AND SHEK SHOWS NO SUPPORT FOR RESTATEMENT:

Exhibit 20, Page 74, Lines 8-16:

628. they come back for the second draft, I compare it to where I leave a comment. I think at least 75 to 80 percent of the stuff I leave a comment, they either didn't respond or they just, you know, or they just ignored it, so which I'm not too happy on that because I really spent a lot of time to beef up the disclosure and it's already April 6th, and if they don't cooperate I don't see the filing is going to happen. That's what I've been communicating here.

Exhibit 20, Page 85, Lines 16-19:

did you discuss that with Michael Deutchman? WITNESS: I forget, but I just ***remember I asked for the support.*** That's what I remember.

8) FREEMAN'S UNSUPPORTED CLAIMS CONTINUE:

Exhibit 20, Page 86, Lines 8-9:

629. NESS: Yes. Well, I didn't object to restatement, I'm just asking for support.

Exhibit 20, Page 87, Lines 1-6:

WITNESS: I said I need to have the supporting source documents for prior period adjustment to determine whether it's correct or not on my third comment box.

Exhibit 20, Page 93, Lines 14-15:

I requested for the supporting documents, but I do not recall they gave it to me.

Exhibit 20, Page 89, Lines 6-19:

This is 116. These are all kind of versions of the same thread as you can see, because this is that same e-mail we've seen previously at the bottom of the first page from you where you ***(SHEK) say obviously there is significant resistance from this consultant to address our comments.***

9) IS THAT PHONETIC CHINESE?:

630. The next one up is Greg Wahl to you and Michael Deutchman. Is that phonetic Chinese or what is that? (SEC Exhibit No. 116 was marked for identification.) WITNESS: Yes, it's Chinese. Okay, what is he saying? WITNESS: It's not a good word. Okay, so he's saying something derisive? WITNESS: Just tell him to eff off I guess.

10) I DO NOT THINK THEY (ACCELERA) CARE:

Exhibit 20, Page 90, Lines 15-18:

631. WITNESS: I think the company is, I do not think they care. They just want to file on time. But I'm just asking like, well, you want to have this footnote there, you have to give me the support.

11) DEUTCHMAN ACTED RESPONSIBLY REFERRING ACCELERA KEVIN PICKARD:

Exhibit 21, Page 60, Lines 4-9:

632. I think Michael Deutchman referred him to the job. Referred him to Accelera? Yeah, introduced him to the client and then like do you want to engage this guy? Because he (Pickard) is experienced.· He (Pickard) is good.

Exhibit 21, Page 193, Lines 1-10

Deutchman, the partner, brought in Kevin Pickard, because I think Kevin Pickard had been working with Michael Deutchman on another engagement. And I know Kevin Pickard is a CPA and he has his own consulting firm and he seems to know a lot like U.S. GAAP stuff. So bringing him in will actually help the audit firm to lower the risk,

because you know someone internally is cleaning it up before they give crap to you, that you basically the are last one to review everything.

12) SHEK WAS PROPERLY TRAINED:

Exhibit 21, Page 74, Lines 15-18:

633. What was your approach with respect to the Accelera engagement for the 2014 audit, how did you approach which work papers that you reviewed? WITNESS: I reviewed the whole thing.

Exhibit 21, Page 75, Lines 16-25:

WITNESS: if I see like maybe some documentation that is not clear or let's say we didn't do enough work, then I would leave a note. The Pro fx Engagement has a function you can leave a note and when the staff see it they have to go back and clear it or I would sign off if everything looks fine for me. I can just go talk to them and say, hey, I don't understand this, can you just clarify this quickly so I understand what you are trying to present in the work paper.

Exhibit 21, Page 76, Lines 2-8:

WITNESS: If not, then something that I'm not sure of, then I would go up and ask the partner, hey, I did not sign off, but I'm not sure if that would be sufficient work or if we have all the planning, but you know, there's always some different things you encounter in an audit. So we may have to have a follow-up meeting and talk about those.

Exhibit 21, Page 76, Lines 17-21:

Did you leave any notes in the work papers for the staff or the engagement partners on the work paper you reviewed in this 2014 audit of Accelera? WITNESS: Yeah, I'm sure I leave a lot of comments, but once they clear, it's gone.

13) MANAGEMENT IS PRIMARILY LIABLE FOR THE FINANCIAL STATEMENTS – NOT ANTO & CHIA:

Exhibit 21, Page 173, Lines 24-25 and Page 174, Lines 1-3:

634. ho is responsible for the accuracy of the company's financial statements? WITNESS: The company.

Exhibit 21, Page 175, Lines 2-18:

"The Company's management is responsible for these consolidated financial statements based on our audits."Do you agree with that statement? WITNESS: Oh, absolutely, yeah. Was that an accurate statement for the consolidated financial statements for Accelera for the year 2014? WITNESS: Yes. And was it an accurate statement as it 12· ·applies to the financial statements for Accelera for the year 2013? WITNESS: Yes. And in any period is Accelera responsible for its own financial -- the accuracy of its own financial statements? WITNESS: Yes.

Exhibit 21, Page 175, Lines 1-5:

WITNESS: No, we cannot prepare the financials. Who is responsible for preparing the company's financial statements? WITNESS: The company's management should be the one preparing it,

Exhibit 21, Page 179, Lines 5-14:

Do you believe that you received a copy of this at the time you were conducting the 2000 -- year 2014 audit of Accelera? WITNESS: Yes, it's standard procedure we have to receive this before we gave the consent to file the 10· ·10-K. Do you rely on the representations in this letter? WITNESS: You have to, because it's management representation.

Exhibit 21, Page 180, Lines 4-13:

"We confirm that we are responsible for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with generally accepted accounting principles."· Do you see that? WITNESS: Yes. Did you agree that Accelera is responsible for those items? WITNESS: Yes.

Exhibit 21, Page 180, Lines 24-25 and Page 181, Lines 1-19:

"There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements."· Do you see that? WITNESS: Yes. And did you believe that that was a true and accurate representation from Accelera's management when you got this letter? WITNESS: Yes. And actually, number 1, above that, it says, "The financial statements referred to above are farily presented in conformity with U.S. generally accepted accounting principles, and include all disclosures necessary for such fair presentation and disclosures required to be included therein by the and regulations to which the Company is subject."· Do you see that? WITNESS: Yes. Again, did you agree -- or did you rely on the accuracy of that statement from management? WITNESS: Yes.

Exhibit 21, Page 182, Lines 7-12:

"The Company has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance." Do you see that? WITNESS: Yes.

Exhibit 21, Page 183, Lines 13-17:

Did anyone at Accelera ever ask you to give an opinion about whether it was appropriate under GAAP for Accelera to consolidate Behavioral into its financial statements? WITNESS: No.

14) ACCELERA HAD $14.5MM; $36MM AND $7.5MM IN LOSSES. NO TAXES WERE DUE. NOT A SMART QUESTION:

Exhibit 21, Page 199, Lines 16-18:

635. anybody ever tell you -- anyone in the world ever tell you that Accelera never paid taxes on any of the revenues earned by Behavioral?

Exhibit 21, Page 199, Lines 22-25:

Nobody from Accelera ever told you, hey, we're consolidating Behavioral into our financial statements, including their revenues, but we're not paying taxes on it?

15) MICHAEL DEUTCHMAN UNCOVERS ACRI'S PAST AND RECOMMENDS TO TERMINATE ACRI:

Exhibit 21, Page 204, Lines 10-17:

636. And why did A&C recommend that the company fire the consultant? WITNESS: Well, I think he has some problem with the SEC and I don't think he can do public company work. That's why this may cause the company trouble.· I'm not sure if the company was aware of it.· So we bring it up to the management, hey, you probably have to reconsider, do you still want to use this guy.

16) WAHL DID NOTHING IMPROPER:

Exhibit 21, Page 209, Lines 17-21:

637. Did you ever see him on the Accelera audit do anything that you thought wasn't appropriate or proper in terms of the audit of Accelera? WITNESS: I don't see anything like really improper. I don't think so.

17) NO ONE WAS OVERWORKED AT ANTON & CHIA, LLP:

Exhibit 21, Page 210, Lines 1-12:

638. Hayes also asked you about whether you felt like you were overworked when you were at Anton & Chia.· Do you remember that? WITNESS: Yes. Did you ever feel like the level of your workload impacted your work on the Accelera audit? WITNESS: No, I don't think so.· I mean, you know, like obviously I have my license.· If I sign off, I am supposed to review the stuff.· If I cannot sign off on it, if I don't have enough time, then they go on extension, which they did.

18) THE SEC (MAFIA) MEETINGS TO BULLY HONEST HARDWORKING AMERICANS:

Exhibit 21, Page 14, Lines 3-24:

639. And what did you meet with them about six to nine months ago? WITNESS: Two cases.· I think one is Premier, another SEC registrar, and then Accelera. So Premier, Accelera, and a third SEC – WITNESS: No, just two. Okay. So just Premier and Accelera? What did you talk to them about with respect to Accelera? WITNESS: Most likely just go back to what I originally talk about in the deposition in '16. Nothing really new. How long did you meet with them? WITNESS: For Accelera, I don't know, an hour and a half, two hours. And for Premier about how long? WITNESS: Like two hours. So around four hours total? Four to five, yeah. And who were the individuals from the SEC who attended?

Exhibit 21, Page 15, Lines 3-12:

Is it Ms. Guardi who is here with us today? WITNESS: Yes. Sorry. Anybody else from the SEC? WITNESS: Yes, but I forget their name. Sorry. Was it Ms. Quals? WITNESS: I forget. I really forget names. How many other individuals from the SEC other than Ms. Guardi were there? WITNESS: Maybe four to five. Four to five in addition to Ms. Guardi?

U) YODA CHEN

Wahl thought Yoda Chen was one of the hardest working professionals he had ever met. Yoda had his masters degree in accounting. Chen served in the military in Taiwan. Wahl appreciated all of Chen's efforts at A&C that we helped Chen obtain his U.S. Green Card. Wahl also financially rewarded Chen for his efforts and good judgment.

1) THE SEC'S MISCHARACTERIZATION OF YODA'S COMPETENCY IS DISGUSTING BEHAVIOR:

Exhibit 6 Page 13 Lines 16:2:

640. WITNESS: I work pretty hard. And I take initiative to communicate with the client for complicated matters. And I also take initiative to conduct accounting research, try to resolve complicated account issues and to identify the best practice of the accounting team.

Exhibit 7 Page 76 Lines 4-6:

And would you ever sign off on a workpaper that you hadn't reviewed? WITNESS: No.

2) WAHL APPROPRIATELY SUPERVISED YODA CHEN DURING ACCELERA'S 2013 AUDIT:

Exhibit 6 Page 51 Lines 24:25:

641. WITNESS: All I can remember is I draft this memo and ***Mr. Wahl provided some edits and comments and suggestions***.

Exhibit 6 Page 52 Lines 1-2:

based on his ***(Wahl's) professional judgment to guide me through to draft this memo***.

Exhibit 6 Page 53 Lines 5:8:

WITNESS: For what I can remember, it's for -- it's a material acquisition, and ***based on professional judgment that we believe, we should have a memo to document this acquisition***.

Exhibit 6 Page 53 Lines 19:25 and Page 54 Lines 1:3:

Got it. So backing up a little bit, I think you mentioned that upon his review of this memo, Mr. Wahl 21 got back to you with edits, comments, and questions; is that right? WITNESS: Yes. So what were those edits, comments, and questions? WITNESS: I can't recall the specific. I only know that I -- I can only remember ***I worked with Wahl under his guidance***.

Exhibit 6 Page 64 Lines 4:15:

So then besides the marked up -- then after he gave you the marked up copy, then did you have a discussion with him about his comments? WITNESS: From what I can remember, is ***he (WAHL) will bring his comment to me, and he'll go over the comment with me,*** and I run through the edits. And you what? WITNESS: And I go through the edits. And then you rewrote the memo; is that right? WITNESS: Yes. Then he reviewed it a final time? WITNESS: Yes.

Exhibit 6 Page 65 Lines 9:13:

Did you have discussions with Mr. Wahl about how Accelera gained control over Behavioral Health Care Associates? WITNESS: Yeah. But I can't recall the conversation, but ***I do remember we have had a discussion about control***.

Exhibit 6 Page 65 Lines 21:25 and Page 66 Lines 1:

Just to be clear, is your conclusion that they did gain control? WITNESS: Yes. And again why? WITNESS Based on the fact that the agreement was executed and the company issued a note to the principals.

Exhibit 6 Page 66 Lines 6:17:

When you were discussing this idea of control with Mr. Wahl, did you look with Mr. Wahl or show Mr. Wahl the agreements that -- or the note payable that you were referencing? WITNESS: Yes. ***So you two together looked at***

those documents, the notes payable and the agreements? WITNESS: Yes. ***And Mr. Wahl agreed with your conclusion that they together showed that Accelera had control of these entities?*** WITNESS: Yes.

Exhibit 6 Page 70 Lines 19:22:

I can't remember how we get to the conclusion. There's also -- ***this also requires us to research during the time, and this was discussed with engagement partner***. So I can't really remember how we get to the conclusion.

Exhibit 6 Page 70 Lines 5:8:

This -- this was prepared in -- ***it's not prepared like in 50 minutes; it's prepared in a day or so***, and so I can't really remember how we get to the conclusion.

Exhibit 6 Page 75 Lines 20:22:

All I can remember is -- ***based on the agreement, I received some guidance from Greg to put together this memo***.

Exhibit 6 Page 83 Lines 16:24:

Just going back to the control issue, in particular relating to the control of Behavioral Health Care Associates, did you take into consideration whether Accelera had any control over the hiring and firing 20 practices at Behavioral Health Care? WITNESS: ***They hired their original principal to continuously run the business.*** By "they," you mean Accelera? WITNESS: ***Yeah, Accelera.***

Exhibit 6 Page 84 Lines 2:12:

So is it your understanding that, as of April of 2014, Accelera had an employment agreement with the former principal of Behavioral Health Care Associates; is that right? WITNESS: ***Yes.*** And that that employment agreement was active? WITNESS: ***That was active as of -- I can only recall actually being active as of 2013 and probably 2014. I can't really recall the detail of that. What I can remember is that that agreement, that employment agreement was effective when I was reviewing the file.***

Exhibit 6 Page 84 Lines 14:15:

You reviewed the employment agreement? WITNESS: Yes.

Exhibit 6 Page 84 Lines 20:24:

You understand that Mr. Wolfrum is the -- who you are referring to as the principal of Behavior, the former principal at Behavioral Health Care Associates? I just want to be clear. WITNESS: Yes.

Exhibit 6 Page 88 Lines 4-10:

did you consider whether Accelera had any control over these various policies and procedures that have been mentioned at Behavioral Health Care? WITNESS: Yes. And what went into that analysis? WITNESS: That was based on the acquisition agreement and the note, the note and the note agreement.

Exhibit 6 Page 88 Line 14:17:

it was based on your review of the notes, the employment agreement and your conversation with Mr. Wahl, correct? WITNESS: Yes.

Exhibit 6 Page 91 Lines 11:14:

I apologize if we've already been over this, but is this Exhibit 68 one of the documents that you went over with Mr. Wahl in connection with the drafting of 67? WITNESS: Yes.

3) THEY ARE ACTING LIKE A SUBSIDIARY AND REPORTING TO ACCELERA:

Exhibit 6 Page 100 Lines 4:5:

642. NESS: they are kind of acting like they are the subsidiary of Accelera.

Exhibit 6 Page 100 Line 10:

seems like he's reporting to Cindy.

Exhibit 6 Page 100 Lines 24:25 and Page 101 Line 1:

I believe they are cooperating and they are kind of like reporting to Accelera.

4) YODA CHEN BELIEVED THE BHCA AND ACCELERA TRANSACTION WAS CLOSED:

Exhibit 6 Page 105 Lines 17:22:

643. But in April of 2014, when you received this email from Mr. Wolfrum, what was your understanding of the status of the transaction between Accelera and Behavioral Health Care Associates? WITNESS: ***My understanding is the acquisition should be closed.***

Exhibit 6 Page 122 Lines 16:19:

In 90 days from the date of closing as defined in Section 2.1" -- And 2.1 references a date of November 11th, 2013.

Exhibit 6 Page 128 Lines 7:15:

Other than what you've already testified to, have you come to any conclusion about the impact that the termination agreement and the 8-K will have on the 2015 audit, if any? WITNESS: Yes. It has been discussed with the engagement partner, Rahul Gandhi, that we believe for 2015 as the separation agreement was effective as 2016. So for 2015 the result of BHCA should still be included in Accelera's financial statement.

Exhibit 6 Page 131 Lines 19-23:

is the plan to continue to consolidate Behavioral Health's financials into Accelera. BY MS. GUARDI: To your knowledge? WITNESS: To my knowledge, yes.

Exhibit 6 Page 135 Lines 21-25 and Page 136 Lines 1:2:

So setting aside what you've already testified about, setting aside any conversations you've had with your attorneys, and setting aside, of course, our conversation today, has this topic of consolidation of Behavioral Health Care Associates ever come up with anyone? WITNESS: No.

Exhibit 7 Page 51 Lines 17:20:

How are you familiar with Behavioral Health Care Associates? WITNESS: As far as I can recall, they were acquired by Accelera.

5) NOT DISCLOSING THE AUDIT TO BHCA EMPLOYEES IS NOT A RED FLAG:

Exhibit 6 Page 104 Lines 10:25:

644. WITNESS: First of all, what I can remember is responses that they are a mental health care facility; so basically the patients are very sensitive and some of patients, they are -- they are receiving like continuous treatment. So they don't want the patient to have the feeling that this facility is going to be sold to someone else. They also don't want employee to have the feeling that the clinic has been sold. So what I can remember is why he told me this, that he don't want an employee to start working for jobs because they thought that the whole clinic has been sold out. That's what his response is. Do you have any response back to him, or was that the end of the conversation? WITNESS: That was the pretty much the end of the conversation, what I can remember.

6) THE FINANCIAL STATEMENTS ARE MANAGEMENT'S RESPONSIBILITY:

Exhibit 7 Page 164 Lines 13:18:

645. in general, is it true that a company's financial statements are the responsibility of the company management? WITNESS: Yes. And that was true for Accelera? WITNESS: Yes.

Exhibit 7 Page 170 Line 5-17:

Let's look at a few things at Commission Exhibit 75 together. If you would turn to page 2 of the exhibit, the second full paragraph. It says that "The company's management is responsible for the design and implementation of programs and controls to prevent and detect fraud and for informing us about all known or suspected fraud affecting the company that involves management, employees who have significant roles and

internal control, or others where the fraud could have a material effect on the financial statements." Is that statement accurate? WITNESS: Yes.

Exhibit 7 Page 170 Lines 23-25 and Lines 1-5:

In addition, management is responsible for identifying and ensuring that the company complies with all applicable laws and regulations, including federal and state securities laws." Did do you see that? WITNESS: Yes. And is that accurate? WITNESS: Yes.

Exhibit 7 Page 171 Lines 11:17:

Management is responsible for the financial statements for making all financial records and related information available to us and for the accuracy and completeness of that information." Is that statement accurate? WITNESS: Yes.

Exhibit 7 Page 173 Lines 13-18:

In general, when you were working at Anton & Chia, did Anton & Chia rely upon the accuracy of management representation letters that it received? WITNESS:· Yes.

Exhibit 7 Page 173 Lines 20:24:

And specifically when you were working on Accelera engagements, did you rely upon the accuracy of the management representation letters that you received? WITNESS: Yes.

7) YODA CLEARLY UNDERSTANDS THE CPA'S RESPONSIBILITY:

Exhibit 7 Page Lines 23:25:

646.We're responsible for the auditor's report, but we're not responsible for the company's financial statement.

Exhibit 7 Page 172 Lines 1:6:

And Anton & Chia relied upon Accelera to provide it with accurate financial statements and for making all financial records and related information available to it; correct? THE WITNESS:· Yes.

8) NO REPORT (NO OPINIONS) ON QUARTERLY REVIEWS = NO LIABILITY:

Exhibit 7, Page 172 Line 25 and Page 173 Lines 1:3:

647. nton & Chia didn't issue any opinions on any of Accelera's quarterly financials; correct? WITNESS: Yes.

9) DUE TO THE INDEPENDENCE RULES A&C DID NOT PROVIDE MEMOS TO CLIENTS:

Exhibit 7 Page 177 Lines 21-24:

648. nd in your experience at Anton & Chia, would it have been normal to provide such an internal memo to a client? WITNESS: No.

V) RICHARD KOCH

1) KOCH REVIEWED ALL THE CONTRACTS AND BELIEVED ACCELERA CONTROLLED BHCA:

Exhibit 16, Page 17, Lines 19-21:

649. did you review the stock purchase agreement? WITNESS: Yes.

Exhibit 16, Page 18, Lines 5-8:

WITNESS: Well I recall that agreement, and then there was a promissory note payable to the seller. And over a period of time there ended up being three amendments.

Exhibit 16, Page 25, Lines 8-15:

WITNESS: Okay, there was a stock purchase agreement executed of that date. The seller was an individual named Wolfrum. It involved BHCA whereby Accelera acquired 100 percent of the issued and outstanding shares of BHCA which represented 100 percent of the company. And describe how you came to that understanding. From review of the agreement.

Exhibit 16, Page 34, Lines 17-25 and Page 35, Line 1:

And what do you mean by that? Whether or not it should be consolidated with 2 Accelera. And how was that addressed? WITNESS: Through the fact that we believed Accelera had control of the ACA. ***The main indicator being that it acquired a hundred percent of the outstanding shares of BHCA***.

Exhibit 16, Page 35, Lines 19-23:

WITNESS: It would have been the, well, management would have made, I'll presume that management would have made the initial conclusion. Management of Accelera? WITNESS: Yes,

Exhibit 16, Page 36, Lines 15-17:

WITNESS: I believe it was 100,000 shares issued and outstanding of BHCA. That was a primary indicator of control.

See Accelera BHCA Security Agreement and RESPONDENTS PROPOSED FACTS 681:

Exhibit 16, Page 36, Lines 21-23:

WITNESS: as I recall it was in the stock purchase agreement. There may have also been a consolidation memorandum in the file.

Exhibit 16, Page 37, Lines 1-4:

as EQR satisfy yourself that that conclusion to consolidate was the correct one? WITNESS: By reviewing those agreements and if there was a memorandum there, reviewing the memorandum, as well.

E**xhibit 17, Page 91, Line 8-12 and Page 92, Lines 12-14 and Page 92, Line 16:**

"Description of collateral: 100 percent of BCHA's stock and BCHA's general intangibles, accounts (including accounts receivable), inventory, equipment, fixtures, chattel, paper, documents, and instruments," do you see where that note is?

WITNESS: this is collateral against the note agreement itself, the note payable itself. It's what the note payable was secured by.

Exhibit 17, Page 101, Lines 6-9:

did you agree with that statement as of the date of this report, with is April 15th of 2014? WITNESS: Yes.

2) NO ADVERSE CONDISTIONS = NO EVENT OF DEFAULT:

Exhibit 16, Page 48, Lines 8-12:

650. Describe to me the reasons why you, as EQR, are comfortable with the decision to consolidate Behavioral into Accelera. WITNESS: Because as I recall, ***I had not become aware of any adverse conditions to not consolidate.***

Exhibit 16, Page 48, Lines 19-24:

And what are those other factors? Ed, did you want to speak? WITNESS: Other factors might be if control rested with others in the form of, let's say board of directors representation. I'm just giving what if's. ***Contractual arrangements***, two examples to mention.

Exhibit 16, Page 49, Lines 3-4:

WITNESS: it would depend on the power that that memberwould have, that managing member.

Exhibit 16, Page 49, Lines 9-10:

WITNESS: key decision-making, whether to buy a business, sell a business

Exhibit 16, Page 50, Lines 11-16:

And it was your understanding that a seller had acquired all the outstanding shares of Behavioral? WITNESS: As I recall, yes. And that understanding came from what? WITNESS: It should have been from my review of the agreements at that time.

Exhibit 16, Page 55, Lines 3-8:

WITNESS: Well, as you know the payment, initial payment was not made and the company executed an amendment number one to defer the payment. So, my point of indicating this is, and again I'm an accountant, not an attorney, but I presume that there was no default by the fact that an amendment had been executed between the parties.

Exhibit 16, Page 55, Lines 11-17:

Again, as I've indicated multiple times it's, I don't remember with as much precision, as when I go back through the agreements, but ***I do not recall any significant adverse situation***. For example, if that amendment would not have been executed and they would have been in default of the agreement. That I think would be a significant adverse factor.

Exhibit 16, Page 56, Lines 6-8:

you were aware of the amendments to the stock purchase agreement at that time? WITNESS: Yes,

Exhibit 16, Page 70, Lines 24-25 and Page 71, Lines 1-2:

WITNESS: Well, when you take into account what I said that payments were not made according to terms but amendments were executed whereby as an accountant I didn't view this as a default situation.

Exhibit 16, Page 71, Lines 9-13:

After consideration of what I've just said about the amendments that I believe cure the payment situation, the non-payment situation, ***I was not aware of any other significant adverse factors not to consolidate***, to my recollection.

3) ANTON & CHIA HAD GOOD; COMPETENT; QUALIFIED STAFF:

Exhibit 17, Page 71, Lines 4-9:

651. you have any concerns about Mr. Chen's capabilities or qualifications to serve on the Accelera engagement in 2013, in the 2013 engagement? WITNESS: No. He is a very bright, hard-working professional, good technical competence.

Exhibit 17, Page 72, Lines 17-20:

No. She (Nguyen Le) was very good as well. I would put Yoda above her, but both were good, both people were good performers and technically competent.

Exhibit 17, Page 74, Lines 15-19:

Do you recall having any concerns at the time of the audit about the qualifications of the engagement team to do the work? No, based on what I've said earlier, Yoda and Nguyen, Nguyen Le, were both very strong.

Exhibit 17, Page 78, Line 6:

Each of them with planning meetings

Exhibit 17, Page 146, Lines 10-13:

WITNESS: There was at least a couple of other engagements that we worked together on and I was impressed with her (Nguyen Le) abilities.

4) MANAGEMENT IS RESPONSIBLE FOR THE FINANCIAL STATEMENTS:

Exhibit 17, Page 129, Lines 17-20:

652. who's responsible for preparing the financial statements, the company's financial statements? WITNESS: The company is responsible.

Exhibit 17, Page 130, Lines 6-16:

Okay. And who's responsible overall for the accuracy of the company's financial statements? Any company? A public company. I'm sorry, any public company? WITNESS: Yes. I would say the CEO, ultimately I would say -- I would say there are a couple of parties. You're going to have the CEO and CFO, and then you're going to have the board of directors, and if they have an audit committee, them, too.

Exhibit 17, Page 133, Lines 4-15:

It says, "Management is responsible for the financial statements, for making all financial records and related information available to us, and for the accuracy and completeness of that information." Do you see that? WITNESS: Yes. And do you agree with that statement? WITNESS: Yes. And do you agree that that was a true

statement with respect to the 2013 year-end audit and quarterly reviews you did for Accelera? WITNESS: Based on my knowledge, yes.

Exhibit 17, Page 134, Lines 5-8

Okay. You did not prepare those statements, did you? WITNESS: No. We're not allowed to prepare financial statements for a public company client.

Exhibit 17, Page 136, Lines 15-19:

The question is who made the decision to consolidate Behavioral into Accelera's financial statements as part of the 2013 year-end audit? WITNESS: Well, first of all, it begins with the company as the preparer of the financials.

Exhibit 17, Page 138, Lines 7-15:

WITNESS: it used to be 50.1 percent common stock ownership interest, the voting model (DEVOR'S APB STANDARDS), **but in more recent years it's moved toward a control model, who is the primary beneficiary.** Okay. And do you recall what the standard was back in – that would have been applicable to Accelera's audits and reviews? WITNESS: I believe it would have been the latter.

See P.F.F#658to#666:

W) MICHAEL DEUTCHMAN (ANOTHER HONEST HARDWORKING AMERICAN)

Remember that the Division brought Michael Deutchman as **their** Witness**.** Deutchman told the Division the truth. The Division wouldn't accept the truth b/c it wasn't aligned with their misconceptions, lack of comprehension of US GAAP and its proper application and mischarecterizations of the facts in this case.

1) DEUTCHMAN IS AN EXPERIENCED AND SEASONED PROFESSIONAL:

Exhibit 13 page 36: Lines 16-22:

653. nd had you formed any opinions about Michael Deutchman? A ***Yes. Very -- very experienced. He was the oldest partner. He claimed that he had written articles for the SEC or on complex accounting matters for accounting magazines. I had worked with Michael with him serving as EQR on other audits, and I felt that he is -- he had raised some good issues in the past.***

2) DEUTCHMAN SAN DIEGO BUSINESS DEVELOPMENT:

Exhibit 13 page 36: Lines 7-13:

654 .Q Why was Mr. Deutchman not on the audit for -- or not on the '15 audit?

A ***Mr. Deutchman had moved to San Diego, and was trying to help -- was attempting to help develop the business of Anton & Chia there. He had also moved off of audit engagements significantly in order to help him free up his time for more business development.***

3) THE CONSTITUTION: THE SEC ATTORNEYS CHOOSE TO IGNORE THE CONSTITUTION B/C THEY THINK THEY WORK FOR A KING AND THE CITIZENS IN THIS COUNTRY HAVE NO RIGHTS!

655. Mr. Deutchman has been accused of "taking them (the SEC) to the Supreme court" in another matter. Their personal animus toward him is in full display in this proceeding as they attempt to fine him $160,000 for second partner responsibility on one audit. The fine bears no resemblance to any sort of rational other than the Division's desire for some sort of revenge or to justify the $31 to $38 million dollars expended on this pathetic persecution.

What right does the division have to complain about a citizen utilizing his constitutional rights to due process? This is particularly insulting when the SEC has no problem employing 23 plus lawyers and accountants (not including support staff) and a biased and incompetent expert to destroy a thriving business that created over 100 jobs and through A&C's client base destroyed over 5,000 jobs it supported

TERMINATION OF ONE POINT ONE POINT ONE POINT ONE POINT (1.1.1.1) LEADS TO THE TERMINATION OF THE S POINT E POINT C POINT (S.E.C's) CASE BOOM!

A) THE SEC AND DEVOR'S ARGUMENT DOESN'T COMPLY WITH US GAAP:

656. The SEC attorney's and Devor's entire argument that BHCA should not be consolidated is based on the fact that Accelera never made the payment to BHCA. Not whether there is control or not. The question of whether to consolidate or not. Is not a question of fraud. It's a common question at the beginning of every business combination as to whether there is control. It's an accounting question. Not a legal question.

Put 15 CPAs in a room with the original 7 agreements, 8-K filings, the 4 amendments, the termination agreement, the Form 10-Ks and you could very well have significant variances on the facts and circumstances as to whether to consolidate or not based on professional judgment.

However, the 7 agreements, the 4 amendments and the termination agreement created enforceable rights and obligations between Accelera and BHCA.

ASC 805-10-20 Glossary:

P.F.F#674: Control: The direct or indirect ability to determine the direction and policies through ownership, contract or otherwise.

The Accelera obtains control by ownership, contract and by other means by providing consideration an obligation to pay Wolfrum $4.5MM and by compensating him with shares at each event of default.

B) FREEMAN SCHOOLED BY A NURSE:

657. Dan Freeman is not credible. Freeman had to pay $14,000 (**See P.F.F# 593**) to become the CFO of Accelera. Accelera never paid Dan Freeman b/c of his poor performance. Freeman thought Accelera was on the NASDAQ (**See P.F.F# 587**), which they were not. Even Cindy Boreum a nurse understood that Accelera was ***never*** on the NASDAQ (**See P.F.F# 596**).

C) TO UNDERSTAND ASC 805 BUSINESS COMBINATION REQUIRES UNDERSTANDING THE LEGAL DEFINITION OF "CONSIDERATION":

658. **ASC 805 BUSINESS COMBINATION GLOSSARY**, does not define "consideration", therefore, the accounting standard is the legal definition of CONSIDERATION which says that Consideration "can be anything of value (such as goods, money, services, or **promises** of any of these), which each party gives as a quid pro quo to support their side of the bargain. Mutual promises constitute consideration for each other." The promise to pay was the mutuality of the original SPA (**EXHIBIT 1210**) and **EXHIBIT 1216** the SECURED PROMISSORY NOTE[85]. BLAISE WOLFRUM believed in the "promise" from Accelera to pay him and cooperated with Accelera management and board of directors creating the enforceable set of contracts[86]. Accelera compensated him to cure each event of default[87]and Wolfrum believed so much in Accelera he spent time day trading in its stock[88].

[85] See P.F.F#666 **1a) THE ACQUISITION METHOD: *WITH CONSIDERATION (ASC 805-10-25-1)***

[86] **Exhibit 25 Page 55 Lines 6:**

613. A Because funding was always imminent. **See P.F.F#613**

[87] See P.F.F#619
[88] See P.F.F#620

The interpretation of the 7 agreements are confusing because the Security Agreement clearly states that (710. **Exhibit 1207: Security Agreement)** The agreement is dated November 11, 2013. The Agreement is executed by Blaise J. Wolfrum. ***Section 2. Indebtedness Secured. Page 1***. This Agreement and the Security Interest created hereunder secure payments due under a Stock Purchase Agreement, Stock Pledge Escrow Agreement, and Secured Promissory Note made between Debtor and Secured Party (" Indebtedness") wherein ***Debtor purchased 100% of the shares of stock of Behavioral Health Care Associates, Ltd., an Illinois corporation, (the "Company") from Secured Party.*** Koch's testimony also supports this position[89].

This is not consistent with **Exhibit 188** below but still with the debt confirmation (**see P.F.F#758to760**) confirming the consideration in the transaction, which is the "promise" to pay the $4.5MM, plus all the other factors it is clear that Accelera based on the contracts should be consolidated under **ASC 805-10-25-1**.

[89] **Exhibit 16, Page 25, Lines 8-15:**

KOCH: Okay, there was a stock purchase agreement executed of that date. The seller was an individual named Wolfrum. It involved BHCA whereby Accelera acquired 100 percent of the issued and outstanding shares of BHCA which represented 100 percent of the company. And describe how you came to that understanding. From review of the agreement.

Exhibit 16, Page 34, Lines 17-25 and Page 35, Line 1:

And what do you mean by that? Whether or not it should be consolidated with 2 Accelera. And how was that addressed? WITNESS: Through the fact that we believed Accelera had control of the ACA. ***The main indicator being that it acquired a hundred percent of the outstanding shares of BHCA***.

D) ACCELERA RECORDED THE $4.5MM AS A LONG TERM LIABILITY:

659. Section 1.1.1.1 (**Exhibit 1217**) was terminated effective on February 24, 2014 and replaced in its entirety but provides a new date of payment but makes no mention on what transpires if Accelera misses this payment again. Then Accelera books the liability (consideration) owed to Blaise Wolfrum as a long term liability meaning that it will not be paid for atleast 12 months[90].

E) ACCELERA WAS REQUIRED TO ABSORB THE LOSSES OF BHCA:

660. Section 1.2 (**Exhibit 1217**) was terminated effective February 24, 2014. March 18, 2014, (**Exhibit 1218**), Section 1.2 only allowed Blaise Wolfrum to cancel the transaction. This placed the obligation on Accelera and bound Accelera to pay the debt (consideration) owed to Blaise Wolfrum. Section 1.2 required the Accelera to record the liability and created the *economic interest* and the *variable interest* that Accelera had to *absorb the losses* related to the BHCA operations[91]. BHCA never had profits. BHCA's losses contributed to the Accelera's loss in $14.5MM (**Exhibit 132 Page F-4**) loss in 2015; $36MM (**Exhibit 114 page F-4**) loss in 2014 and $7.5MM in 2013 (**Exhibit 105 Page F-4**).

Wolfrum doesn't have control of BHCA's shares**. Exhibit# 188** clearly states that BHCA shares are held in escrow until the payment of the $4.5MM promise to pay, similarly under **Exhibit 1210 section 5.4**, where under **Exhibit #188 paragraph 4e**, Accelera ("Pledgor") shall operate the business in a similar manner until the $4.5MM is paid.

[90] See P.F.F#757

[91] See P.F.F#666 **2. VARIABLE INTEREST ENTITIES (ASC 810-10-15-14):**

4(e) **Operation of the Business**, Pledgor shall conduct the Business of the Company in a commercially reasonable manner, including but not limited to, consistent with past practices in terms of salary, bonuses, hiring and firing of officers, executives, and other management type positions, until the Purchase Price is paid in full.

Accelera can determine hiring, firing, salary, etc. but it needs to be consistent with **past practices**.

The original term for 1.1.1.1 is terminated in its entirety in the first, second and third amendments to the SPA, which means consolidation since Accelera had control of the day to day operations and couldn't avoid the obligation to Wolfrum **See P.F.F#666 1a) THE ACQUISITION METHOD: *WITH CONSIDERATION (ASC 805-10-25-1).***

1.1.1.1 termination allowed Accelera to operate the business under the SPA (**EXHIBIT 1210) paragraph 5.4** and **EXHIBIT 188 paragraph 4e** they were restricted in the extent of control in BHCA's operations but it was expected that Wolfrum would operate BHCA and this is consistent with the disclosures in the Form 10-K[92]. **Exhibit 188** claims the shares are held in escrow and neither Wolfrum or Accelera has access to the shares but all the other factors identified regarding indirect or direct control of BHCA's operations would require consolidation.

The employment agreement creates enforceable rights and obligations for Dr. Blaise Wolfrum to report to Accelera which were enforced (**see P.F.F#705**).

F) WOLFRUM'S EMPLOYMENT AGREEMENT PROVIDED ACCELERA DIRECT CONTROL OVER BHCA:

661. The employment agreement (**EXHIBIT 1212**) provided direct line of control of Blaise Wolfrum to report to the board of directors of Accelera. The control of Blaise Wolfrum is based on various factors that he was including BHCA numbers and projections in Accelera's marketing materials to investor (**See P.F.F# 600**) ; Dr. Wolfrum

[92] See P.F.F.797

provided numbers to Accelera to complete consolidated financial statements for the periods from November 11, 2013 to January 1, 2016 (**See P.F.F# 593**); Dr. Wolfrum's employment arrangement was disclosed on Form 8-K (**See Exhibit 103 page 2 Item 5.02**) and throughout the Form 10-Qs and Form 10-Ks during the period from November 11, 2013 to January 1, 2016.

Even if all the other agreements weren't in effect the combination of Wolfrum signing the audit evidence of the debt confirmations confirming the $4.5MM Accelera couldn't avoid and the rights and obligations that were enforced (**see P.F.F.#705**). Accelera's management was required under US GAAP to consolidate BHCA during the period November 11, 2013 and record the $4.5MM liability.

US GAAP under ASC 805 supports the conclusions identified **see P.F.F#666&#662**.

662. The influence of direct versus indirect control is consistent with US GAAP **ASC 810-10-25-38B**, ***A reporting entity does not have to exercise its power in order to direct the activities of a VIE.***

G) AU 316 CONSIDERATION OF FRAUD IN A FINANCIAL STATEMENT AUDIT:

Description and Characteristics of Fraud

663. **Paragraph AU316.05: Fraud is a broad legal concept and auditors do not make legal determinations of whether fraud has occurred.** Rather, the auditor's interest specifically relates to acts that result in a material misstatement of the financial statements. The primary factor that distinguishes fraud from error is whether the underlying action that results in the misstatement of the financial statements is intentional or unintentional. For purposes of the section, *fraud* is an intentional act that results in a material misstatement in financial statements that are the subject of an audit.

664. **Paragraph AU316.**12 As indicated in paragraph .01, the auditor has a responsibility to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement,

whether caused by fraud or error.[7] However, absolute assurance is not attainable and thus even a properly planned and performed audit may not detect a material misstatement resulting from fraud. A material misstatement may not be detected because of the nature of audit evidence or because the characteristics of fraud as discussed above may cause the auditor to rely unknowingly on audit evidence that appears to be valid, but is, in fact, false and fraudulent. Furthermore, **audit procedures that are effective for detecting an error may be ineffective for detecting fraud**.

Auditors are not responsible for detecting fraud in an audit. There is no fraud in the Accelera matter however, Honest Hardworking Americans ensured that they protected investors and acted independently (**see P.F.F#763to#766**).

US GAAP – BUSINESS COMBINATION AND CONTROL = CONSOLIDATE BHCA!

665. Accelera based on the nature of the seven contracts originally executed and the four amendments to the contracts there are multiple options under US GAAP that would form the basis for consolidating BHCA into Accelera. There are two basic methods with certain subsets, which are 1) the Acquisition Method and 2) Variable Interest Entities.

In a business combination, the key word is "control".

ASC 805-10-20 Glossary:

P.F.F#674: Control: The direct or indirect ability to determine the direction and policies through ownership, contract or otherwise.

The Accelera obtains control by ownership, contract and by other means by providing consideration an obligation to pay Wolfrum $4.5MM and by compensating him with shares at each event of default.

666. Honest Hardworking Americans will provide the legal, US GAAP authorities and audit evidence, plus other evidence that the following methods and there subsets, if applicable, clearly demonstrate that BHCA was appropriately consolidated from November 11, 2013 to January 1, 2016. In fact BHCA is required to be consolidated based on US GAAP requirements under the following:

1) THE ACQUISITION METHOD:

a) WITH CONSIDERATION (ASC 805-10-25-1)

b) WITHOUT CONSIDERATION (ASC 805-10-25-11)

2) VARIABLE INTEREST ENTITIES (ASC 810-10-15-14):

1) ACQUISITION METHOD:

667. Paragraph **805-10-25-1** requires an entity to determine whether a transaction or event is a business combination. In a business combination, an acquirer might obtain control of an acquiree in a variety of ways, including any of the following:

a. By transferring cash, cash equivalents, or other assets (including net assets that constitute a business)

b. By incurring liabilities

c. By issuing equity interests

d.**By providing more than one type of consideration**

e.**Without transferring consideration, including by contract alone (see paragraph 805-10-25-11).**

1a) WITH CONSIDERATION:

668. **ASC 805-10-05-4**, paragraph **805-10-25-1** requires that a business combination be accounted for by applying what is referred to as the acquisition method. The acquisition method required all of the following steps:

a. Identifying the acquirer.

b. Determining the acquisition date.

c. Recognizing and measuring the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree.

d. Recognizing and measuring goodwill or again from a bargain purchase.

ASC 805-10-20 GLOSSARY:

669. In Determining a Business Combination and Control the **ASC 805-10-20 Glossary** provides very specific definitions:

670. **A) ACQUISITION DATE:**

Acquisition Date: The date on which the acquirer obtains control of the acquiree.

In this case, Accelera Innovations, Inc. (Accelera) would be the acquirer and Behavioral Health Care (BHCA) would be the accquiree.

671. **B) BUSINESS:**

Business: An integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs, or other economic benefits directly to investors, or other owners, members, or participants.

Although BHCA was never a profitable business it had an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return that in this case would be "potential" investors in Accelera, other owners in Accelera (Blaise Wolfrum, Accelera Management, etc.) and members in Accelera Healthcare Management Service Organization LLC.

672. **C) BUSINESS COMBINATION:**

Business Combination: A transaction or other event in which an acquirer obtains control of one or more businesses.

673. **D) CONTRACT:**

Contract: An agreement between two or more parties that *creates enforceable rights and obligations*.

674. **E) CONTROL:**

Control: The direct or indirect ability to determine the direction and policies through ownership, contract or otherwise.

675. **F) CONTINGENT CONSIDERATION:**

Contingent Consideration: Usually an obligation of the acquiree to transfer additional assets or equity interests to the former owner of an acquiree as part of an acquire as part of the exchange for control of the acquire if specified future events occur or conditions are met. However, contingent considerations also may give the acquirer the right to the return of previously transferred consideration if specified conditions are met.

676. **G) VARIABLE INTEREST ENTITY:**

Variable Interest Entity: A legal entity subject to consolidation according to the provisions of the Variable Interest Entities Subsection of Subtopic 810-10.

H) IDENTIFYING THE ACQUIRER ASC 805-10-25-4:

1 Identifying the Acquirer:

677. **ASC 805-10-25-4**, for each business combination, one of the combining entities shall be identified as the acquirer.

ASC 810 CONSOLIDATION:

A) 678. **ASC 805-10-25-5**, The guidance in the General Subsections of Subtopic 810-10 related to determining the existence of a controlling financial interest shall be used to identify the acquirer – the entity that obtains control of the acquire. ……. However, in a business combination in which a variable interest entity (VIE) is acquired, the primary beneficiary of that entity always is the acquirer. The determination of which party, if any, is the primary beneficiary of a VIE shall be made in accordance with the guidance in the Variable Interest Entitles Subsections of Suptopic 810-10, not applying either the guidance in the General Subsections of that Subtopic, relating to a controlling financial interest, or in paragraphs 805-10-55-11 through 55-15.

B) 679. **ASC, 810-10-15-8**, for legal entities other than limited partnerships, the usual condition for a controlling financial interest is ownership of a majority voting interest, and, therefore, as a general rule, is ownership by one reporting entity, directly or indirectly, of more than 50% percent of the outstanding voting shares of another entity is a condition pointing toward consolidations***. The power to control may also exist with a lesser percentage of ownership, for example, by contract***, lease, agreement with or other stockholders, or by court decree.

ASC 810-10-10-20 GLOSSARY:

680. **A) DECISIION MAKER:**

Decision Maker: An entity or entities with the power to direct the activities of another legal entity that most significantly impact the legal entity's economic performance according to the provisions of the Variable Interest Entity Subsection of Subtopic 810-10-10.

681. **B) DECISION-MAKING AUTHORITY:**

Decision-Making Authority: The power to direct the activities of a legal entity that most significantly impact the entity's economic performance according to the provisions of the Variable Interest Entities Subsections of Subtopic 810-10.

682. **C) PRIMARY BENEFICIARY:**

Primary Beneficiary: An entity that consolidation a Variable Interest Entities (VIE). See paragraphs 810-10-25-38 through 25-38 for guidance on determining the primary beneficiary.

683. **D) VARIABLE INTERESTS:**

Variable Interests: The investments or other interests that will absorb portions of a variable interest entity's (VIE's) expected losses or receive portions of the entity's expected residual returns are called variable interests. *Variable interests in a VIE are contractual, ownership, or other pecuniary interests in a VIE that change with changes in the fair value of the VIE's net assets exclusive of variable interests.* Equity interests with or without voting rights are considered variable interests if the legal entity is a VIE and to the extent that the investment is at risk as described in paragraph 810-10-15-14. Paragraph 810-

10-25-55 explains how to determine whether a variable interest in specified assets of a legal entity is a variable interest in the entity. Paragraphs 810-10-55-16 through 55-41 describe various types of variable interests and explain in general how they may affect the determination of the primary beneficiary of a VIE.

E) IDENTIFYING THE ACQUISITION DATE:

684. **ASC 805-10-25-6**, the acquirer shall identify ***the acquisition date***, which is the date on which it obtains ***control of the acquiree***.

685. . Accelera obtained control of BHCA on November 11, 2013, see **P.F.F#658to#666.**

686. **ASC 805-10-25-7**, the date on which the acquirer obtains control of aquiree generally is the date on which ***the acquirer legally transfers the consideration, acquires the assets, and assumes the liabilities of aquiree – the closing date***. However, the acquirer might obtain control on a date that is either earlier or later than the closing date. For example, the acquisition date precedes the closing date if a written agreement provides that the acquirer obtains control of the acquiree on a date before the closing. An acquirer shall consider all pertinent facts and circumstances in identifying the acquisition date.

687. Accelera transfers the debt obligation and consideration (debt obligation and promise to pay on November 11, 2013 to Blaise Wolfrum, see **P.F.F#758to760**. Additionally under **see P.F.F#710** Accelera clearly states that control of the shares had been transferred.

688. ***1b) WITHOUT CONSIDERATION (ASC 805-10-25-11):***

ASC 805-10-25-8, the following guidance describes the accounting for a business combination achieved without the transfer of consideration.

A Business Combination Achieved Without the Transfer of Consideration.

ASC 805-10-25-11, an acquirer sometimes obtains control of an acquiree without transferring consideration. The acquisition method of accounting for business combination applies to those combinations. Such circumstances include any of the following:

a)……

b)……

c) The acquirer and acquiree agree to combine their businesses by ***contract alone***.

ASC 805-10-25-12, In a business combination by contract alone, the acquirer shall attribute to the equity holders of the aquiree the amount of the acquiree's net assets recognized in accordance with the requirements Topic.

Even if a party didn't consider the promise by Accelera to pay Blaise Wolfrum as deemed "consideration", which completely ignore the legal standard and the intent of **ASC 805 Business combinations ASC 805-10-25-1**.

689. The completion of the employment contract (see **P.F.F#711**) and the terms of the Operating Agreement (see **P.F.F#708**) where Dr. Blaise Wolfrum is managing member of HMSO. Ignoring these two effective contracts would also not comply with **ASC 805-10-25-11**. The SEC and Devor clearly ignored **ASC 805-10-25-11.**

The business intent by Accelera in creating the seven contracts and four amendments that the Accelera intentions were to finally pay Dr. Blaise Wolfrum so the transaction could not be terminated (**see P.F.F#658to#664**).

690. **2) VARIABLE INTEREST ENTITIES (ASC 810-10-15-14)**

A) OVERALL GUIDANCE:

15-13 The Variable Interest Entities Subsections follow the same Scope and Scope Exceptions as outlined in the General Subsection of this Subtopic (see paragraph 810-10-15-1), with specific transaction qualifications and exceptions noted below.

B) SUBSTANTIVE EFFECT ON POWER AND OBLIGATION TO ABSORB LOSSES:

691. **15-13A** For purposes of applying the Variable Interest Entities Subsections, only substantive terms, transactions, and arrangements, whether contractual or noncontractual, shall be considered. Any term, transaction, or arrangement shall be disregarded when applying the provisions of the Variable Interest Entities Subsections if the term, transaction, or arrangement does not have a substantive effect on any of the following:

a. A legal entity's status as a **Variable interest entity** (VIE)

b. A reporting entity's power over a VIE

c. A reporting entity's obligation to absorb losses or its right to receive benefits of the legal entity.

C) PROFESSIONAL JUDGEMENT IS REQUIRED:

692. **15-13B** Judgement, based on consideration of all the facts and circumstances, is needed to distinguish substantive terms, transactions, and arrangements from nonsubstantive terms, transactions, and arrangements. The purpose and design of legal entities shall be considered when performing this assessment.

D) VARIABLE INTEREST CONSOLIDATION GUIDANCE:

693. **15-14** A legal entity shall be subject to consolidation under the guidance in the Variable Interest Entities Subsections if, by design, ***any of the following conditions exist***. (The phrase by design refers to legal entities that meet the conditions in this paragraph because of the way are structured. For example, a legal entity under the control of its equity investors that originally was not a VIE does not become one because of operating losses. The design of the legal entity is important in the application of these provisions.)

a. The total equity investment (equity investments in a legal entity are interests that are required to be reported as equity in that entity's financial statements) at risk is not sufficient to permit the legal entity to finance its activities without additional **subordinated financial support** provided by any parties, including equity holders. For this purpose, the total equity investment at risk has all the following characteristics:

1. Includes only equity investments in the legal entity that participate significantly in profits and losses even if those investments do not carry voting rights

   The Employment Agreement and Operating Agreement provide Accelera the ability to participate significantly in profits and losses even if the argument Accelera doesn't have the voting rights. (**see P.F.F#658to#664**).

2. Does not include equity interests that the legal entity issued in exchange for subordinated interests in other VIEs

   Not Applicable.

3. Does not include amounts provided to the equity investor directly or indirectly by the legal entity or by other parties involved with the legal entity (for example, by fees, charitable contributions, or other payments) unless the provider is a **parent, subsidiary**, or affiliate of the investor that is required to be included in the same set of **consolidated financial statements** as the investor

   Applicable as Accelera and BHCA is a parent and subsidiary relationship[93]. See (**see P.F.F#658to#664**)

4. Does not include amounts financed for the equity investor (for example, by loans or guarantees of loans) directly by the legal entity or by other parties involved with the legal entity, unless that party is a parent, subsidiary, or affiliate of the investor that is required to be included in the same set of consolidated financial statements as the investors.

Paragraphs 810-10-25-45 through 25-47 discuss the amount of the total equity investment at risk that is necessary to permit a legal entity to finance its activities without additional subordinated financial support.

E) CONSOLIDATION BASED ON VARIABLE INTERESTS:

694. **25-38** A reporting entity shall consolidate a VIE when that reporting entity has a variable interest (or combination of variable interests) that provides the reporting entity with a controlling

[93] See P.F.F#642

financial interest on the basis of the provisions in paragraphs 810-10-25-38A through 25-38). ***The reporting entity that consolidates a VIE is called the primary beneficiary of that VIE*.**

F) THE POWER TO DIRECT THE ACTIVITIES AND ABSORB LOSSES:

695. **25-38A** A reporting entity with a variable interest in a VIE shall assess whether the reporting entity has a controlling financial interest in the VIE and, thus, VIE's primary beneficiary. This shall include an assessment of the characteristics of the reporting entity's variable interest(s) and other involvements (including involvement of related parties and de facto agents), if any, in the VIE, as well as the involvement of other variable interest holders. Paragraph 810-10-25-43 provides guidance on related parties and de facto agents. ***Additionally, the assessment shall consider the VIE's purpose and design, including the risks that the VIE was designed to create and pass through to its variable interest holders. A reporting entity shall be deemed to have a controlling financial interest in a VIE if it has both of the following characteristics:***

a. The power to direct the activities of a VIE that most significant impact the VIE's economic performance

b. The obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant tot eh VIE. The quantitative approach described in the definitions of the terms expected losses, expected residual returns, and expected variability is not required and shall not be the sole determinant as to whether a reporting entity has these obligations or rights.

Only one reporting entity, if any, is expected to be identified as the primary beneficiary of a VIE. Although more than one reporting entity could have the characteristic in (b) of the this paragraph, only one reporting entity if any, will have the power to direct the activities of a VIE that most significantly impact the VIE's economic performance. **See P.F.F#658to#646**.

G) A REPORTING ENTITY DOES NOT HAVE TO EXERCISE ITS POWER:

696. **25-38B** A reporting entity must identify which activities most significantly impact the VIE's economic performance and determine whether it has the power to direct those activities. *A reporting entity's ability to direct the activities of entity when circumstances arise or events happen constitutes power if hat ability relates to the activities that most significantly impact the economic performance of the VIE.* ***A reporting entity does not have to exercise its power in order to direct the activities of a VIE.*** ***(*See P.F.F#658to#646)**

STOCK PURCHASE AGREEMENT ("SPA")

A) BLAISE WOLFRUM SELLS BHCA TO ACCELERA:

697. **Exhibit 1210**: The SPA and related agreements was like selling a house. Wolfrum sold its house (BHCA) to Accelera. Accelera had multiple events of default. Then the house entered foreclosure and they returned the house to Wolfrum effective January 1, 2016 (**See P.F.F#658to#646**)[94].

On November 20, 2013, Accelera executed a Stock Purchase Agreement (the "SPA") and its wholly owned subsidiary, Accelera Healthcare Management Service Organization LLC ("Accelera HMSO"), executed an Operating Agreement with Blaise J. Wolfrum, M.D. and Behavior Health Care Associates, Ltd. ("BHCA") provided that the Agreement was "effective immediately". Ancillary agreements including an operating agreement and employment agreement were also entered into.

[94] See P.F.F#697

Pursuant to the SPA, the Company shall pay to Dr. Wolfrum Four Million Five Hundred Fifty Thousand Dollars ($4,550,000), (the "Purchase Price"), of which One Million Dollars ($1,000,000) shall be payable Ninety (90) days from the date of Closing and, the amount of Seven Hundred Fifty Thousand Dollars ($750,000) shall be paid One Hundred and Eighty (180) days from Closing, the aforementioned payments dates has been verbally extended until the Company receives financing. The balance of the Purchase Price, Two Million Eight Hundred Thousand Dollars ($2,800,000), shall be paid in Three (3) payments of Seven Hundred Fifty Thousand Dollars ($750,000) and a final payment of Five Hundred Fifty Thousand Dollars ($550,000) beginning Two Hundred Seventy (270) days after closing, and every three months thereafter until the Purchase Price is paid in full. The payment schedule was subsequently modified.

B) ACCELERA's TRANSACTION WITH BHCA IS "*CLOSED AND EFFECTIVE*":

698. **Exhibit 1210 Section 2.1:** November 11 – stated the deal was "***closed and effective***". Section 2.1 was the ***acquisition date*** under ***ASC 805*** and ***control*** was obtained b/c the signed contracts created ***enforceable rights and obligations*** under each of the seven contracts. The effective date was November 11, 2013, Accelera's management publicly disclosed the filing on Form 8-k and a Press Release. If it was not ***closed and effective*** Accelera's management would never had publicly disclosed the 7 effective contracts. If it was not ***closed and effective***, Accelera's management would never have created 7 contracts and Blaise Wolfrum would never had signed all seven contracts ***creating enforceable rights and obligations***.

23 attorneys trying to figure this out for 6 years. It's so obvious that anyone would recognize that BHCA should be consolidated with Accelera.

Devor can't find the contracts in A&C working papers. Devor and his team spent 100s of hours a year, month, day and couldn't find the contracts and simply read the plain English. 4 times dismissed for Bias in Federal court, which the SEC attorneys on this case had no knowledge of this until Wahl pointed it out to the court.

C) ACCELERA SHALL CONDUCT THE BUSINESS OF BHCA:

699. **Exhibit 1210 Section 5.4:**

5.4 **Operation of the Business**. Purchaser shall conduct the Business of the Company in a commercially reasonable manner, including but not limited to, consistent with past practices in terms of salary, bonuses, hiring and firing of officers, executives, and other management type positions, until the Purchase Price is paid in full.

The Purchaser (Accelera) shall conduct the Business of the Company (BCHA)……..in terms of salary, bonuses, hiring and firing of officers, executives, and other management type positions, until……..

Section 5.4 clearly defines the operation of BHCA that is to be conducted on a relatively autonomous basis until the Purchase Price is paid in full. Accelera can ***conduct salary, bonuses, hiring and firing of officers, executives, and other management type positions***.

Section 5.4 created significant enforceable rights and obligations for Accelera to control the day to day operations of BHCA. The SPA was signed on November 11, 2013 and Section 5.4 further confirms that Accelera retained control on the acquisition date **ASC 805-10-25-6 and ASC 805-10-25-7.**

D) ACCELERA CREATED A WHOLLY OWNED SUBSIDIARY ON THE ACQUISITION DATE:

700. **Exhibit 1210 Section 7.18:**

> **7.18 Appointment as Manager**. Prior to Closing, Purchaser shall form an Illinois limited liability company named Accelera Healthcare Management Service Organization, LLC. A copy of the Operating Agreement is attached hereto as Exhibit 7.18. Purchaser agrees that Blaise J. Wolfrum, M.D shall be appointed as sole Manager of said LLC until Blaise J. Wolfrum, M.D. is unwilling or unable act.

Prior to Closing and confirming the acquisition date **ASC 805-10-25-6 and ASC 805-10-25-7,** Accelera will or shall or has created Accelera Healthcare Management Service Organization, LLC ("AHMSO"). AHMSO was created. Therefore, the transaction had to have closed and Blaise J. Wolfrum is made manager and he signs the agreement.

E) ACCELERA CLEARLY COMPLIES WITH US GAAP:

701. All of the 7 agreements provide contractual control. But more specifically, the operating agreement (**Exhibit 1213**), employment agreement (**Exhibit 1212**) provide clear lines of Blaise Wolfrum's reporting to the board of directors and he is in charge of Accelera's 100% owned subsidiary HMSO. The legal standard and the US GAAP standard is that all these contracts *creates enforceable rights and obligations*. Not so much so that they actually enforced them but there is sufficient evidence that Accelera enforced these contracts. Then the Security Agreement (**Exhibit 1207**) is very clear control transferred and the SPA (**Exhibit 1210**) among other things confirmed that the agreement was effective and closed on November 11, 2013.

F) ACCELERA CANT AVOID THE OBLIGATION TO BLAISE WOLFRUM:

702. The SPA creates the economic interest in BHCA that would confirm the consolidation of the entity were the obligations that were owed to Blaise J. Wolfrum as the debt obligation that under the SPA, could not be avoided by Accelera even though they defaulted on these arrangements. The lack of payment does not constitute the ability to avoid the obligation as Accelera also fully recorded the obligations on Accelera's balance sheet, A&C obtained confirmation of these obligations as part of its audits and Accelera fully disclosed the terms of the debt obligations under the SPA in the note. There was consideration for each payment extension.

G) BHCA WAS LOCKED UP WITH ACCELERA FROM NOVEMBER 11, 2013 TO JANUARY 1, 2016:

703. Blaise J. Wolfrum continued to work with Accelera until the termination agreement was issued in March 2016. The termination agreement was signed and effective January 1, 2016. Blaise Wolfrum could not sell his company to anyone else during this period.

The basis of consolidating BHCA into Accelera is due to the fact that the entities all 1) agreed to a change in control with the signing of the SPA and ancillary agreements including the operating and employment agreements referenced herein; 2. the agreements create a parent subsidiary relationship between Accelera and BHCA; 2) as a result of the fully executed employment agreement and operating agreement, Accelera has the power to direct the activities of BHCA that materially impact BHCA's economic performance; and 3) the SPA creates an economic interest and financial obligations by Accelera to BHCA and Blaise Wolfrum.

H) THE BHCA TRANSACTION WAS PUBLICLY DISCLOSED:

704. All agreements were disclosed on Form 8-K (**Exhibit 103**) and a press released on December 2, 2013 and then Accelera puts out a press release on December 3, 2013.

EVIDENCE THAT ACCELERA ENFORCED THEIR RIGHTS AND OBLIGATIONS:

705. Enforcement of contracts is not a requirement under US GAAP it's the right to enforce those obligations (**See P.F.F#696**). There is substantial evidence that Accelera enforced its contractual rights:

1) BHCA was audited. Accelera hired A&C to audit BHCA and BHCA complied.

2) A&C's engagement letter was with Accelera. If A&C was to perform only an acquisition audit or a standalone audit of BHCA the agreement would have between BHCA and A&C. Accelera could have paid the audit fees on BHCA's behalf in this situation but our arrangement wasn't with BHCA b/c A&C was engaged to complete a "***consolidated***" audit that included Accelera and BHCA.

3) Plus, BHCA complied with quarterly reporting for Accelera as a public company.

4) Blaise Wolfrum was also designated as an officer, executive and shareholder in Accelera (see **P.F.F.#782to806**).

5) Plus all the agreements were publicly disclosed in Form 8-Ks (**EXHIBIT 103**), press releases and Form 10-Ks. (see **P.F.F.#782to806**)

6) Blaise testified that he was working with Accelera to raise the funds to pay off the obligations that Accelera had with him. Blaise was the gatekeeper for all the financial records and without his cooperation none of the financial reporting for each quarterly review and 10-K could be completed.

7) Blaise was completing the forms to be covered by Accelera's Directors and Officers insurance (see **P.F.F.#723to724**).

8) For each event of default Blaise Wolfrum was provided compensation. If Blaise wasn't part of Accelera's organization then there would be no requirement to compensate Blaise[95]. (**See P.F.F#726to749**)

9) Blaise Wolfrum couldn't sell BHCA to anyone else other than Accelera from November 11, 2013 to January 1, 2016[96].

10) Blaise Wolfrum was paid the shares as part of his original employment agreement for services provided to Accelera from November 11, 2013 through to January 1, 2013. (See **P.F.F.#750**).

SECURED PROMISSORY NOTE:

706. **Exhibit 1216 – Secured Promissory Note:** Confirms the $3.5MM obligation from Accelera to Blaise Wolfrum further confirms the economic interest that Accelera had in BHCA and requires consolidation of BHCA by Accelera.

THE BHCA TRANSACTION CERTAINLY CLOSED:

707. The economic interest with the debt incurred with the SPA (**Exhibit 1210)**, the Secured Promissory Note (**Exhibit 1216)** and the Security Agreement (**Exhibit 1207**). The Security Agreement creates not only a transfer of the 100% ownership (so the transaction is not just probable but certain) and then provides Blaise Wolfrum with collateral in Accelera for the debt owed to him by Accelera.

[95] See P.F.F#598
[96] See P.F.F#612

ACCELERA HMSO OPERATING AGREEMENT:

A) SIGNED BY BLAISE WOLFRUM:

708. **Exhibit 1213 Operating Agreement and Exhibit 1214 Signed Page:** Accelera created a brand new wholly owned subsidiary called Accelera HMSO and created a brand new operating agreement to govern the BHCA acquisition. Accelera Innovations is a 100% Member of Accelera HMSO. Article 6 – Power and Duties of Managers. Clearly identifies Blaise Wolfrum as the Manager of Accelera HMSO.

This OPERATING AGREEMENT OF Accelera Healthcare Management Service Organization, Limited Liability Company ("Operating Agreement"), dated as of November 11, 2013, is (a) adopted by the Manager(s) (as defined below) and (b) executed and agreed to by the Members (as defined below).

B) BLAISE WOLFRUM WAS THE MANAGER AND IT WAS DISCLOSED IN FORM 10-K:

709. The agreements provide that Accelera acquired 100% of the 100,000 issued and outstanding shares of BHCA from Dr. Wolfrum and that Accelera HMSO, as a wholly owned subsidiary of Accelera, acquired the right to operate BHCA in accordance with the Operating Agreement which also provided Accelera with control over the subsidiary BHCA.

ACCELERA BHCA SECURITY AGREEMENT:

A) <u>ACCELERA PURCHASED 100% OF BHCA's SHARES OF STOCK</u>:

710. **Exhibit 1207: Security Agreement:** The agreement is dated November 11, 2013. The Agreement is executed by Blaise J. Wolfrum. ***Section 2. Indebtedness Secured. Page 1***. This Agreement and the Security Interest created hereunder secure payments due under a Stock Purchase Agreement, Stock Pledge Escrow Agreement, and Secured Promissory Note made between Debtor and Secured Party (" Indebtedness") wherein ***<u>Debtor purchased 100% of the shares of stock of Behavioral Health Care Associates, Ltd., an Illinois corporation, (the "Company") from Secured Party.</u>***

B) THE TRANSACTION IS CERTAIN:

The importance of the Security Agreement in combination with the debt obligation of $4.5MM with the employment agreement and all the other evidence clearly determines the transaction was certainly closed, effective and as described in P.F.F#658toP.F.F#66 Accelera has control of BHCA.

BLAISE WOLFRUM'S EFFECTIVE EMPLOYMENT AGREEMENT:

A) BLAISE REPORTS TO THE BOARD OF DIRECTORS = DIRECT CONTROL:

711. **Exhibit 1212: Employment Agreement**: that was in effect ***<u>clearly states in paragraph 1 that Blaise Wolfrum reports to John Wallin, the CEO of Accelera.</u>***

ASC 805-10-20 Glossary

Control: *The direct or indirect ability to determine the direction and policies through ownership, contract or otherwise.*

Effective November 20, 2013, Accelera also entered into an employment agreement with Blaise J. Wolfrum, M.D., as the President of the Accelera business unit "Behavioral Health Care Associates" reporting to John Wallin, CEO of Accelera.

B) CONSIDERATION IS PAID AND LEGALLY OWED TO BLAISE WOLFRUM:

712. In consideration of the services, the Company agreed to issue a stock option to purchase Six Hundred Thousand (600,000) shares of the Company's Common Stock under the terms of the Company's 2011 Stock Option Plan at an exercise price of $.0001 per share. The Six Hundred Thousand (600,000) shares shall vest over the course of the Three (3) years, earned annually, at Two Hundred Thousand (200,000) shares each year; after the commencement of employment so long as he remain an employee of the Company. Furthermore, the shares are subject to a Six (6) month lock-up agreement and a Twenty Seven (27) month leak-out agreement limiting the sale of shares over the period. Notwithstanding the foregoing, in the event of a closing of a Change of Control transaction, all options from the agreement shall immediately vest and become fully exercisable. The employment agreement with Dr. Wolfrum further provided that the Company was to pay Dr. Wolfrum a base salary of $[redacted] per year to be paid at the times and subject to the Company's standard payroll practices, subject to applicable withholding.

References the 600,000 shares with vesting terms over three years. Discusses benefit package that will be available to him. It's important to b/c it provides significant documentation of an employer – employee relationship.

The Employment agreement creates enforceable rights and obligations for Accelera to pay Blaise Wolfrum for his services and they paid him 600,000 shares over the term of the original employment agreement November 11, 2013 to January 1, 2016.

C) FULLY DISCLOSED BLAISE WOLFRUM M.D. CHIEF STRATEGIC OFFICER:

713. **Exhibit 1228 Employment Agreement Item 10 pages 44 to 46** lists Blaise Wolfrum as an executive.

714. **Pages 49 to 50** lists Blaise Wolfrum as an executive.

715. Plus on **page 54** it discloses the employment contract. Discloses Blaise Wolfrum – as an officer of Accelera and they are accruing shares to him. His title is M.D. Chief Strategic Officer.

716. **Exhibit 1228: page 47** - Blaise Wolfrum, M.D. was granted 600,000 shares, the options awarded will vest in equal annual installments over a three-year period.

D) CONFIDENTIALITY AND NON-CIRCUMVENTION AGREEMENT PROTECTS ACCELERA:

717. The confidentiality agreement and non-circumvention is to protect Accelera not BHCA or Blaise Wolfrum. We had very similar agreements at A&C. If you go to the last pages of the agreement. Blaise Wolfrum signed the confidentiality agreement that starts on **page 18**.

E) BLAISE WOLFRUM AT WILL EMPLOYMENT AT ACCELERA:

718. "At Will Employment" is important to me b/c it determines the employment employer relationship with the applicable state law. Plus, references the $4.5MM owed to Blaise Wolfrum but does not say payment of the $4.5MM is contingent upon his employment agreement. So based on all of the terms, the employment agreement is in effect.

F) AUDITED FINANCIAL STATEMENTS AND COMPLETION OF DUE DILIGENCE:

719. "Audited Financials" – but it does not say "acquisition audits". If your intent is to not consolidate the entity then you don't need an audit. It's that simple. Why have an audit clause if you are not planning to consolidate BHCA. It's the SEC's responsibility to ensure companies comply with the 8-K rules. Not the auditor. I have spoken to the PCAOB at great lengths about this as part of their inspections. I see no evidence that the SEC told Accelera to file the 8-Ks.

Plus why audit BHCA if it's not to be consolidated. This is not even common sense. Not all financing groups require audited financial statements to raise money but based on the clear intent of the 7 agreements filed on Form 8-K on December 2, 2013 (**EXHIBIT 103**), it's clear that it's logical to consolidate BHCA into Accelera. It's not only probable but based on all the contracts, the transaction was certain.

(3) Purchaser acknowledges and agrees that it has completed its Due Diligence as defined by Section 6.1 of the Stock Purchase Agreement.

720. **Page 2, paragraph 3, as per paragraph 6.1** of the SPA all "Due Diligence" has been completed.

G) EMPLOYMENT CONTRACT IS SENT TO ACCELRA'S BOARD OF DIRECTORS AND HUMAN RESOURCES:

721. The contract is signed by Blaise Wolfrum on November 11, 2013 and a copy is sent to the Board of Directors and to Human Resources. If it was not a significant contract then why send it to the Board of Directors. Further demonstrates the lines of reporting responsibilities and that Blaise Wolfrum is an employee as of November 11, 2013.

H) EMPLOYEE (BLAISE WOLFRUM) AND EMPLOYER (ACCELERA) RELATIONSHIP ESTABLISHED:

722. Overall it's important to me b/c it's not contingent based on any of the other 6 agreements. It clearly defines the employer and employee relationship.

DIRECTORS & OFFICERS ("D&O") INSURANCE COVERS BLAISE WOLFRUM:

A) ACCELERA OBTAIN'S D&O AND KEYMAN INSURANCE FOR BLAISE WOLFRUM:

723. **Exhibit 243 Email:** The email is important for a number of reasons.

1) The D&O proves that there was an employer / employee relationship with Blaise Wolfrum and Accelera, there would be no reason to place D&O coverage on a non-employee.

2) The D&O insurance would questions the credibility of Devor, Cindy Boreum and Dan Freeman's testimony because they claimed that the employment agreement was not in effect.

Although after the fact clearly demonstrating that the employment agreement was in effect. if not working for Accelera then why are you completing D&O insurance form? BHCA did not have D&O insurance. Confirmed by Blaise Wolfrum and Cindy Boreum.

724. Ms. Boreum and Dan Freeman have "*no credibility*" to testify in an accounting and auditing case, which is supported by the fact that A&C and Honest Hardworking Americans, proposed over $18,000,000 in audit adjustments (**Exhibit 1204 Page 5**) and had to propose a very nasty "Material Weakness" (**Exhibit 1204 Page 6 to 7**). A competent accountant or CPA should have been able to record the simple accounting entries and ensure that proper financial reporting and internal controls were put in place before the audits were commenced.

BOARD OF DIRECTORS RESOLUTION APPROVES WOLFRUM'S SHARES FOR SERVICES NOVEMBER 11, 2013 TO JANUARY 1, 2016:

A) ACCELERA'S EMPLOYEE BLAISE WOLFRUM RECEIVES SHARES FOR SERVICES:

725. **Exhibit 1259 Board Resolution:**

> **RESOLVED**, that the Company confirms that the 600,000 shares were earned as compensation under the November 20, 2013 Employment Agreement in increments of 200,000. The first 200,000 were earned on November 20, 2013, the second increment of 200,000 shares were earned on November 20, 2014 and the final increment was earned on November 20, 2015, these shares are no longer subject to any lock-up or leak out agreement.

The employment agreement was in effect Accelera paid Blaise Wolfrum the 600,000 shares that were owed in the employment agreement as part of the termination agreement. The board minutes were consistent with paragraph 6 (and page 2 first paragraph) of the employment agreement, which is **Exhibit**

1212. This is not a coincidence and further evidence that the original intent of the 7 agreements was to consolidate BHCA.

FIRST AMENDMENT TO SPA – TERMINATION OF 1.1.1.1 AND THE SEC'S CASE:

Exhibit 1217 – First Amendment to SPA:

A) TERMINATION OF 1.1.1.1:

726. The First Amendment to the SPA kicks out the payment but makes no mention to de-consolidating BHCA and confirms the transaction under the SPA. In fact, Accelera further compensates Blaise Wolfrum with additional share based compensation to ensure to maintain his motivation to stay in the Accelera transaction.

WHEREAS, Purchaser, Seller and Company desire to amend the Stock Purchase Agreement to allow Purchaser additional time to make the payment required by Article 1.1.1.1 of the Stock Purchase Agreement.

B) DELETION OF ARTICLE 1.2:

B. Purchaser, Seller and Company agree that Article 1.2 of the Stock Purchase Agreement is hereby deleted in its entirety.

727. Based on the effectiveness on February 24, 2014, and the deletion of Article 1.2. BHCA nor Accelera could cancel the transaction with the deletion of Article 1.2.

C) DUE DILIGENCE COMPLETED:

> (3) Purchaser acknowledges and agrees that it has completed its Due Diligence as defined by Section 6.1 of the Stock Purchase Agreement.

728. **Page 2, paragraph 3, as per paragraph 6.1** of the SPA all "Due Diligence" has been completed. The Audit of BHCA was completed on April 15, 2014.

D) BHCA AND ACCELERA TRANSACTION IS STILL "CLOSED AND EFFECTIVE":

729. The First Amendment to SPA does ***not*** replace **section 2.1 (page 1 paragraph 9)**, which states that the deal is "***closed and effective***". The transaction is still closed and effective.

E) ACCELERA SHALL CONTINUE TO CONDUCT THE BUSINESS OF BHCA:

730. The First Amendment to SPA does ***not*** replace **section 5.4**, which states that ***Accelera continues to conduct the business of BHCA***.

F) ACCELERA SHALL CONTINUE TO CONSOLIDATE BHCA:

731. The First Amendment to SPA does ***not*** replace **section 7.18**, which states that ***Accelera continues to consolidate BHCA***.

G) DAN FREEMAN MISSES ANOTHER AUDIT ADJUSTMENT:

732. Tommy identifies that Freeman didn't book the shares that was in the First Amendment this would have been required to be included in Q3 2014 and year end 2014 financial statements.

SECOND AMENDMENT TO SPA – TERMINATION OF 1.1.1.1 AND QUALLS

Exhibit 1218 – Second Amendment to SPA:

A) TERMINATION OF 1.1.1.1:

733. The Second Amendment to the SPA kicks out the payment but makes no mention to de-consolidating BHCA and confirms the transaction under the SPA. In fact, Accelera further compensates Blaise Wolfrum with additional share based compensation to ensure to maintain his motivation to stay in the Accelera transaction.

> **WHEREAS**, Purchaser, Seller and Company desire to amend the Stock Purchase Agreement to allow Purchaser additional time to make the payment required by Article 1.1.1.1 of the Stock Purchase Agreement.

B) DELETION OF ARTICLE 1.2:

> Prior to Seller's receipt of the payment set forth in Section 1.1.1.1, Seller shall have the right to immediately upon written notice to the other party cancel and terminate this Agreement in its entirety and be released from any and all obligations set forth herein.

734. Based on the effectiveness on March 18, 2014, and the deletion of Article 1.2. Prior to Seller's receipt of the payment set forth in Section 1.1.1.1, Seller shall have the right to immediately

upon written notice to the other party cancel and terminate this Agreement in its entirety and be released from any and all obligations set forth herein.

Well based on the preponderance of the information that A&C received before we signed off on the 2013 audit it's very clear to that Accelera should have been consolidated. Even Yoda that was a staff accountant for 30 to 45 days understood the accounting by simply reading all the agreements that consolidation was very logical under US GAAP and GAAS.

C) DUE DILIGENCE COMPLETED:

> (3) Purchaser acknowledges and agrees that it has completed its Due Diligence as defined by Section 6.1 of the Stock Purchase Agreement.

735. **Page 2, paragraph 3, as per paragraph 6.1** of the SPA all "Due Diligence" has been completed. The Audit of BHCA was completed on April 15, 2014.

D) BHCA AND ACCELERA TRANSACTION IS STILL "CLOSED AND EFFECTIVE":

736. The Second Amendment to SPA does ***not*** replace **section 2.1 (page 1 paragraph 9)**, which states that the deal is "***closed and effective***".

E) ACCELERA SHALL CONTINUE TO CONDUCT THE BUSINESS OF BHCA:

737. The Second Amendment to SPA does ***not*** replace **section 5.4**, which states that ***Accelera continues to conduct the business of BHCA***.

F) ACCELERA SHALL CONTINUE TO CONSOLIDATE BHCA:

738. The First Amendment to SPA does ***not*** replace **section 7.18**, which states that ***Accelera continues to consolidate BHCA***.

G) DAN FREEMAN STRIKES AGAIN MISSES ANOTHER AUDIT ADJUSTMENT:

739. Shek identifies that Freeman didn't book the shares that was in the First Amendment this would have been required to be included in Q3 2014 and year end 2014 financial statements. Accelera provides Dr. Blaise Wolfrum with 20,000 shares to incentivize him as an employee of Accelera.

THIRD AMENDMENT TO SPA – TERMINATION OF 1.1.1.1; 1.1.1.2; 1.1.1.3; GLASER; HAYES; AND GUARDI

Exhibit 1257 – Third Amendment to SPA:

A) TERMINATION OF 1.1.1.1:

740. The Third Amendment to the SPA kicks out the payment under 1.1.1.1 until May 31, 2015 but makes no mention to de-consolidating BHCA and confirms the transaction under the SPA. In fact, Accelera further compensates Blaise Wolfrum with additional share based compensation to ensure to maintain his motivation to stay in the Accelera transaction.

1.1.1.1 Prior to 5:00 PM (CST) on May 31, 2015. Purchaser shall pay to Seller One Million 00/100 Dollars ($1,000,000.00), in lump sum by wire transfer of immediately available funds; and.

B) TERMINATION OF 1.1.1.2:

741. The Third Amendment to the SPA kicks out the payment under 1.1.1.2 until June 30, 2015 but makes no mention to de-consolidating BHCA and confirms the transaction under the SPA. In fact, Accelera further compensates Blaise Wolfrum with additional share based compensation to ensure to maintain his motivation to stay in the Accelera transaction.

B. Purchaser, Seller and Company agree that Article 1.1.1.2 of the Stock Purchase Agreement is hereby deleted in its entirety and the following new Article 1.1.1.2 is substituted in its place:

1.1.1.2 Prior to 5:00 PM (CST) on July 30, 2015, Purchaser shall pay to Seller Seven Hundred Fifty Thousand and 00/100 Dollars ($750,000) in lump sum by wire transfer of immediately available funds; and.

C) TERMINATION OF 1.1.1.3:

742. The Third Amendment to the SPA kicks out the payment under 1.1.1.3 until December 31, 2015 but makes no mention to de-consolidating BHCA and confirms the transaction under the SPA. In fact, Accelera further compensates Blaise Wolfrum with additional share based compensation to ensure to maintain his motivation to stay in the Accelera transaction.

D) DELETION OF ARTICLE 1.2:

Prior to Seller's receipt of the payment set forth in Section 1.1.1.1, Seller shall have the right to immediately upon written notice to the other party cancel and terminate this Agreement in its entirety and be released from any and all obligations set forth herein.

743. Based on the effectiveness on March 18, 2014, and the deletion of Article 1.2. Prior to Seller's receipt of the payment set forth in Section 1.1.1.1, Seller shall have the right to immediately upon written notice to the other party cancel and terminate this Agreement in its entirety and be released from any and all obligations set forth herein.

E) DUE DILIGENCE COMPLETED:

(3) Purchaser acknowledges and agrees that it has completed its Due Diligence as defined by Section 6.1 of the Stock Purchase Agreement.

744. **Page 2, paragraph 3, as per paragraph 6.1** of the SPA all "Due Diligence" has been completed. The Audit of BHCA was completed on April 15, 2014.

F) BHCA AND ACCELERA TRANSACTION IS STILL "CLOSED AND EFFECTIVE":

745. The Second Amendment to SPA does ***not*** replace **section 2.1 (page 1 paragraph 9)**, which states that the deal is "***closed and effective***".

G) ACCELERA SHALL CONTINUE TO CONDUCT THE BUSINESS OF BHCA:

746. The Second Amendment to SPA does ***not*** replace **section 5.4**, which states that ***Accelera continues to conduct the business of BHCA***.

H) ACCELERA SHALL CONTINUE TO CONSOLIDATE BHCA:

747. The First Amendment to SPA does ***not*** replace **section 7.18**, which states that ***Accelera continues to consolidate BHCA***.

I) ONE, TWO, THREE STRIKES YOU'RE OUT! FREEMAN MISSES ANOTHER AUDIT ADJUSTMENT:

748. Shek identifies that Freeman didn't book the shares that was in the Third Amendment this would have been required to be included in Q3 2014 and year end 2014 financial statements. Accelera provides Dr. Blaise Wolfrum with 10,000 shares to incentivize him as an employee of Accelera.

(2) The transfer of Shares from Purchaser to Seller is irrevocable and non• refu ndable under any circu mstam::c.

749. The SEC attorneys made a big deal about Wolfrum not receiving his share certificates. It's not an auditor's responsibility to issue share certificates. It's the Company's responsibility. As Wahl testified the contract is legally enforceable. Wolfrum also testified that he received his shares. Further over dramatization and overselling of this case by the SEC attorneys and accountants.

TERMINATION AGREEMENT: BHCA RETURNS TO BLAISE ON JANUARY 1, 2016:

750. **Exhibit 1215: Termination Agreement.** The 600,000 share compensation is a coincidence b/c it ties into the original employment agreement. It provides a clear breakup of the original 7 agreements. Blaise confirmed he couldn't sell BHCA without this agreement (**see P.F.F#612**). Blaise didn't have control of the shares during the period from November 11, 2013 to January 1, 2016 and Accelera is

giving Wolfrum (**See P.F.F#611**) his house back (or BHCA) back and defines all the clear terms and compensation related the intent of the related agreements.

A) **SURVIVING OBLIGATIONS: LAW SCHOOL 101 - THE SEVEN PREVIOUS AGREEMENTS AND AMENDMENTS WERE EFFECTIVE OR THIS CLAUSE IS NOT RELEVANT…….**

751. The SEC attorneys on this case spent $30.0 to $38MM of tax payers money to destroy an American Small Business with 100+ employees and through AnC's client base supported 5,000 jobs worldwide and the SEC attorney's don't even understand the law. They didn't read and ignored the terms of the contracts that would expressly confirm that the consolidation of BHCA was required b/c the seven contracts were effective. If the contracts were not effective. BHCA and Accelera wouldn't be able to put in place a ***Surviving Obligations Clause***.

The Survival **clause** specifies which contract provisions will remain in effect after the termination or expiration of the agreement. It ties out the "Surviving Obligations" from the default agreements and the employment agreement.

Page 2 – Surviving Obligations

2. Surviving Obligations. The Parties agree that only the following obligations shall survive the termination of such Stock Sale Agreements (the "Surviving Obligations"):

A. The Parties agree and reaffirm their previous agreement that Purchaser has conveyed and transferred or shall convey or transfer ~~Eighty~~ Seventy Thousand (~~80,000~~70,000) Shares of Stock in Purchaser. The Seller shall be fully vested in the ~~Eighty~~ Seventy Thousand (~~80,000~~70,000) Shares of Stock upon the execution of this Agreement by all Parties. The ~~Eighty~~ Seventy Thousand (~~80,000~~70,000) Shares of Stock shall be unrestricted and free trading stock and free and clear of all liens, security interests, pledges, restrictions, encumbrances, equities, claims, charges, voting agreements, voting trusts, proxies and rights of any kind, nature or description, except for restrictions imposed under federal securities laws.

C. The Parties agree that Purchaser has transferred or conveyed or shall transfer and convey Six Hundred Thousand (600,000) Shares of Stock in Purchaser. The Seller shall be fully vested the Six Hundred Thousand (600,000) Shares of Stock upon the execution of this Agreement by all Parties. The Six Hundred Thousand (600,000) Shares of Stock shall be free and clear of all liens, security interests, pledges, restrictions, encumbrances, equities, claims, charges, voting agreements, voting trusts, proxies and rights of any kind, nature or description, except for the terms and conditions of the Lock-Up and Leak-Out Agreement dated November 20, 2013 and restrictions imposed under federal securities laws.

D. Purchaser, at its sole cost and expense, shall take any and all actions required to remove all restrictions on the Six Hundred Thousand (600,000) Shares of Stock, including, without limitation, the provision of an attorney opinion letter satisfactory to Purchaser to the extent legally permissible under federal securities laws, subject to the terms and conditions of the Lock-Up and Leak-Out Agreement dated November 20, 2013.

B) **AUDIT CLAUSE = CONSOLIDATION**

752. **Exhibit 1215 Point 3 Audit Clause**: The audit clause would only be required if BHCA was required to be consolidated. Accelera engaged AnC to complete a consolidated audit of Accelera. No need for an audit clause in the termination agreement if BHCA isn't required to be audited. The audit clause demonstrates clear intent based on the original seven agreements that Accelera should be consolidated.

3. Audit. Upon execution of this Agreement, Seller shall permit Purchaser, at Purchaser's sole cost and expense, to conduct a commercially reasonable audit of the Company consistent with the nature and scope of previous audits performed by Purchaser of the Company.

Accelera and its management requested and paid the Respondents to audit BHCA for 2013, 2014 and 2015. Management's subsequent attempts to distance themselves from their earlier intent is suspect. Put another way, Honest Hardworking Americans did not "force" Accelera to audit BHCA for the years in question. Accelera and its management requested and paid the Honest Hardworking Americans to audit BHCA and complete a consolidated audit for 2013, 2014 and 2015.

Blaise Wolfrum cooperated with the audits so that he can assist Accelera to raise the money to move the company forward and buy him out. Blaise Wolfrum could not sell his company from November 11, 2013 to January 1, 2016 and needed the "Termination Agreement" to move on from Accelera? To clear him of any legal obligations from Accelera and put his company back on the market. For each event of default by Accelera, Blaise Wolfrum, received consideration and was assisting with the capital raise. The investment bankers could not raise the money and quit.

ANTON & CHIA's PCAOB COMPLIANT AUDIT WORKING PAPERS:

A) DEVOR CANT FIND THE WORKING PAPERS:

DEVOR Claims after wasting $100s of thousands of dollars of tax payer's money that he can't find the working papers.

753. Even Rahul Gandhi coming in as a newly appointed engagement partner for the 2015 audit could easily figure out A&C's conclusions for the consolidation of BHCA. ***"It was in the audit file."***

Exhibit 15 page 212 Lines 11:24

Q. I think you just testified about the promissory note, that it was -- it was the collateral or the consideration for the transaction, is that right?

A. Yes.

Q. Did you ever express that opinion to Accelera?

A. No.

Q. Anyone at Accelera?

A. No.

Q. That's just your personal opinion?

A. That's what was presented to me based on prior audits that had been concluded.

Q. Who presented that to you?

Exhibit 15 page 213 Line 1:

B. <u>It was in the audit file.</u>

Q. So no one at A&C ever said the basis for the consolidation is this promissory note?

<u>A.</u> <u>….based on the prior year audits that was the basis for the acquisition.</u>

THE WORKING PAPERS CONTAIN ALL REQUIRED AUDIT SUPPORT:

754. **Exhibits 1217, 1210, 1207, 1216, 1213, 1212, 1204, 1219, 1257, and 1215** were all in A&C's working papers. As Wahl testified in preparing his testimony, pre-trial briefs, and final briefs all the information was provided by the working papers in A&C audit files, the public filings by Accelera and the requirements of US GAAP and GAAS for public companies. Not private companies.

LONG TERM NOTES PAYABLE DEMONSTRATES THAT IT WAS PUBLICLY KNOWN THAT THE OBLIGATION TO BHCA WAS NOT PAID:

A) **LONG TERM NOTES PAYABLE:**

755. **Exhibit 1247 Long Term Notes Payable:** For the 2014 and 2015 year-end audits, A&C requested that BHCA's owner execute confirmations of liability that made clear that the entire purchase price – all of the $4.55 million owed by Accelera under the Stock Purchase Agreement – was unpaid. Management's consolidated financial statements clearly documented that the obligation to BHCA was not paid.

B) ACCELERA HAS NEGATIVE ASSET POSITION AND POOR FINANCIAL CONDITION:

756. The "Original amount of note" and the "Unpaid principal balance" were the same: "$4,550,000." In each instance, BHCA's President and owner signed the confirmations, and thus made clear that Accelera had not paid any of the purchase price for the BHCA shares. Put another way, the asset was offset by a corresponding liability in the same amount for 2013, then the liability created a negative net assets for the BHCA acquisition in 2014 and 2015 (**See TABLE Below**).

C) MATERIAL LOSSES AND NEGATIVE CASH FLOWS FROM OPERATIONS = BAD FOR INVESTORS:

757. BHCA never had profits. BHCA's losses contributed to the Accelera's losses in $14.5MM (**Exhibit 132 Page F-4**) loss in 2015; $36MM (**Exhibit 114 page F-4**) loss in 2014 and $7.5MM in 2013 (**Exhibit 105 Page F-4**).

Net Assets Calculation – BHCA

	2013	2014	2015
Cash	77,929	54,862	-
Accounts Receivable	659,721	605,796	-
Goodwill	3,812,350	-	-
Total Assets	$ 4,550,000	$ 660,658	$ -
Long-term subordinated unsecured notes payable	$ 4,550,000	$ 4,550,000	$ 4,550,000
Net Assets – BHCA	$ -	$ (3,889,342)	$ (4,550,000)
Total Liabilities – Accelera	$ 6,432,543	$ 6,504,144	$ 6,915,608
Net Assets – Accelera	$(1,882,543)	$ (1,954,144)	$ (2,365,608)
Net Loss – Accelera	$(7,402,616)	$(36,310,176)	$(14,924,664)

AUDIT CONFIRMATION

A) A&C REVIEWED CONTRACTS AND SENT CONFIRMATIONS AS REQUIRED BY AS 210.06:

758. **AS 2310.06** "Confirmation is undertaken to obtain evidence from third parties about financial statement assertions made by management. *See* paragraph .08 of AS 1105, *Audit Evidence*, which discusses the reliability of audit evidence.

B) ACCELERA HAD AN OBLIGATION TO PAY BLAISE WOLFRUM:

759. **Exhibits 1248, 1249, and 1250 – Confirmations**. Wolfrum signed the 2015 confirmation in June 13, 2016. He never made any amendments or comments that the termination agreement had been signed nor that BHCA should have been previously de-consolidated. In 2013, 2014 and 2015, he never once wrote on the confirmation that the transaction was not closed. Wolfrum confirmed that he was owed the $4.5MM each year and it confirmed the economic interest in Accelera. It's also suspect that he provided all the financial information to Accelera for the quarterly reviews and Form 10-Ks. Accelera had trouble paying the liability and in terms of financial reporting presentation reported it as a long term subordinated notes payable. This would indicate that the liability would be paid off not in the next 12 months.

C) BLAISE WOLFRUM"S LEGAL COUNSEL TOLD HIM TO SIGN THE CONFIRMATIONS:

760. Blaise Wolfrum's legal counsel, attorney that negotiated and write up the transaction, told him to sign the legal confirm b/c the SPA, the 6 other agreements and the amendments created a legal obligation that was enforceable by Blaise Wolfrum to require Accelera to pay him $4.55MM. Only Blaise Wolfrum could terminate the transaction with Accelera at the time of signing the first confirmation which was **Exhibit 1248**. Accelera was on the hook for the liability and could not avoid the $4.5MM. The confirmation provided significant audit evidence that BHCA was required to be consolidated by Accelera.

ANTON & CHIA HAD A PLANNING MEMORANDUM IN EACH AUDIT FILE – 2013, 2014 & 2015:

A) ANTON & CHIA COMPLIED WITH PCAOB STANDARD 3 AUDIT DOCUMENATION:

761. **Exhibit 1001: Planning Memorandum:**

Page 1 – Description of all businesses – identified all the transactions.

Page 1 – paragraph 5 – we identified the going concern issue as significant audit risk.

Page 3 – paragraph 2 - identify the mergers and acquisitions as significant audit areas.

Page 3 – paragraph 5 – Due to shareholders again identified as significant audit risk area.

Page 3 – paragraph 7 – Revenue testing for BHCA.

Page 4 – paragraph 1 – Expense testing for BHCA

Page 4 – paragraph 3 – contingent liabilities – to ensure that all debt of the company.

Page 4 – paragraphs 4, 5, 6 – confirms – March 26, 2014 meeting – SAS 99 met the requirement to identify fraud.

Page 4 – paragraph – 7 – PCAOB – US GAAP and the SEC. I don't see any private company standards or the AICPA referenced.

ANTON & CHIA RECEIVED A MANAGEMENT REPRESENATION LETTER IN EACH AUDIT FILE – 2013, 2014 & 2015:

A) ACCELERA REPRESENTED THAT THEY COMPLIED WITH US GAAP:

762. **Exhibit 1201: Mgmt. Rep Letter**

Page 1 1st paragraph – represents that Accelera complied with US GAAP. Also management is responsible for putting in controls to prevent and detect fraud.

B) ACCELERA REPRESENTED THAT THEY COMPLIED WITH US GAAP AND ARE FAIRLY PRESENTED:

Page 1 – Point 1. fairly presented in conformity with U.S. generally accepted accounting principles, and include all disclosures necessary for such fair presentation and disclosures required to be included therein by the laws and regulations to which the Company is subject.

C) ACCELERA REPRESENTED THAT THERE WERE NO PENDING REGULATORY MATTERS:

Page 1 – Point 3. No regulatory matters.

D) ACCELERA REPRESENTED THAT ALL TRANSACTIONS ARE APPROPRIATELY ACCOUNTED FOR AND DISCLOSED:

Page 1 – Point 4. All transactions are appropriately accounted for and disclosed.

E) ACCELERA REPRESENTED NO FRAUD:

Page 1 – Point 7. We have no knowledge of any fraud or suspected fraud affecting the Company involving management,

Page 1 – Point 8. We have no knowledge of any allegations of fraud or suspected fraud affecting the Company's consolidated financial statements received in communications from employees, former employees, analysts, regulators, or others.

F) ACCELERA REPRESENTED NO IMPACT TO ASSETS AND LIABILITES:

Page 1 – 9. The Company has no plans or intentions that may materially affect the carrying value or classification of
assets and liabilities.

G) ACCELERA REPRESENTED ALL ITEMS ARE PROPERLY RECORDED OR DISCLOSED:

Page 2 - 10) The following have been properly recorded or disclosed in the financial statements:

b) Guarantees, whether written or oral, under which the company is contingently liable.

H) ACCELERA REPRESENTED NO LOSS CONTINGENCIES OR VIOLATIONS OF LAWS:

11) There are no:

a) Violations or possible violations of laws or regulations whose effect should be considered for disclosure in

the financial statements or as a basis for recording a loss contingency.

b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with *FASB Accounting Standards Codification 450, Contingencies.*

I) ACCELERA REPRESENTED IT OWNED ITS ASSETS INCLUDING BHCA:

12) The Company has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

J) ACCELERA REPRESENTED IT COMPLIED WITH ALL ASPECTS OF CONTRACTUAL AGREEMENTS:

13) The Company has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

K) ACCELERA REPRESENTED THEY WERE RESPONSIBLE FOR THE PREPARATION OF THE CONSOLIDATION:

19) We are responsible of the preparation of consolidation schedule to accurately valuate and allocated each financial statements account to consolidated financial statements. We are responsible of accurate valuation and allocation of goodwill.

L) ACCELERA REPRESENTED THE GOING CONCERN ASSUMPTIONS:

20) Note 2 to the financial statements discloses all of the matters of which we are aware that are relevant to the company's ability to continue as a going concern, including significant conditions and events, and management's plans.

M) ACCELERA REPRESENTED SUBSEQUENT EVENTS ARE APPROPRIATELY ACCOUNTED FOR:

No events have occurred subsequent to the consolidated balance sheets date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.

ANTON & CHIA PROPOSED MATERIAL AUDIT ADJUSTMENTS TO PROTECT INVESTORS:

A) ANTON & CHIA COMPLETED AS 16 COMMUNICATIONS (NEW STANDARD IS AS 1301):

763. Auditing standards require that all audit adjustments; significant deficiencies and material weaknesses be communicated to the audit committee and when the Company does not have an audit committee, the auditor is required to send the report to the board of directors.

A&C communicated AS 16 requirements in 2013, 2014 and 2015 to Accelera's board of directors as required by US GAAS, which is PCAOB standards not the AICPA.

A&C proposed and made Accelera's management record audit adjustments that made the consolidated financial statement look worse to third parties. A&C did this to protect investors and to comply with US GAAP and GAAS indicating that Honest Hardworking Americans were not even negligent.

Accelera could never raise capital b/c the financial statements had material losses and a going concern disclaimer. A&C, Wahl and Deutchman ensured that the full losses were recorded to protect investors.

B) ACCELERA INNOVATIONS, INC. AND SUBSIDIARIES REPORT TO THE BOARD OF DIRECTORS APRIL 15, 2014 (2013 AUDIT):

764. **Exhibit 1204 AS 16 communication 2013:** Wahl proposed 2 audit adjustments and management recorded these adjustments to contribute to the $7,402,616 loss recorded in 2013. The audit adjustments were material and contributed to increasing the 2013 loss. No investors invested directly into Accelera and A&C's prudent actions protected investors. Wahl proposed material weaknesses in Financial Reporting and other areas. A&C and Wahl acted in accordance with appropriate professional standards.

C) ACCELERA INNOVATIONS, INC. AND SUBSIDIARIES REPORT OF DIRECTORS APRIL 15, 2015:

765. **Exhibit 1205 2014:** A&C proposed 14 audit adjustments with $18MM in debits to the income statement, which increased the loss reported to $36MM in 2014.

Wahl and Deutchman proposed material weaknesses in Financial Reporting and other areas. A&C acted in accordance with appropriate professional standards.

Pertaining to the $36MM loss reported in 2014, Wahl and Deutchman proposed audit adjustments that accounted for 50% of their net loss! Wahl and Deutchman protected investors by making Accelera's financial statements look worse than they were.

Dan Freeman was the CFO during this period and missed $18,000,000 in audit adjustments. Freemen had to pay $14,000 to become the CFO of Accelera, Freeman claims Accelera never paid him and with good reason he didn't protect Accelera or potential investors. A&C, Wahl and Deutchman had to save

Accelera from issuing misleading consolidated financial statements and its potential investors from Dan Freeman's negligence.

According to Devor, Freeman, was "begging" for more audit adjustments.

Wahl, Deutchman acted prudently to protect investors and to ensure Accelera's financial statements fully complied with US GAAP and GAAS, saving Accelera from Dan Freeman's negligence.

D) ACCELERA INNOVATIONS, INC. AND SUBSIDIARIES REPORT TO THE BOARD OF DIRECTORS AUGUST 15, 2016:

766. **Exhibit 1203 AS 16 communication:** Gandhi proposed 14 audit adjustments and management recorded these adjustments to contribute to the $14,924,664 loss recorded in 2015. The audit adjustments were material and contributed to increasing the loss. No investors invested directly into Accelera and A&C prudent actions protected investors. Gandhi proposed material weaknesses in Financial Reporting and other areas. A&C acted in accordance with appropriate professional standards.

LEGAL CONFIRMATION – NO LAWSUITS AND UNASSERTED CLAIMS:

767. **Exhibit 1206 -2014:** No litigation. 3rd paragraph – no unasserted claims. Implying there were no other legal contingencies from the BHCA transaction, Accelera's legal counsel was aware of the BHCA transaction and its legal structure. The legal counsel confirmed the following independently to A&C, Wahl and Deutchman.

"This firm is not aware of any pending or threatened litigation as of December 31, 2014 or as of the date of this response.

In addition, we hereby confirm that Accelera's understanding that this firm will inform the Company of unasserted claims and discuss the need to disclose such claims is correct. In addition, this firm would undertake to discuss the necessity and context of such disclosure. We are unaware at this point of any unasserted claims which have not been disclosed."

An **unasserted claim** or assessment is one in which the injured party or potential claimant has not yet notified the entity of a possible **claim** or assessment.

BHCA did not even mention to Accelera's unasserted claim as of April 2, 2015. Blaise Wolfrum had the option in the second amendment in the SPA to file a claim against Accelera. He chose not to. There is no evidence from the date of April 2, 2015 that there were any items that would indicate that BHCA should not be consolidated.

BHCA ACQUISITION MEMO – YES YODA CAN! DEVOR HUMILIATED BY A STAFF ACCOUNTANT!

A) DAN FREEMAN HAD 3 CPA FIRMS HELPING HIM AND WHERE'S THE MEMO?

768. Freeman had three (**1. Blanski, Peter, Kronlage & Zoch; 2. Boulay and 3. DS&G**) accounting firms that he could have asked them to draft the memorandum.

It is the responsibility of Accelera management's responsibility to draft a memorandum supporting its accounting policies and accounting positions (US GAAS and PCAOB Standards). Accelera's CFO did not draft this position memorandum in regard to BHCA's consolidation. Respondents are not responsible for Accelera's omissions.

B) ANTON & CHIA'S MEMORANDUM: OUR INTERNAL PROPERTY:

769. **Exhibit 1234 Acquisition Memo:** This memo clearly distinguishes our conclusions on the consolidation. This was completed by April 10, 2014 before we issued our audited financial statements, which means we complied with appropriate professional standards.

C) YODA WROTE THE MEMO UNDER WAHL'S GUIDANCE:

770. Yoda testified that he was appropriately supervised by Wahl and based on Wahl's "professional judgment" we put the memorandum together. Based on Yoda's review of the documents he agreed with the conclusions. Yoda also believed BHCA was reporting to Accelera, acting like a subsidiary.

Exhibit 6 Page 51 Lines 24:25:

All I can remember is I draft this memo and Mr. Wahl provided some edits and comments and suggestions.

Exhibit 6 Page 52 Lines 1-2:

based on his (Wahl's) professional judgment to guide me through to draft this memo.

Exhibit 6 Page 53 Lines 5:8:

For what I can remember, it's for -- it's a material acquisition, and based on professional judgment that we believe, we should have a memo to document this acquisition.

Exhibit 6 Page 54 Lines 1:3:

I can only remember I worked with Wahl under his guidance.

Exhibit 6 Page 64 Lines 4:15:

So then besides the marked up -- then after he gave you the marked up copy, then did you have a discussion with him about his comments? From what I can remember, is he will bring his comment to me, and he'll go over the comment with me, and I run through the edits. And you what? And I go through the edits. And then you rewrote the memo; is that right? Yes. Then he reviewed it a final time? Yes.

Exhibit 6 Page 65 Lines 9:13:

Did you have discussions with Mr. Wahl about how Accelera gained control over Behavioral Health Care Associates? ***Yeah. But I can't recall the conversation, but I do remember we have had a discussion about control.***

Exhibit 6 Page 65 Lines 21:25 and Page 66 Line 1:

Just to be clear, is your conclusion that they did gain control? Yes. And again why? ***Based on the fact that the agreement was executed and the company issued a note to the principals.***

Exhibit 6 Page 66 Lines 6:17:

When you were discussing this idea of control with Mr. Wahl, did you look with Mr. Wahl or show Mr. Wahl the agreements that -- or the note payable that you were referencing? Yes. So you two together looked at those documents, the notes payable and the agreements? Yes. And Mr. Wahl agreed with your conclusion that they together showed that Accelera had control of these entities? Yes.

Exhibit 6 Page 70 Lines 19:22:

I can't remember how we get to the conclusion. There's also -- this also requires us to research during the time, and this was discussed with engagement partner. So I can't really remember how we get to the conclusion.

Exhibit 6 Page 70 Lines 5:8:

This -- this was prepared in -- it's not prepared like in 50 minutes***; it's prepared in a day or so, and so I can't really remember how we get to the conclusion.***

Exhibit 6 Page 75 Lines 20:22:

All I can remember is -- based on the agreement, I received some guidance from Greg to put together this memo.

Exhibit 6 Page 83 Lines 16:24:

They hired their original principal to continuously run the business. By "they," you mean Accelera?

Yeah, Accelera.

Exhibit 6 Page 84 Lines 2:12:

Accelera had an employment agreement with the former principal of Behavioral Health Care Associates; is that right? Yes. And that that employment agreement was active? That was active as of -- I can only recall actually being active as of 2013 and probably 2014. I can't really recall the detail of that. What I can remember is that that agreement, that employment agreement was effective when I was reviewing the file.

Exhibit 6 Page 84 Lines 14:15:

You reviewed the employment agreement? Yes.

Exhibit 6 Page 84 Lines 20:24:

You understand that Mr. Wolfrum is the -- who you are referring to as the principal of Behavior, the former principal at Behavioral Health Care Associates? I just want to be clear. Yes.

Exhibit 6 Page 88 Lines 4-10:

did you consider whether Accelera had any control over these various policies and procedures that have been mentioned at Behavioral Health Care? Yes. And what went into that analysis? That was based on the acquisition agreement and the note, the note and the note agreement.

Exhibit 6 Page 88 Line 14:17:

it was based on your review of the notes, the employment agreement and your conversation with Mr. Wahl, correct? Yes.

Exhibit 6 Page 100 Lines 4:5:

they are kind of acting like they are the subsidiary of Accelera.

Exhibit 6 Page 100 Line 10:

seems like he's reporting to Cindy.

Exhibit 6 Page 100 Lines 24:25 and Page 101 Line 1:

I believe they are cooperating and they are kind of like reporting to Accelera.

ANTON & CHIA PREPARED AN ENGAGEMENT SUMMARY MEMO IN ACCORDANCE WITH PCAOB STANDARD 3 AUDIT DOCUMENTATION:

A) ANTON & CHIA CREATED VARIOUS TEMPLATES TO MAINTAIN COMPLIANCE WITH PCAOB STANDARDS:

771. **EXHIBITS 1237 AND 1236: Engagement Summary Memo:**

ANC noticed the Company entered into Stock Purchase Agreement and Operating Agreements with Behavioral Health Care Associations at November 23, 2013. ANC examined the agreements and request purchase price allocation.

B) WAHL AND DEUTCHMAN ENSURED THE FINANCIAL STATEMENTS WERE CONSERVATIVELY REPORTED!:

772. celera had a $36MM (**Exhibit 114 page F-4**) loss in 2014 and a $7.0MM loss in 2013(**Exhibit 105 Page F-4**). Moreover, Respondents noted and ***disclosed the going concern issues*** and additionally ***advised management to write down the balance sheet from $5,970,027 (2013) to $674,870 (2014***). Negative cash flow from operations of $2,105,150 (2014) and $1,180,805 (2013) was reported.

Relevant portions of Accelera's financial statements are as follows:

	2014	2013
Revenue	$ 2,715,523	$ 375,885
Cost of revenue	1,685,740	-
Gross profit	1,029,783	375,885
Total operating expenses	$ 32,806,136	$ 7,636,901

Total other expenses	4,312,057	-
Net loss	$ (36,088,410)	$ (7,261,016)

The Engagement Summary Memorandum is required by PCAOB standard 3. In **Exhibit 1237 – 2014** Honest Hardworking Americans clearly documents that we reviewed the agreements.

C) NONSENSE AGAINST DEUTCHMAN:

773. Iso look at the last paragraph of **EXHIBIT 1237**. You remember all the bull shit them going after Deutchman about the PCAOB enforcement.

In Wahl's firm, all the work was documented on the day it was prepared.

Plus, in accordance with PCAOB standard 3, which we are allowed to add these working papers as long as it's documented. Anton & Chia was a good firm with strong quality control **see P.F.F#80to#92**.

D) ANTON & CHIA COMPLETED WALKTHROUGHS:

774. **Exhibits 1219 – 1221 Walkthroughs:** Clear sign of audit evidence and we are taking our jobs seriously to understand the company.

E) ANTON & CHIA COMPLETED JOURNAL ENTRY TESTING = GOOD US GAAS

775. **Exhibits 1222 to 1225:** Journal entry testing in 2014 we identified $18,000,000 in debit transactions to the income statement, which is over 50% of the Net Loss for 2014 and in 2015 the team reviewed and audited additional journal entries amounting to $7.5MM. This clear sign of our audit evidence that we are taking our jobs seriously to understand the company.

F) ANTON & CHIA COMPLETED JOURNAL ENTRY TESTING = GOOD US GAAS - 2014

776. **Exhibit 1226 – 2014:** A&C proposed $18,033,802 million in debits to the financial statements. Dan Freeman was apparently bringing his right and wrong mentality to Accelera. The significant number of adjustments, indicates that A&C are auditing the company in accordance with US GAAS and ensuring the reporting is incompliance with US GAAP.

G) ANTON & CHIA COMPLETED JOURNAL ENTRY TESTING = GOOD US GAAS -2015

777. **Exhibit 1227 – 2015:** We proposed another $1,323,134 million in debits to the financial statements. One could argue this is a significant improvement for Accelera over 2014 but still a lot of adjustments, which means that we are auditing the company in accordance with US GAAS and ensuring the reporting is incompliance with US GAAP.

H) ANTON & CHIA DISCLAIMED THE BIGGEST RED FLAG FOR A COMPANY! GOING CONCERN!

778. **Exhibit 1239 Going Concern Checklist:** A&C appropriately document the going concern assumptions and issued the biggest red flag for a company! GOING CONCERN!

I) ANTON & CHIA COMPLETED DETAILED REVENUE TESTING TO MITIGATE FRAUD RISK:

779. **Exhibit 1241 2015:** Demonstrated the detailed revenue work that A&C completed as of 2015. Audit risk and investor risk mitigation.

780. **Exhibit 1242:** Demonstrated the detailed cut off work. Shows a substantial audit adjustment. Audit risk and investor risk mitigation.

J) ANTON & CHIA WAS CONSERVATIVE IN COMPLETING ITS PROCEDURES:

781. **Exhibit 1243 – 2014:** BHCA tried to book an adjustment and then we told them to increase it by $274,000. Wasn't Freeman the CFO at this time? Anton & Chia was a conservative firm and always tried to do the right thing and we were conservative. This further demonstrates our conservatism.

782. **Exhibit 1244 – 2014:** 90 samples as low as $175 dollars. Very low threshold for auditing a public company.

ACCELERA's DISCLOSURES:

A) ANTON & CHIA PROVIDES THE BIGGEST RED FLAG TO INVESTORS!

Exhibit 114 Page 61

783. **Going Concern**

Because we had $185,744 in cash at December 31, 2013, which is insufficient to fund our operations, the report of our independent registered public accounting firm on our financial statements for the period ended December 31, 2013 contains an explanatory paragraph regarding their substantial doubt about our ability to continue as a going concern. Our auditors' opinion is based upon our operating losses and our need to obtain additional financing to sustain operations.

Our ability to continue as a going concern will be dependent upon our ability to obtain the necessary financing to meet our obligations and repay our liabilities when they become due, and to generate sufficient revenues from our operations to pay our operating expenses. We will need to raise substantial funds in order to develop the technology which we have recently licensed from Synergetic Holding, LLC, and if we cannot raise additional funds we may need to abandon development of these products and cease operations.

	2013	2012
Net Cash Used In Operating Activities	$ (1,100,643)	$ (113,584)

Exhibit 114 Page 61

784. ***The Company's auditor has expressed in his report conditions that raise substantial doubt about the Company's ability to continue as a going concern. In support of the Company's efforts and cash requirements, it has relied on advances from the majority shareholder and related parties until such time that the Company can support i s operations through the generation of revenue or attains adequate financing through sales of its equity and/or traditional debt financing.***

B) BLAISE WOLFRUM, M.D., CHIEF STRATEGIC OFFICER:

785. **Item 12. OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

Blaise Wolfrum, M.D., Chief Strategic Officer

C) WAIT ALL SEVEN BHCA AGREEMENTS ARE INCORPORATED BY REFERENCE UNDER ITEM 15:

786. **Exhibit 114 Page 57 to 59:**

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(b) *Exhibits:*

The following exhibits are incorporated by reference or filed as part of this report.

Take a look at pages 56 to 57 it incorporates all the agreements related to the BHCA transaction by reference.

D) ANTON & CHIA'S RED FLAG ALSO DISCLOSES RELATED PARTIES TRANSACTIONS – CONSERVATIVE:

787. **Exhibit 114 Page F-2:**

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. ***As discussed in Note 2 to the consolidated financial statements, the Company has experienced recurring operating losses and negative cash flow and has financed its working capital requirements through advances from related parties.*** These conditions, among others, raise substantial doubt about the Company's ability to continue as a going concern. Management's plans

concerning these matters are also described in Note 2 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

E) ACCELERA'S ACQUISITION OF BHCA:

Exhibit 114 Page 75:

788. Accelera is a healthcare service company which is focused on integrating its licensed technology assets into our ***newly acquired companies Behavioral Health Care Associates, Ltd***.,

789. **Exhibit 114 Page 75:**

2. GOING CONCERN

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company has had minimal revenue since inception and had an accumulated deficit of $12,692,281 at. In view of these matters, the Company's ability to continue as a going concern is dependent upon the Company's ability to begin operations and to achieve a level of profitability. The Company intends on financing its future development activities and its working capital needs largely from the sale of public equity securities with some additional funding from other traditional financing sources, including term notes until such time that funds provided by operations are sufficient to fund working capital requirements.

The Company is currently substantially dependent upon technology licensed from Synergistic Holdings, LLC. The events or circumstances that may prevent the accomplishment of our business objectives, include, without limitation, (i) the fact that, if we do not raise a minimum of US $5,000,000 of additional funding by July 13, 2013, (that has been verbally extended to August 13, 2014) an additional $7,500,000 by April 13, 2014 (that has been verbally extended to August 13, 2015), an additional $10,000,000 April 13, 2015 (that has been verbally extended to August 13, 2016), and an additional $7,500,000 by April 13, 2016 (that has been verbally extended to August 13, 2017), equaling the minimum funding requirement of $30,000,000 for the deployment of its licensed technology over the next three years we will lose the rights to the licensed technology.

The consolidated financial statements of the Company do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern.

See **Exhibit 105 2013 Form 10-K page 3 paragraph 5 and page 18 paragraph 1** and **Exhibit 114 2014 Form 10-K page 10 paragraph 11.** "During the years ended December 31, 2014 and 2013, Synergistic, an affiliate of the Company, entered into subscription agreements with 13 investors. Pursuant to the terms of the subscription agreements, Synergistic agreed to issue shares of the Company's preferred stock that it did not have the corporate authority to issue. In exchange, the Company received aggregate proceeds from the investors of $652,462. Accordingly, the Company is obligated to issue an aggregate of 198,473 shares of preferred stock to the investors. At December 31, 2014, proceeds of $652,462 have been received by or on behalf of the Company and recorded as preferred stock subscription payable." **Exhibit 114 2014 Form 10-K page F-14 Note 11 Shareholder's Deficit paragraph 2. "**During the year ended December 31, 2014, the Company agreed to issue 796,671 shares of its unregistered common stock for an aggregate of $1,566,412 previously subscribed for by investors." This is further confirmed

by Note 13 Related-Party Transactions **Exhibit 114 2014 Form 10-K page F-14 Note 11 Shareholder's Deficit paragraph 2** "The Company and Synergistic Holdings, LLC ("Synergistic"), a controlling shareholder of the Company, agreed to cancel 796,671 shares of the Company's common stock owned by Synergistic." *Synergistic cancelled 796,671 shares to transfer the shares to Synergistic investors for the $1,566,412.*

Synergistic was never audited or reviewed by A&C and Honest Hardworking Americans, no representations to investors and the relationship between Synergistic and Accelera was fully disclosed.

F) ACCELERA'S ACQUISITION OF BHCA:

790. **Exhibit 114 Page 75, 76 and 77 (F-6; F-7 and F-8):**

3. ACQUISITION – BEHAVIORAL HEALTH CARE ASSOCIATES, LTD.

On November 20, 2013, Accelera executed a Stock Purchase Agreement (the "SPA") and its wholly owned subsidiary Accelera Healthcare Management Service Organization LLC, ("Accelera HMSO") executed an Operating Agreement with Blaise J. Wolfrum, M.D., an individual resident of the State of Illinois and Behavioral Health Care Associates, Ltd. ("BHCA"), an Illinois Company. Accelera will acquire One Hundred Percent (100%) of the 100,000 issued and outstanding shares of BHCA from Dr. Wolfrum. Accelera HMSO as a wholly owned subsidiary of Accelera will operate BHCA in accordance with the Operating Agreement.

Pursuant to the SPA, the Company shall pay to Dr. Wolfrum Four Million Five Hundred Fifty Thousand Dollars ($4,550,000), (the "Purchase Price"), of which One Million Dollars (1,000,000) shall

be payable Ninety (90) days from the date of Closing and, the amount of Seven Hundred Fifty Thousand Dollars ($750,000) shall be paid One Hundred and Eighty (180) days from Closing. The balance of the Purchase Price, Two Million Eight Hundred Thousand Dollars ($2,800,000), shall be paid in Three (3) payments of Seven Hundred Fifty Thousand Dollars ($750,000) and a final payment of Five Hundred Fifty Thousand Dollars ($550, 00) beginning Two Hundred Seventy (270) days after closing, and every three months thereafter until the Purchase Price is paid in full.

BHCA had a $1.8MM loss in 2013 and $2.3MM loss in 2012.

G) BLAISE WOLFRUM'S EMPLOYMENT AGREEMENT DISCLOSED & EFFECTIVE:

791. **Exhibit 114 Page 88 (F-15):**

On November 20, 2013, the Company entered into an employment agreement with Blaise J. Wolfrum, M.D., as the President of the Accelera business unit "Behavioral Health Care Associates" reporting to John Wallin, CEO of Accelera. In consideration of the services, the Company agreed to issue a stock option to purchase Six Hundred Thousand (600,000) shares of the Company's Common Stock under the terms of the Company's 2011 Stock Option Plan at an exercise price of $.0001 per share. The Six Hundred Thousand (600,000) shares shall vest over the course of the Three (3) years, earned annually, at Two Hundred Thousand (200,000) shares each year; after the commencement of employment so long as he remain an employee of the Company. Furthermore, the shares are subject to a Six (6) month lock-up agreement and a Twenty Seven (27) month leak-out agreement limiting the sale of shares over the period. Notwithstanding the foregoing, in the event of a closing of a Change of Control transaction, all options from the agreement shall immediately vest and become fully exercisable. The employment agreement with Dr. Wolfrum provides that the Company shall pay Blaise

a base salary of $[redacted] per year to be paid at the times and subject to the Company's standard payroll practices, subject to applicable withholding. Mr. Wolfrum will begin receiving compensation at the time Accelera completes the Due Diligence, Valuation and Audited Financials of the Behavioral Health Care Associates business performed by an Accelera appointed audit firm. The Board of Directors will implement a bonus structure based on goals, objectives and performance.

H) ANTON & CHIA PROVIDES THE BIGGEST RED FLAG TO INVESTORS!

Exhibit 132 Page 18:

792. ***Our independent auditors have expressed substantial doubt about our ability to continue as a going concern, which may hinder our ability to continue as a going concern and our ability to obtain future financing.***

In their report dated April 15, 2015, our independent auditors stated that our financial statements for the period ended December 31, 2014 were prepared assuming that we would continue as a going concern. Our ability to continue as a going concern is an issue raised as a result of recurring losses from operations and cash flow deficiencies since our inception. We continue to experience net losses. Our ability to continue as a going concern is subject to our ability to generate a profit and/or obtain necessary funding from outside sources, including obtaining additional funding from the sale of our securities, increasing sales or obtaining loans and grants from various financial institutions where possible. If we are unable to continue as a going concern, you may lose your entire investment.

We may not be able to raise the funds necessary to pay the purchase price of BHCA and ***the Seller may terminate the acquisition*** *at any time prior to receipt of a substantial payment.*

We presently do not have the cash or commitments for financing to pay Dr. Wolfrum the purchase price of $4,550,000 for his shares of BHCA, of which $1,000,000 is payable on May 31, 2015, $750,000 is payable on July 30, 2015, and $2,800,000 is payable on December 31, 2015. Furthermore, prior to Dr. Wolfram's receipt of the $1,000,000 payment, he has the right to cancel and terminate his agreement with us. If we are unable to raise the cash needed to complete this acquisition or if Dr. Wolfrum elects terminate the agreement to sell BHCA to us or we are unable to raise additional funds to finance this purchase we will lose a significant asset from which we derive primarily all of our revenues. The loss of our ownership of BHCA will have a material adverse effect on our business, our financial condition, including liquidity and profitability, and our results of operations.

I) ACCELERA DISCLOSED BHCA OPERATING FACILITIES AS PART OF THEIR OPERATIONS!

793. **Exhibit 132 Page 35:**

ITEM 2. PROPERTIES

Item 102 of Regulation SK 229.102

Instruction 1 to **Item 102**: ***This item requires information that will reasonably inform investors as to the suitability, adequacy, productive capacity, and extent of utilization of the principal physical properties of the registrant and its subsidiaries, to the extent the described properties are material***.

Accelera's management lists its principal physical properties of the registrants and its subsidiaries. The actual disclosure is below.

We maintain our corporate office at 20511 Abbey Drive, Frankfort, Illinois 60423. Advance Lifecare operates from a 1,900 square foot leased facility located at 3590 Hobson Rd, Woodridge, IL 60517 which expires on September 15, 2016. ***Behavioral Health operates from a 5,988 leased facility located at 1375 E. Schaumburg Rd Suite 230, Schaumburg IL 60194 which expires on October 31, 2015 and another 2,000 square foot facility located at 484 N. Lee St., Des Plaines, IL 60016 which is on a month to month basis.***

Accelera's management fully disclosed to the investing public that BHCA is a wholly owned subsidiary of Accelera as they completed Item 2 Properties and included not only the long term facility that BHCA used but also its month to month facility.

J) ANTON & CHIA PROVIDES THE BIGGEST RED FLAG TO INVESTORS - 2014!:

Exhibit 132 Page 37:

794. **Going Concern**

Because we had $54,862 in cash at December 31, 2014, which is insufficient to fund our operations, the report of our independent registered public accounting firm on our financial statements for the period ended December 31, 2014 contains an explanatory paragraph regarding their substantial doubt about our ability to continue as a going concern. Our auditors' opinion is based upon our operating losses and our need to obtain additional financing to sustain operations.

Exhibit 132 Page 40:

Going Concern

The Report of Independent Registered Public Accounting Firm included in our audited consolidated financial statements for the years ended December 31, 2014 and 2013 includes an explanatory paragraph expressing substantial doubt as to our ability to continue as a going concern, due to recurring losses from operations, a working capital deficit, and a stockholders' deficit. *The auditor's opinion may impede our ability to raise additional capital on acceptable terms. If we are unable to obtain financing on terms acceptable to us, or at all, we will not be able to accomplish any or all of our initiatives.*

Even Accelera Management recognizes that the ***going concern explanatory paragraph provided by Anton & Chia in its audit report will protect investors from impeding management's ability to convince investors to invest in Accelera. The explanatory paragraph worked for 2014 and 2013 the years that Wahl and Deutchman worked on the engagements as no investor directly put money into Accelera***. Investors invested into Synergistic Holdings but that is not part of Accelera although it is operated by Geoff Thompson as well.

Going concern qualification cut strongly in an accountant's favor (See, *In re North American Acceptance Corp. Securities Cases,* 513 F.Supp. 608, 636 n. 15 (N.D.Ga. 1981) (calling "going concern" qualification "about the most conspicuous `red flag' that an auditor can wave")).

This is consistent and required by ***AS 3101 paragraph .18 (a)*** "*There is substantial doubt about the company's ability to continue as a going concern*;" and issuing Honest Hardworking Americans explanatory paragraph is consistent with the provisions of **AS 2415**.

K) BLAISE WOLFRUM PRESIDENT OF BHCA HAS BEEN A DIRECTOR OF ACCELERA SINCE 2013:

795. **Exhibit 132 Page 40:**

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Set forth below are the names and ages of our directors and executive officers and their principal occupations at present and for at least the past five years.

L) LOOK BLAISE STOCK OPTIONS PER HIS EMPLOYMENT AGREEMENT IS DISCLOSED BY ACCELERA MANAGEMENT:

796. **Exhibit 132 Page 48:**

STOCK OPTION GRANTS

Blaise Wolfrum, M.D. was granted 600,000 shares, the options awarded will vest in equal annual installments over a three-year period.

M) WOLFRUM'S EMPLOYMENT AGREEMENT IS DISCLOSED BY ACCELERA MANAGEMENT AS PART OF EXECUTIVE OFFICERS:

797. **Exhibit 132 Page 49 and 51:**

Set forth below are the names and ages of our directors and executive officers and their principal occupations at present and for at least the past five years.

Name	Age	Position(s) with the Company	Years First Became a Director
Geoffrey Thompson	46	Chairman of Board	2012
John F. Walllin	64	Chief Executive Officer, Chief Financial Officer* And Chief Market Officer	2011
James R. Millikan	62	Chief Operating Officer	2012
Cynthia Boerum	60	Chief Strategic Officer	2012
Patrick Custardo	63	Chief Acquisitions Officer	2012
Blaise J. Wolfrum M.D.	**54**	**President of Behavioral Health Care**	**2013**

Evidence that Accelera controlled BHCA is that Dr. Blaise J. Wolfrum was part of Accelera's board of directors.

EMPLOYMENT AGREEMENTS WITH EXECUTIVE OFFICERS

Effective November 20, 2013, the Company entered into an employment agreement with Blaise J. Wolfrum, M.D., as the President of the Accelera business unit "Behavioral Health Care Associates" reporting to John Wallin, CEO of Accelera. In consideration of the services, the Company agreed to issue a stock option to purchase Six Hundred Thousand (600,000) shares of the Company's Common Stock under the terms of the Company's 2011 Stock Option Plan at an exercise price of $.0001 per share. The Six Hundred Thousand (600,000) shares shall vest over the course of the Three (3) years,

earned annually, at Two Hundred Thousand (200,000) shares each year; after the commencement of employment so long as he remain an employee of the Company. Furthermore, the shares are subject to a Six (6) month lock-up agreement and a Twenty Seven (27) month leak-out agreement limiting the sale of shares over the period. Notwithstanding the foregoing, in the event of a closing of a Change of Control transaction, all options from the agreement shall immediately vest and become fully exercisable. The employment agreement with Dr. Wolfrum provides that the Company shall pay Blaise a base salary of $[redacted] per year to be paid at the times and subject to the Company's standard payroll practices, subject to applicable withholding. Mr. Wolfrum will begin receiving compensation at the time Accelera completes the Due Diligence, Valuation and Audited Financials of the Behavioral Health Care Associates business performed by an Accelera appointed audit firm. The Board of Directors will implement a bonus structure based on goals, objectives and performance.

N) WAIT ALL SEVEN BHCA AGREEMENTS ARE INCORPORATED BY REFERENCE UNDER ITEM 15:

798. **Exhibit 132 Page 56 to 57:**

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(b) *Exhibits:*

The following exhibits are incorporated by reference or filed as part of this report.

Take a look at pages 56 to 57 it incorporates all the agreements related to the BHCA transaction by reference and management claims it shouldn't consolidate BHCA?

O) ANTON & CHIA'S RED FLAG ALSO DISCLOSES RELATED PARTIES TRANSACTIONS – CONSERVATIVE:

799. **Exhibit 132 Page F-2:**

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. ***As discussed in Note 4 to the consolidated financial statements, the Company has experienced recurring operating losses and negative cash flow and has financed its working capital requirements through advances from related parties.*** These conditions, among others, raise substantial doubt about the Company's ability to continue as a going concern. Management's plans concerning these matters are also described in Note 4 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Exhibit 132 Page F-3:	**December 31, 2014**	**December 31, 2013**
Long-term subordinated unsecured notes payable	4,550,000	5,970,000

P) THE COMPANY HAS ACQUIRED BEHAVIORAL HEALTHCARE ASSOCIATES:

799. **1. BACKGROUND INFORMATION**

Exhibit 132 Page F-6:

"The Company has acquired Behavioral Health"care Associates!

Q) ITS 100% OWNED SUBSIDIARIES, BEHAVIORAL HEALTH CARE ASSOCIATES, LTD.

801. **F132 F-6 Page 65:**

2. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

"The consolidated financial statements include the accounts of Accelera and its 100% owned subsidiaries, Behavioral Health Care Associates, Ltd.,…"

R) ACCELERA IS CURRENTLY DEPENDENT UPON THE CASH FROM WHOLLY OWNED SUBSIDIARIES:

802. **F132 Page 73:**

4. GOING CONCERN

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company has had minimal revenue since inception and had an accumulated deficit of $49,002,457 as of December 31, 2014. In view of these matters, the Company's ability to continue as a going concern is dependent upon the Company's ability to add profitable operating companies and to achieve a level of profitability. The Company intends on financing its future development activities and its working capital needs largely from the sale of public equity

securities with some additional funding from other traditional financing sources, including term notes until such time that funds provided by operations are sufficient to fund working capital requirements.

The Company is currently dependent upon the cash flow from wholly owned subsidiaries. The events or circumstances that may prevent the accomplishment of our business objectives, include, the ability to add additional profitable wholly owned subsidiaries.

The consolidated financial statements of the Company do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern.

Management represents that they are dependent on the cash from wholly owned subsidiaries. If that was the case, they would be in even more trouble b/c BHCA was never profitable. In fact, BHCA from 2012 to 2015 lost an average of $2.0MM a year.

S) BHCA IS A WHOLLY OWNED SUBSIDIARY OF ACCELERA:

F132 Page 75:

803. **6. ACQUISITION – BEHAVIORAL HEALTH CARE ASSOCIATES, LTD.**

On November 20, 2013, Accelera executed a Stock Purchase Agreement (the "SPA") and its wholly owned subsidiary, Accelera Healthcare Management Service Organization LLC ("Accelera HMSO"), executed an Operating Agreement with Blaise J. Wolfrum, M.D. and Behavior Health Care Associates, Ltd. ("BHCA"). ***Accelera acquired 100% of the 100,000 issued and outstanding shares of BHCA from***

Dr. Wolfrum. Accelera HMSO as a wholly owned subsidiary of Accelera will operate BHCA in accordance with the Operating Agreement.

Pursuant to the SPA, the Company shall pay to Dr. Wolfrum Four Million Five Hundred Fifty Thousand Dollars ($4,550,000), (the "Purchase Price"), of which One Million Dollars ($1,000,000) shall be payable Ninety (90) days from the date of Closing and, the amount of Seven Hundred Fifty Thousand Dollars ($750,000) shall be paid One Hundred and Eighty (180) days from Closing, the aforementioned payments dates has been verbally extended until the Company receives financing. The balance of the Purchase Price, Two Million Eight Hundred Thousand Dollars ($2,800,000), shall be paid in Three (3) payments of Seven Hundred Fifty Thousand Dollars ($750,000) and a final payment of Five Hundred Fifty Thousand Dollars ($550,000) beginning Two Hundred Seventy (270) days after closing, and every three months thereafter until the Purchase Price is paid in full.

On May 30, 2014, Dr. Wolfrum and Accelera Innovations agreed to move the payment schedule of the SPA to the following: One Million Dollars ($1,000,000) shall be payable on May 31, 2015, Seven Hundred Fifty Thousand Dollars ($750,000) shall be payable on July 30, 2015 and Two Million Eight Hundred Thousand Dollars ($2,800,000) shall be payable on December 31, 2015.

T) ACCELERA 2013 Form 10-K MANAGEMENT CERTIFIED THE FINANCIAL STATEMENTS AND DISCLOSURES:

804. The SEC attorneys should read the certifications by management for the audit. In conjunction with our report to the board of directors, Honest Hardworking Americans proposed and management recorded nine audit adjustments and communicated A&C did not attach any public disclosures of their representations to investors. Management made all public disclosures to investors and representations in Exhibits 31.1; 31.2 and 32.1.

EX-31.1 3 ex31_1 htm EXHIBIT 31.1

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT

TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John Wallin, Chief Executive Officer and Chief Financial Officer, certify that:

8 I have reviewed this Annual Report on Form 10-K of Accelera Innovations, Inc.;

9 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

10 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

11 The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:

- Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

- Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the

reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

- Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

- Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

12 The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

- Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 15, 2014

/S/ JOHN WALLIN

in

in

Chief Executive Officer

EX-31.2 4 ex31_2.htm EXHIBIT 31.2

Exhibit 31.2

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT

TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John Wallin, Chief Executive Officer and Chief Financial Officer, certify that:

III. I have reviewed this Annual Report on Form 10-K of Accelera Innovations, Inc.;

IV. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

V. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

VI. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:

1 Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

2 Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the

reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

3 Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

4 Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

VII. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

1 All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

2 Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

APRIL 15, 2014

/S/ JOHN WALLIN

John Wallin

Chief Financial Officer

EX-32.1 5 ex32.htm EXHIBIT 32.1

Exhibit 32.1

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350, AS

ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Accelera Innovations, Inc. (the Company) on Form 10-K for the period ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the Annual Report) and pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350, as adopted), John Wallin, the Chief Executive Officer of the Company, and Chief Financial Officer of the Company, hereby certifies that, to the best of his knowledge:

1. The Company's Annual Report fully complies with the requirements of Section 13(a) or Section 15 (d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Annual Report fairly presents, in all material respects, the financial condition of the Company at the end of the periods covered by the Annual Report and the results of operations of the Company for the periods covered by the Annual Report.

This certification accompanies the Form 10-K to which it relates, is not deemed filed with the SEC and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.

April 15, 2014

/ S / JOHN WALLIN

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llin

Chief Executive Officer and Chief Financial Officer

U) ACCELERA 2014 Form 10-K MANAGEMENT CERTIFIED THE FINANCIAL STATEMENTS AND DISCLOSURES:

805. The SEC attorneys should read the certifications by management for the audit. In conjunction with our report to the board of directors, Honest Hardworking Americans proposed and management recorded nine audit adjustments and communicated A&C did not attach any public disclosures of their representations to investors. Management made all public disclosures to investors and representations in Exhibits 31.1 and 31.3.

EX-31.1 2 ex31-1 htm

Exhibit 31.1

Certifications

I, John F. Wallin, certify that:

13 I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2014 of Accelera Innovations, Inc. (the "registrant");

14 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

15 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

16 The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

• Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

• Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

• Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

• Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

17 The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

• All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

• Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 15, 2015

/s/ John F. Wallin

John F. Wallin

Chief Executive Officer (Principal Executive Officer)

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nting Officer)

EX-32.1 3 ex32-1 htm

Exhibit 32.1

Section 1350 Certification

In connection with the Annual Report on Form 10-K of Accelera Innovations, Inc. (the "Company") for the fiscal year ended December 31, 2014 as filed with the Securities and Exchange Commission (the "Report"), I, John F. Wallin, Chief Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

VIII. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

IX. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

This certification accompanies this Annual Report on Form 10-K pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

V) ACCELERA 2015 Form 10-K MANAGEMENT CERTIFIED THE FINANCIAL STATEMENTS AND DISCLOSURES:

806. The SEC attorneys should read the certifications by management for the audit. In conjunction with our report to the board of directors, Honest Hardworking Americans proposed and management recorded nine audit adjustments and communicated A&C did not attach any public disclosures of their representations to investors. Management made all public disclosures to investors and representations in Exhibits 31.1 and 31.3.

EX-31.1 2 ex31-1 htm

Exhibits 31.1

Certifications

I, John F. Wallin, certify that:

18 I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2015 of Accelera Innovations, Inc. (the "registrant");

19 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

20 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

21 The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

- Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

• Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

• Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

22 The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

• All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

• Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 12, 2016 */s/ John F. Wallin*

John F. Wallin

Chief Executive Officer (Principal Executive Officer)

ancial and Accounting Officer)

ancial and Accounting Officer)

EX-32.1 3 ex32-1 htm

Exhibit 32.1

Section 1350 Certification

In connection with the Annual Report on Form 10-K of Accelera Innovations, Inc. (the "Company") for the fiscal year ended December 31, 2015 as filed with the Securities and Exchange Commission (the "Report"), I, John F. Wallin, Chief Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes- Oxley Act of 2002, that to the best of my knowledge:

X. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

XI. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

This certification accompanies this Annual Report on Form 10-K pursuant to Section 906 of the Sarbanes- Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of

as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by

as a

reference.

DAMAGES

A. INTENTIONAL MISCONDUCT AGAINST THE HONEST HARDWORKING AMERICANS:

1) THE SEC ENFORCEMENT DIVISION HAS CONTEMPT FOR THE LAW:

807. This case is an intentional premeditated attack by the Commission at the time Mary Jo White whom is considered to be a very good attorney. Her two henchman Avakian and Peikin both well-educated with substantial litigation experience. Peikin is known as a walking encyclopedia of case law and in his background where “he supervised some of the nation’s highest profile prosecutions of accounting fraud,”. Peikin knows the law. He knows that this was a targeted intentional hit against Honest Hardworking Americans.

All three of these individual know based on their substantial education and litigation experience that 10b liability to attach to a secondary actor such as an auditor is virtually impossible to prove. Especially, in the case of the three identified Registrants where there are is no evidence of investor losses

The two Obama commissioners that approved this case before they were replaced by Trumps nominees. Michael S. Piowar and Kara M. Stein they have extensive education and training in the law. They knew that there was no case against Honest Hardworking Americans. So they alleged fraud sent in 23+ attorneys and accountants acting like terrorists against Honest Hardworking Americans.

Power corrupts. The power to intentionally target and destroy Honest Hardworking Americans is not what the United States of America was founded to symbolize.

2) BARELY A NEGLIGENCE CHARGE:

Mr. Koch testified to whether there was even negligence in any of these matters is questionable (**see P.F.F# 13**).

These attorneys have such contempt for the law; contempt for their own courts; and contempt for the Supreme Court that they intentionally overstated this case hoping and praying that it never made it to trial.

Even during trial, Qualls yelled and screamed at Michael Deutchman about taking the SEC to the Supreme court.

If the Lucia vs SEC case was an 8 to 1 decision the rule of law is required to change and the SEC would more than likely have lost its ALJ trial process. It's profound that the SEC attorneys and accountants in this case continue to act with contempt for the law given that any Federal district court judge would have thrown this case out long time ago.

They SEC are so arrogant that in their Post Hearing Briefs they act with extreme pompousness that in their Table of Authorities their reference to the fake 102 (e') rules they use the word passim……

The SEC attorneys don't have the law on their side, they don't have the accounting or the auditing positions confirmed, and they don't have the truth.

B. RECURRENT NATURE OF VIOLATIONS AGAINST HONEST HARDWORKING AMERICANS

1) Stephanie Avakian

808. In 2018, Stephanie Avakian was a General Attorney at the Securities and Exchange Commission in Washington, District Of Columbia and began working at the Securities and Exchange Commission in 2014 with a starting salary of $[redacted] Since then her salary has increased to $[redacted] in 2018. Her actual pay was $[redacted]

New Jersey Attorney ID: 020311995

New York State Bar ID: 2781110

SSN: [redacted]

Trenton State College B.A 1992

"Auditors are crucial gatekeepers whose careful oversight of financial statements helps ensure that public companies provide accurate information to investors,"

a) THE SEC ENFORCEMENT DIVISION CREATE'S FAIRY TAILS AGAINST HONEST HARDWORKING AMERICANS:

How about the SEC's gatekeeping on their own employees? Yes very well documented in our defense and our briefs, the Anton & Chia, LLP and the Honest Hardworking Americans ensured accurate information was provided to investors. Avakian and her team of attorneys should have completed proper due diligence

before they brought a fraudulent case against an American small business. Avakian doesn't care they have contempt for the law, contempt for Honest Hardworking Americans and will stop at nothing at intentionally destroying an American Small Business and the lives of innocent, hardworking professionals and their families.

Avakian is not a CPA and has never audited a public company.

New Jersey, received her bachelor's degree from The College of New Jersey in 1992 and her J.D. from Temple Law in 1995. Following law school, Ms. Avakian began her legal career at the SEC's New York Regional Office. In 2000, after serving as both Branch Chief of Enforcement for the New York office and counsel to former SEC Commissioner Paul Carey, Ms. Avakian left her post at the Commission to pursue a career in private practice at Wilmer Cutler Pickering Hale and Dorr LLP, where she represented large financial institutions, public companies, and individuals in a variety of investigations and other matters.

Avakian is an experienced and well educated attorney. She knew before putting out the false press release and OIP which their CPA, Devor doesn't even understand US GAAP and GAAS and fabricated the false allegations against Honest Hardworking Americans.

2) Steven Peikin

809. Steven Robert Peikin worked for the United States Securities and Exchange Commission (SEC) and in 2018 had a reported pay of $[redacted] according to public records. This is 244.9 percent higher than the average pay for federal agency employees and 285.1 percent higher than the national average for government employees. His actual pay was $[redacted]

New York State Bar ID: 2487627

SSN: [redacted]

Undergraduate at Yale University (class of 1988)

Law degree from Harvard Law School (class of 1991)

"As alleged in the order, Anton & Chia and its accountants left investors with false assurances that financial information for three microcap companies had been properly audited or reviewed. They had the opportunity to stop multiple frauds in their tracks but failed to do so."

a) THE SEC ONLY CREATES FAKE CASES DOESN'T TARGET TRUE CRIMINALS:

The SEC had the opportunity stop multiple frauds in their tracks, the mortgage crisis, Enron, Worldcom but they did nothing. In fact, two of the top attorneys at the SEC let the Madoff matter continue so that when the left the SEC they could generate larger fees for themselves. The problem with Peikin's statement is that there was and is no fraud and nothing was done incorrectly in the Anton & Chia matter. Peikin completed no due diligence on the work performed by his henchmen. The case against A&C was intentionally manufactured by the SEC attorneys and accountants and their CPA, Devor. Peikin decides to sound like a hero in this press release. He references "investors" in this his release making it sound like there was investor harm. This is an embellishment b/c there is not one shred of evidence that there was a penny of investor losses. There wasn't any losses. No investor harm. Nothing. It's a phony enforcement case and they did thy bidding of Mary Jo White to put a feather in their cap against hard working American citizens.

b) PEIKIN AND AVAKIAN INSTRUCTED QUALLS TO COVER UP THEIR CRIMES:

Based on Qualls representations, Peikin and his attorneys knowingly target and bankrupt Honest Hardworking Americans. Instead of changing this behavior within the SEC. Peikin and Avakian instructed Qualls to go into another jurisdiction and have their crime(s) covered up.

Mr. Peikin's roster of clients has included big Wall Street banks like Barclays and Goldman Sachs a bank Mr. Clayton did significant work for as well.

Peikin knowingly with contempt and malice drafted the intentional hit job against Anton & Chia and Honest Hardworking Americans with the full knowledge this case would have no prudence in Federal Court.

3) Leslie Kazon

810. Leslie Kazon worked for the United States Securities and Exchange Commission (SEC) and in 2018 had a reported pay of $[redacted] according to public records. This is 162.1 percent higher than the average pay for federal agency employees and 192.7 percent higher than the national average for government employees. Actual pay was $[redacted]

New York State Bar ID: 1860832

SSN: [redacted]

Boston University

After 6 years of Kazon and her team staring at the working papers. She sends an email before Oral Closing Arguments at 10:00am on January 15, 2020, copying the Division, the Respondents and claims that "I can't find exhibit 1107. Exhibit 1102 maybe helpful to us……." She can't figure out the evidence in the case and she thinks something might be helpful after 6 years of investigation and preparing for trial and 6 and half weeks of trial??!!?? Kazon is lost and shouldn't be managing any projects, let alone for the SEC.

a) KAZON IS DESPERATE TO REDEEM HERSELF FOR MISSING THE MADOFF FRAUD[97]:

She further embellished the A&C case by saying that "A&C was the biggest fraud ever!" Really a business that was started in the garage by a US citizen and a legal immigrant that created over $11.0MM in revenues and over 100+ jobs, plus supported American Small Businesses that provided 5,000+ jobs worldwide in six years is the biggest fraud ever? Comparing Honest Hardworking Americans to Bernie Madoff a $65 Billion fraud that destroyed thousands of people's lives that is slander at the highest level.

Her and her team speak of Wahl's judgment. How about Kazon's extremely poor judgment?

b) MADOFF WASN'T AN INVESTMENT ADVISOR OR BROKER DEALER...OOPs!

Upon receiving the 2001 submission from BDO, Schonfeld assigned the matter to Leslie Kazon, Assistant Regional Director of Enforcement in NERO, for initial inquiry. E-mail dated April 3, 2001 from Schonfeld to Neuschaefer, at Exhibit 141. See also 71 Schonfeld Testimony Tr. at p. 20; Kazon Testimony Tr. at p. 16. On April 4, 2001, Kazon e-mailed Sandy Sadwin, a broker-dealer examiner in NERO, stating: ***The [Investment Adviser] people have been checking and Madoff does not appear to be registered as an [Investment Adviser] or [Investment Company]***. So I would like to take a look at a copy of the most recent exam report for the [Broker-Dealer], Bernard L. Madoff Investment Securities, LLC, when you get the chance.36 E-mail dated April 4, 2001 from Kazon to Sadwin, at Exhibit 142; Kazon Testimony Tr. at p. 15. Kazon subsequently e-mailed Sadwin, "The registrants I am aware of with whom Madoff might be associated are Broyhill Management and BMC Fund, Inc."37 E-mail (undated) from Kazon to Sadwin, at Exhibit 143. After reviewing the 2001 submission for only one day, Kazon sent an April 5, 2001 e-mail to Schonfeld, saying: As we discussed, after reviewing the complaint received (via the BDO) from Harry

[97] https://static01.nyt.com/packages/pdf/business/20090904secmadoff.pdf

Markopol[o]s of Rampart Investments about purported performance claims for funds managed by Bernard Madoff, and some information about Madoff and others identified in the complaint***, I don't think we should pursue this matter (Madoff) further***. E-mail dated April 5, 2001 from Kazon to Schonfeld, at Exhibit 144. Kazon testified that she did not "remember having received a referral in or around April 2001 involving Madoff.

c) I DON'T THINK WE SHOULD PURSUE THIS MATTER (MADOFF) FURTHER:

" Kazon Testimony Tr. at p. 15. She also did not recall sending the April 5, 2001 e-mail to Schonfeld stating her opinion that, ***"I don't think we should pursue this matter (Madoff) further."*** Id. at p. 16. In fact, Kazon stated that she did not recall ever seeing the 2001 submission and did not recall hearing the name "Markopolos" until December 2008. Id. at pgs. 15-18.38 While Kazon did not recall the 2001 submission, she testified that: [I]n general, you know, when we get a complaint we would read it, we would try to figure out whether within the four corners of it[,] it stated a possible violation of securities laws as opposed to a violation of something else. And then talk to – and usually I would talk to a supervisor about, you know, whether we should pursue it or how we should pursue it. Id. at pgs. 18-19.

d) THIS CASE IS TOO DETAILED FOR HER SO SHE CONSULTED A DISCREDITED CPA IN DEVOR!:

Kazon described the 2001 submission as ***"more detailed than the average complaint in those days that came through."*** Id. at p. 25. Similarly, after reviewing the 2001 submission during his testimony, Schonfeld described it as "more detailed than the average [referral]." Schonfeld Testimony Tr. at p. 18. Kazon testified further: ***My impressions are that this is a document that I probably would have needed to consult somebody about, I hope I consulted somebody***. I honestly don't remember. I also would have thought that the author of this document was odd, to say the least, but I hope that would not have led me to dismiss this, but I just don't recall. Kazon Testimony Tr. at pgs. 20-21. Kazon acknowledged that she

"would have needed to consult with somebody with greater [options] expertise to figure out the full extent to which [the 2001 submission] could be followed up on." Id. at p. 21.

The biggest fraud in history and she still has a job. "I don't think we should pursue this matter further? It was "too detailed" for her. She needs to consult with somebody? She doesn't even know who to consult with? Well obviously her and her team forgot about understanding "details" and should have "consulted" someone before bringing the A&C case. She obviously didn't "consult" anyone in the A&C case before bringing it. Maybe they consulted Devor. We don't know but we do know that they did absolutely no due diligence on Devor. 4 times Federal court dismissed for bias! None.

e) IF SHE FIGURES OUT A MAJOR PONZI SCHEME, KAZON MIGHT SERIOUSLY PURSUE IT……..:

Kazon testified that obtaining "independent [trading] records" was required if a person was ***"seriously pursuing"*** a Ponzi scheme investigation*. Kazon obviously wasn't that serious. She let Madoff take $65 Billion dollars and blames her "consultant"? This is reckless behavior at its highest.*

Well maybe next time, if there is a next time for Kazon. If she is "***seriously pursuing***" another audit firm for fraud or whatever. She should "***consult***" with a much better auditor or accountant or a CPA than Devor. The SEC seriously needs to review the capability and qualifications of their accountants and attorneys.

Kazon couldn't audit her way out of a box let alone identify a fraud.

4) Daniel J. Hayes[98]

811. niel J. Hayes worked for the United States Securities and Exchange Commission (SEC) and in 2018 had a reported pay of $[redacted] according to public records. This is 162.1 percent higher than the average

[98] https://ag.state.il.us/government/about_inspector_general.html

pay for federal agency employees and 192.7 percent higher than the national average for government employees. Actual pay was $[redacted]

IL Bar No. 6243089

SSN: [redacted]

Hayes is not a CPA and has never audited a public company.

5) Ariella Omholt Guardi

812. The average employee salary for the United States Securities and Exchange Commission (SEC) in 2018 was $[redacted] This is 139.8 percent higher than the national average for government employees and 114.7 percent higher than other federal agencies.

SSN: [redacted]

Harvard Law School Doctor of Law

University of Chicagao

Well Guardi should know the law Harvard is a good school but she couldn't provide the legal analysis for this case.

a) INSTEAD OF LEARNING THE LAW. GUARDI CAN GET A BACHELOR OF SCIENCE IN FORESTRY AND NATURAL RESOURCS SO SHE CAN SAVE AS MANY TREES AS SHE LIKES AFTER THAT:

Exhibit 16, Page 23, Line 19:

MS. GUARDI: Saving trees.

She is worried about saving trees after wasting $33 to $38MM of tax payers money and destroying an American Small Business with 100+ jobs and through its client network supported 5,000+ jobs worldwide.

b) GAURDI A NON ATTORNEY FITS RIGHT IN WITH THIS BAD BUNCH:

Ariella Gaurdi laughed at Randall Letcavage who had to miss a deposition. Mr. Letcavage has a series of concussion related problems and people could be killed by falling in the manner Letcavage did. This is further evidence of the sick, disgusting, unprofessional behavior by the SEC in this case. She is not even an attorney.

c) COVERING UP THEIR OWN FRAUDULENT STATEMENTS:

Ariella Guardi tried to cover up Devor's lie on the goodwill impairment by only putting up part of the Goodwill note in their direct of Devor. She is not even an attorney and has already learned despicable character qualities reporting to none other Dan Hayes and Qualls.

Gaurdi is not even an attorney. Clearly doesn't understand the law and is flying around the country bullying people and deposing them acting like she is an attorney. Clearly a misrepresentation of her credentials and reckless behavior. The Division should look at its own internal controls, bad behavior, training programs and create accredited hiring protocols.

Guardi is not a CPA and has never audited a public company. After spending so much time at Sidly Austin and K&L GATES the only explanation is she can't pass the bar exam which makes sense based on her comments during closing oral arguments "we will get back to you with the law."

6) Donald Werner Searles

813. Donald W Searles worked for the United States Securities and Exchange Commission (SEC) and in 2018 had a reported pay of $[redacted] according to public records. This is 162.1 percent higher than the average pay for federal agency employees and 192.7 percent higher than the national average for government employees. Actual pay was $[redacted]

CALIFORNIA STATE BAR #: 247976

SSN: [redacted]

Law School: New York Univ SOL

a) KNOWINGLY AND INTENTIONALLY:

As an attorney Donald W Searles has contempt for the law and knowingly brought this case illegally against Honest Hardworking Americans as he would know that auditors as secondary actors have no liability in a review which they provided no report attached to the quarterly review. Honest Hardworking Americans did nothing wrong, which Searles knows.

See **Appendix A: Review Engagements – No Auditor Liability** and **Restatements – No Liability**:

b) THE PUBLIC INTEREST:

Searlesintentionally overstated the case against Honest Hardworking Americans. She knowingly understood that Cannvest management had no intentions of restating its financial statements and management could not provide A&C all the required information (**see P.F.F#s190&#300to301**) while Honest Hardworking Americans were completing its interim reviews. In fact, Cannavest had no intentions

of restating its financial statements until very late March 2014. This is disgusting behavior since US GAAP, especially in an interim review places the ultimate authority of the financial statements on the company and Searles knew this information and intentionally brought this fake enforcement action anyways.

Wahl identified this when Calabrese was questioning Wahl and she even said "management wanted to wait until December to restate." **See Exhibit 70 Page 325 – Lines 17-25.**

She also knew that PKF wasn't engaged by Cannavest until January 14, 2014 and Cannavest never issued a non-reliance on their own.

It wasn't until over a two and half month period as part of an audit (much higher standard) by another firm that with Cannavest's attorneys, management, third party valuation group, PKF the new auditors and PKF national office that Cannavest issued a non-reliance on April 3, 2014 (**EXHIBIT 716**).

Even Canote in his deposition stated that the arms length negotiation of a $35,000,000 purchase price happened all the time and had nothing to do with the Cannavest stock price see (**see P.F.F#s232&233**)

Additionally, Searles intentionally ignores **ASC 805 Business Combination** where amounts are provisional for 12 month period. He intentionally ignores **ASC 820 Fair Value** where there is no requirement to obtain a valuation report, especially during an interim review under **AU 722, Interim Reviews** which the standard is only inquiries and analytics here the and **ASC 350 Intangibles – Goodwill and Other**.

Mr. Searles thought the Daubert standard did not apply b/c it was "scientific". Every attorney, clearly understands the Daubert case. Maybe Searles missed that class during law school and missed it. Searles should read the Kumho Tire Co v. Carmichael, 119 S. Ct. 1167 (1999).

c) MAYBE GAURDI COULD MAKE SEARLES RESPECT TREES MORE:

Mr. Searles during trial threw papers on the floor at Wahl thinking he was funny or tough or something. He bragged to Devor and to the guy with the beard. They thought it was funny. It was simply rude and unprofessional.

d) SEARLES TRIED TO HELP MS. CHUNG REMEMBER THE WORK SHE COMPLETED 6 YEARS AGO:

Mr. Searles was the attorney that deposed Ms. Chung on July 1, 2019, the day Ms. Chung and her family had their family home foreclosed on b/c of the SEC. Mr. Searles **proceeded to yell and scream at Ms. Chung a housewife of two young children, for nine hours for being a second partner on one quarterly review**. If his behavior during that deposition not considered prosecutional misconduct in the form of intimidating Ms. Chung. Then play the tape for the Justice Department or Congress and let them decide.

e) SEARLES THOUGHT HE WAS AT AN ALJ TRIAL:

Mr. Searles and the SEC walked into federal court and lied to Federal Court Judge, the Trustee (Department of Justice); the Office of the U.S. Attorney and each attorney that represented creditors in Wahl's chapter 11 case. Even the judge calls them on their own misrepresentations.

The SEC is not even a creditor and does not meet the definition of a creditor under 11 U.S.C.101(5)(A), which is defined as "right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured."

The SEC claimed that their potential fine was an unliquidated right to payment against Wahl. Wahl's bankruptcy counsel denied the accuracy of the claim given that the trial between Wahl and Respondents vs the SEC had not even occurred.

The arrogance of the SEC attorneys to claim that there was a right to payment without a trial is unconstitutional and is not in line with the 5th and 14th amendments of the Constitution where individuals have the right to be innocent until being proven guilty.

The Division believes it's in France using the Napoleonic code they believe that individuals are guilty until proven innocent. The SEC's actions in Wahl's chapter 11 further demonstrate the Division's contempt for the rule of law in the United States of America and the American taxpayer.

Definition of an Unliquidated Claim:

When a claim is **unliquidated** we know who is responsible for **paying** it, but we don't know how much money will satisfy the claim. ... the creditor has a **right to payment**. The debtor doesn't have a good faith dispute about the amount owed, and. there aren't any unresolved contingencies.

- the amount of the debt – **Note Known**
- the debtor legally owes the debt – **Not Proven. No trial. Does not consider Wahl's rights to appeal.**
- the creditor has a right to payment – **No Debt Proven. No right to Payment. Searles claimed that "when the SEC proves up this fraud in October 2019 that the judge would have a large judgement against Wahl." We will not have a decision in this case until October 2020.**
- the debtor doesn't have a good faith dispute about the amount owed, and – **This is not a good faith dispute. This is a vehement dispute regarding the SEC's fraudulent and criminal behavior against Debtor (Wahl), which Wahl is willing to fight this all the way to the Supreme Court of the United States.**
- there aren't any unresolved contingencies. – **The Administrative Law Judge will not make a decision until mid October 2020. Debtor has 30 days to file an appeal up to the Commissioners at the SEC.**

The process would take another 24 months for a decision from the Commission. Appeal to the 9th circuit another 18 to 24 months. If we don't like that we can appeal to the Supreme Court of the United States. Another 6 months. By then the bankruptcy would be discharged. If the Supreme Court hears the case. A decision may not be heard or completed until 48 to 55 months from October 2020 or more.

The SEC intentionally deferred the hiring of Barry Cohen through the Chapter 11 bankruptcy system to coincide with the SEC creating unnecessary havoc as a non-creditor to convert the case from Chapter 11 to a Chapter 7 so Wahl and Chung could not hire an attorney to defend themselves at a very critical time in the ALJ trial process. If Wahl's Chapter 11 was converted to a Chapter 7 as Searles, Quallls, Calabrese, Dodd all pushed for and the other criminals. The Chapter 7 trustee would take all of Wahl's cash at that time and even try and collect against Wahl's receivables in his consulting business. Leaving no funds for you guessed it to pay for an attorney.

The entire actions by the SEC was to force Wahl into a settlement that would unlawfully deny our rights to Due Process under the 5th and 14th amendment of the constitution. They all knew from day one that this was a fake made up case that destroyed Honest Hardworking Americans lives.

Once the Honorable Theodor Albert and the U.S. Trustee Counsel reads the Respondents Final Briefs and P.F.F, they will clearly understand that the claims filed by the SEC were fraudulent. This would

create a direct charge to Charles J. Kerstetter; Angie Dodd and for aiding and abetting in the fraud to Alyssa Qualls; Jennifer Calabrese; and Donald J. Searles ("BK fraudsters").

A person who files a fraudulent claim could be fined up to $500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

The BK fraudsters filed two fraudulent claims (**Exhibit 1283 and 1284)** and we will recommend that they receive the maximum $1.0M fines and 5 year jail terms each. This is of course after they pay back Honest Hardworking Americans for the damages described in **P.F.F.#840**.

f) SEARLES CANT PROVE ANYTHING SO HE DIDN'T SHOW UP AFTER THE ALJ TRIAL:

Mr. Searles: "Your Honor, I think with respect to the debtor's plan and the various documents he's submitted to the Court, ……the SEC's claim……., and I seriously doubt, once we prove up this case and prove up the fraud, that the administrative law judge will be imposing a penalty anywhere near that low amount." *More lies. No judgment in October 2019.*

Searles and the SEC were so desperate in this case to convert Wahl's' bankruptcy case to create additional harm to him when the SEC never had a judgment. There were still mere allegations. There was no trial convened.

g) SEARLES ON THE ADVICE OF DEVOR COMPARED MICROSOFT TO CANNAVEST:

Searles tried to imply that Microsoft stock was comparable to Cannavest's, which is a clear lack of understanding of the small cap market which the Registrants in this case operated. This group of SEC attorneys don't understand the industry, the law, the accounting and the made up this entire case.

h) SEARLES CRANKED UP THE SURLY METER:

Then Searles let Google's attorneys know that Mr. Halpern was going to testify as a character witness for Wahl. In an attempt to collect on a fake judgement against Mr. Halpern. This was to simply discredit Wahl's character witness Mr. Halpern.

In any form of punishment that Searles receives. Searles, Calabrese, Hayes, Ellenbogan, Paley, Gaurdi and Kazon should have to complete community service of a minimum of 500 hours. Serving food in a soup kitchen so they can think about their lack of conscience in this case and in more than likely other cases. The abuse of their power in this case can make them think bigger than their pathetic attacks and instead of trying to abuse and harm innocent people. The community service will allow them to provide contribution to society so that they gain a form of basic compassion for human beings.

Maybe now the Division can come to understand how irresponsible they were in destroying over 100 jobs and the 5,000+ jobs that A&C, Wahl and Hard Working Americans supported by providing services to their clients in the small cap market worldwide. The SEC attorneys have no problem drawing huge salaries and then performing incompetent work both legally and in accounting and auditing.

Next time the SEC can allocate 50, or why not 100 attorneys and accountants to crush an honest thriving small business instead of the 25 or so that were in involved in the A&C fiasco.

Searles has never done much of anything but be Searles.

7) Jennifer Calabrese

814. Jennifer Therese Calabrese worked for the United States Securities and Exchange Commission (SEC) and in 2018 had a reported pay of $[redacted] according to public records. This is 118.4 percent higher than the average pay for federal agency employees and 143.9 percent higher than the national average for government employees. Actual pay was $[redacted]

CALIFORNIA CPA LICENSE NUMBER: 84777

CALIFORNIA STATE BAR #: 247976

SSN#: [redacted]

Law School: Pepperdine Univ

STREET ADDRESS: [redacted]

CITY: MANHATTAN BEACH

STATE: CALIFORNIA

COUNTY: LOS ANGELES

ZIP: 90266

a) KNOWINGLY AND INTENTIONALLY:

As an attorney Calabrese (Purpero) has contempt for the law and knowingly brought this case illegally against Honest Hardworking Americans as she would know that auditors as secondary actors have no

liability in a review which they provided no report attached to the quarterly review. Honest Hardworking Americans did nothing wrong, which she knows.

See **Appendix A: Review Engagements – No Auditor Liability** and **Restatements – No Liability**:

b) THE PUBLIC INTEREST:

Calabrese intentionally violated the AICPA code of professional conduct acting with moral judgments in the **PUBLIC INTEREST; ACTING WITH DUE CARE; OBJECTIVITY AND INTEGRITY**.

In carrying out their responsibilities as professionals, members should exercise ***sensitive professional and moral judgments in all their activities***.

A distinguishing mark of a profession is acceptance of its responsibility to the public. The accounting profession's public consists of clients, credit grantors, governments, employers, investors, the business and financial community and others ***who rely on the objectivity and integrity*** of certified public accountants to maintain the orderly functioning of commerce.

Purpero intentionally overstated the case against Honest Hardworking Americans. She knowingly understood that Cannvest management had no intentions of restating its financial statements and management could not provide A&C all the required information (**see P.F.F#s190&#300to301**) while Honest Hardworking Americans were completing its interim reviews. In fact, Cannavest had no intentions of restating its financial statements until very late March 2014. This is disgusting behavior since US GAAP, especially in an interim review places the ultimate authority of the financial statements on the company and Purpero knew this information and intentionally brought this fake enforcement action anyways.

Wahl identified this when Calabrese was questioning Wahl and she even said “management wanted to wait until December to restate.” **See Exhibit 70 Page 325 – Lines 17-25.**

She also knew that PKF wasn't engaged by Cannavest until January 14, 2014 and Cannavest never issued a non-reliance on their own.

It wasn't until over a two and half month period as part of an audit (much higher standard) by another firm that with Cannavest's attorneys, management, third party valuation group, PKF the new auditors and PKF national office that Cannavest issued a non-reliance on April 3, 2014 (**EXHIBIT 716**).

Even Canote in his deposition stated that the arms length negotiation of a $35,000,000 purchase price happened all the time and had nothing to do with the Cannavest stock price see (**see P.F.F#s232&233**)

Additionally, Calabrese intentionally ignores **ASC 805 Business Combination** where amounts are provisional for 12 month period. She intentionally ignores **ASC 820 Fair Value** where there is no requirement to obtain a valuation report, especially during an interim review under **AU 722, Interim Reviews** which the standard is only inquiries and analytics here the and **ASC 350 Intangibles – Goodwill and Other**.

Based on the factors above and further supported through this document and other evidence this was an intentional and fabricated attack against Honest Hardworking Americans.

Barry Cohen had to leave Wahl's deposition and after 5 attempts. Barry requested Calabrese that he had to leave and she thought it was funny to keep asking Wahl more questions. Question. After question. The same question over and over and not respecting Wahl's counsel Barry Cohen that had to leave to pick up his son.

She continuously tried to discredit and personally attack Ms. Chung for staying home with her two children after an illustrious and credible 20+ year career in banking (highly regulated) and as a CPA.

Calabrese is nothing more than a shoe box tax accountant.

JOINED SEARLES; DODD AND CALABRESE IN FEDERAL COURT:

The SEC is not even a creditor and does not meet the definition of a creditor under 11 U.S.C.101(5)(A), which is defined as "right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured."

The SEC claimed that their potential fine was an unliquidated right to payment against Wahl. Wahl's bankruptcy counsel denied the accuracy of the claim given that the trial between Wahl and Respondents vs the SEC had not even occurred.

The arrogance of the SEC attorneys to claim that there was a right to payment without a trial is unconstitutional and is not in line with the 5th and 14th amendments of the Constitution where individuals have the right to be innocent until being proven guilty.

The Division believes it's in France using the Napoleonic code they believe that individuals are guilty until proven innocent. The SEC's actions in Wahl's chapter 11 further demonstrate the Division's contempt for the rule of law in the United States of America and the American taxpayer.

Definition of an Unliquidated Claim:

When a claim is **unliquidated** we know who is responsible for **paying** it, but we don't know how much money will satisfy the claim. ... the creditor has a **right to payment**. The debtor doesn't have a good faith dispute about the amount owed, and. there aren't any unresolved contingencies.

- the amount of the debt – **Note Known**
- the debtor legally owes the debt – **Not Proven. No trial. Does not consider Wahl's rights to appeal.**

- the creditor has a right to payment – **No Debt Proven. No right to Payment. Searles claimed that "when the SEC proves up this fraud in October 2019 that the judge would have a large judgement against Wahl." We will not have a decision in this case until October 2020.**
- the debtor doesn't have a good faith dispute about the amount owed, and – **This is not a good faith dispute. This is a vehement dispute regarding the SEC's fraudulent and criminal behavior against Debtor (Wahl), which Wahl is willing to fight this all the way to the Supreme Court of the United States.**
- there aren't any unresolved contingencies. – **The Administrative Law Judge will not make a decision until mid October 2020. Debtor has 30 days to file an appeal up to the Commissioners at the SEC. The process would take another 24 months for a decision from the Commission. appeal to the 9th circuit another 18 to 24 months. If we don't like that we can appeal to the Supreme Court of the United States. Another 6 months. By then the bankruptcy would be discharged. If the Supreme Court hears the case. A decision may not be heard or completed until 48 to 55 months from October 2020 or more.**

The SEC intentionally deferred the hiring of Barry Cohen through the Chapter 11 bankruptcy system to coincide with the SEC creating unnecessary havoc as a non-creditor to convert the case from Chapter 11 to a Chapter 7 so Wahl and Chung could not hire an attorney to defend themselves at a very critical time in the ALJ trial process. If Wahl's Chapter 11 was converted to a Chapter 7 as Searles, Quallls, Calabrese, Dodd all pushed for and the other criminals. The Chapter 7 trustee would take all of Wahl's cash at that time and even try and collect against Wahl's receivables in his consulting business. Leaving no funds for you guessed it to pay for an attorney.

The entire actions by the SEC was to force Wahl into a settlement that would unlawfully deny our rights to Due Process under the 5th and 14th amendment of the constitution. They all knew from day one that this was a fake made up case that destroyed Honest Hardworking Americans lives.

Once the Honorable Theodor Albert and the U.S. Trustee Counsel reads the Respondents Final Briefs and P.F.F, they will clearly understand that the claims filed by the SEC were fraudulent. This would create a direct charge to Charles J. Kerstetter; Angie Dodd and for aiding and abetting in the fraud to Alyssa Qualls; Jennifer Calabrese; and Donald J. Searles ("BK fraudsters").

A person who files a fraudulent claim could be fined up to $500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

The BK fraudsters filed two fraudulent claims (**Exhibit 1283 and 1284**) and we will recommend that they receive the maximum $1.0M fines and 5 year jail terms each. This is of course after they pay back Honest Hardworking Americans for the damages described in **P.F.F.#840**.

8) Alyssa Qualls

815. Alyssa A Qualls worked for the United States Securities and Exchange Commission (SEC) and in 2018 had a reported pay of $[redacted] according to public records. This is 158.2 percent higher than the average pay for federal agency employees and 188.4 percent higher than the national average for government employees. Actual pay was $[redacted]

New York Bar Number: 3063633

SSN#: [redacted]

University of Virginia

Brown University

a) CONTEMPT FOR HONEST HARDWORKING AMERICANSTO DEFEND THEMSELVES:

Ms. Qualls called up Steve Lobbins (Wahl and Chung's attorney) Managing Partner and threatened to go to the California State Bar so that Mr. Lobbins would not report a crime that Ms. Qualls along with Stephanie Avakian and Steve Peikin were committing against a small American business. Mr. Lobbins was terminated from the firm b/c of Ms. Qualls unscrupulous behavior.

b) SHE HOPED WAHL WOULDN'T FIGHT BACK:

She bullied her way into another jurisdiction. To conceal her and the SEC's criminal behavior on another matter. "***Not even a negligence charge***" and she hoped "***they don't fight back***."

She yelled and screamed at Michael Deutchman an American citizen about using his constitutional right to take a case to the Supreme Court. Then totally tried to mischaracterize Mr. Deutchman's involvement in the matter that had no relevance to the current case as well.

c) QUALLS HATES THE HOMELESS AND LESS FORTUNATUE:

Ms. Qualls accused Wahl and his family of not being "homeless" just before Christmas. It was also the way that she said it, and then she followed up with questions about how much Wahl spent on moving, expenses. Wahl and his family was moving out of two homes that they legally purchased with our hard work as peace loving and law abiding professionals. Wahl and his family had to move out of b/c the bank foreclosed on their property without compensation b/c of the SEC's fake and fraudulent case. It was tasteless and unnecessary in Qualls attempt to make the point that Wahl was not "homeless," something someone with Qualls title and amount of training should have never pursued.

d) LEARN TO HANG UP THE PHONE:

Ms. Qualls needs training on phone etiquette and when to properly hang up.

e) MS. QUALLS HAS CONTEMPT FOR BASIC AUDIT PROCEDURES, LIKE THE MANAGEMENT REP LETTER:

Ms. Qualls yelled and screamed at Wahl regarding the rep letter……that no one can or cannot deny who actually wrote it but is clearly required under US GAAS.

Qualls should have to complete community service of a minimum of 500 hours. Qualls should have to spend her time specifically serving the "homeless" people in Chicago so she can think about her lack of conscience in this case and in more than likely other cases. That the abuse of power in this case can make he think bigger than their pathetic attacks and instead of trying to abuse and harm innocent people. The hours working with the homeless will allow Qualls to gain a form of compassion for the basic spirit of other human beings.

f) JOINED SEARLES; DODDS AND CALABRESE IN FEDERAL COURT:

The SEC is not even a creditor and does not meet the definition of a creditor under 11 U.S.C.101(5)(A), which is defined as "right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured."

The SEC claimed that their potential fine was an unliquidated right to payment against Wahl. Wahl's bankruptcy counsel denied the accuracy of the claim given that the trial between Wahl and Respondents vs the SEC had not even occurred.

The arrogance of the SEC attorneys to claim that there was a right to payment without a trial is unconstitutional and is not in line with the 5th and 14th amendments of the Constitution where individuals have the right to be innocent until being proven guilty.

The Division believes it's in France using the Napoleonic code they believe that individuals are guilty until proven innocent. The SEC's actions in Wahl's chapter 11 further demonstrate the Division's contempt for the rule of law in the United States of America and the American taxpayer.

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When a claim is **unliquidated** we know who is responsible for **paying** it, but we don't know how much money will satisfy the claim. ... the creditor has a **right to payment**. The debtor doesn't have a good faith dispute about the amount owed, and. there aren't any unresolved contingencies.

- the amount of the debt – **Note Known**
- the debtor legally owes the debt – **Not Proven. No trial. Does not consider Wahl's rights to appeal.**
- the creditor has a right to payment – **No Debt Proven. No right to Payment. Searles claimed that "when the SEC proves up this fraud in October 2019 that the judge would have a large judgement against Wahl." We will not have a decision in this case until October 2020.**
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Court hear's the case. A decision may not be heard or completed until 48 to 55 months from October 2020 or more.

The SEC intentionally deferred the hiring of Barry Cohen through the Chapter 11 bankruptcy system to coincide with the SEC creating unnecessary havoc as a non-creditor to convert the case from Chapter 11 to a Chapter 7 so Wahl and Chung could not hire an attorney to defend themselves at a very critical time in the ALJ trial process. If Wahl's Chapter 11 was converted to a Chapter 7 as Searles, Quallls, Calabrese, Dodd all pushed for and the other criminals. The Chapter 7 trustee would take all of Wahl's cash at that time and even try and collect against Wahl's receivables in his consulting business. Leaving no funds for you guessed it to pay for an attorney.

The entire actions by the SEC was to force Wahl into a settlement that would unlawfully deny our rights to Due Process under the 5th and 14th amendment of the constitution. They all knew from day one that this was a fake made up case that destroyed Honest Hardworking Americans lives.

Once the Honorable Theodor Albert and the U.S. Trustee Counsel reads the Respondents Final Briefs and P.F.F, they will clearly understand that the claims filed by the SEC were fraudulent. This would create a direct charge to Charles J. Kerstetter; Angie Dodd and for aiding and abetting in the fraud to Alyssa Qualls; Jennifer Calabrese; and Donald J. Searles ("BK fraudsters").

A person who files a fraudulent claim could be fined up to $500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

The BK fraudsters filed two fraudulent claims (**Exhibit 1283 and 1284)** and we will recommend that they receive the maximum $1.0M fines and 5 year jail terms each. This is of course after they pay back Honest Hardworking Americans for the damages described in **P.F.F.#840**.

Qualls has never audited a public company.

9) Christopher H. White

816. Christopher H White worked for the United States Securities and Exchange Commission (SEC) and in 2018 had a reported pay of $[redacted] according to public records. This is 90.9 percent higher than the average pay for federal agency employees and 113.2 percent higher than the national average for government employees. Actual pay was $[redacted]

SSN#: [redacted]

White has never audited a public company.

10) Howard A Fischer

817. Howard A Fischer worked for the United States Securities and Exchange Commission (SEC) and in 2018 had a reported pay of $[redacted] according to public records. This is 162.1 percent higher than the average pay for federal agency employees and 192.7 percent higher than the national average for government employees. Actual pay was $[redacted]

New York Bar No. 2644052

SSN#: [redacted]

Fischer has never audited a public company.

11) Pesach Glaser

818. 2018, Pesach Glaser earned $[redacted] He is an accountant. Not even licensed as an accountant.

No PCAOB or public company experience. No wonder the Chicago office can't get the accounting correct on Accelera. Glaser started the Accelera case. Glaser has no knowledge of US GAAP and GAAS. Has never audited a company. Glaser wouldn't know a consolidation if it hit him over the head. Glaser started the enforcement cases against Honest Hardworking American sand ignored all relevant facts, deposition

testimony. The intentional, disrespectful and ignorant damage that Freeman, Glaser and Devor have created in the fake Accelera case there should be serious ramifications against Glaser and his aider and abettors.

12) Bennett Ellenbogen

819. Bennett Ellenbogen worked for the United States Securities and Exchange Commission (SEC) and in 2018 had a reported pay of $[redacted] according to public records. This is 129.0 percent higher than the average pay for federal agency employees and 155.7 percent higher than the national average for government employees. Actual pay was $[redacted]

New York Bar No. 2429488

SSN#: [redacted]

Univ of Michigan

a) ELLENBOGEN DISREGARDS TESTIMONY, FACTS AND BRINGS THE HATE ANYWAYS:

Exhibit 49, Page 126, Lines 6:11:

Q I'm a little confused. Was it negotiated for the 7.5 million shares and went back and forth, or was it simply you figured out the value on the books of the promissory note and you gave that many shares that were equal to the value on the books of the promissory note? A. I think it was –

Exhibit 50, Page 104, Lines 1:8:

Q.$5,000,000 promissory note was when specifically?" And you responded, "When I was actually negotiating with Randy to acquire that note, you know, for WePower." And then I said, "What did you learn at that time what the valuation of the promissory note?" And then you said, "That it was on his books for $869,000." Is that accurate? A. I think so.

Ellenbogen and Paley made up the fake fraud case in the PRHl matter by utilizing an incomplete fraudulent zero “draft” valuation report from a discredited informant valuation firm. Oh which the transaction was closed and settled on March 4, 2014. The fake “draft” valuation report was completed in late April with no due diligence completed, no discussion with PRHL management, PRHL’s board of directors or with any knowledge that the Note Receivable transaction was closed on March 4, 2014. Clearly indicating that Ellengogen and Paley created a bogus enforcement case and should be criminally charged this is consistent behavior at least for Paley and Addisson as we they were involved in the Quintinilla matter.

b) ELLENGOGEN WISHES HE WAS A DOCTOR:

Ellenbogen called up Randall Letcavage’s doctor and threatened to file a complaint with the medical board against Randall’s doctor. If that isn’t bad behavior I don’t know what is.

c) TRYING TO INTIMIDATE, EMBELLISH, BULLY:

Elllenbogen and Paley laughed at Wahl when he was deposed for two full days on the Premier matter. Very unprofessional. If his behavior during that deposition not considered prosecutional misconduct in the form of intimidating Wahl. Then play the tape for the Justice Department or Congress and let them decide.

d) NOTHING IS OUT OF REACH FOR ELLENBOGEN:

At the end of Wahl’s deposition, Ellenbogen also commented that “I can visualize your office full of Chinese people.” Which is a totally racist comment.

e) ELLENBOGEN’S UNETHICAL BEHAVIOR CONTINUES:

Mr. Koch was brought into the Premier matter in his settlement only b/c as Mr. Ellenbogen stated “Ellenbogen had to look as tough as the LA office.” Hardly a logical or ethical response from a government employee that is attacking a second partner on a quarterly review. Ellenogen is a seasoned and

experienced attorney. He knows all the cases in **Appendix A**. He knew that Anton & Chia had no liability with regards to the Cannavest Matter b/c there is no report issued. Koch should never been named in the Cannavest matter and Ellenbogen just decides to unethically bring Koch into the Premier matter. Another case where nothing was done wrong. No liability in Cannavest and the Premier cases.

f) ELLENBOGEN IS STARTING TO SOUND LIKE KAZON:

Exhibit 48 Page 109 Lines 22-24

MR. ELLENBOGEN: What does that mean, the materiality and not be….? What does that mean, what specifically?

Ellenbogen is having a tough time understanding SAB 99 – Materiality. He had no credibility to bring any enforcement case against anyone.

Ellenbogen like his supervisors couldn't audit his way out of a box.

13) James Eric Addison

820. The average employee salary for the United States Securities and Exchange Commission (SEC) in 2018 was $[redacted] This is 139.8 percent higher than the national average for government employees and 114.7 percent higher than other federal agencies.

SSN#: [redacted]

Address: New York, NY

CPA License No: 058033

He was involved in the Quintinilla matter so there is more than enough information we can dig up on Addison.

14) Christopher Conte

821. Christopher Michael Conte worked as an Accountant for the United States Securities and Exchange Commission (SEC) and in 2018 had a reported pay of $[redacted] according to public records. This is 104.2 percent higher than the average pay for federal agency employees and 128.0 percent higher than the national average for government employees. Actual pay was $[redacted]

CPA LICENSE NUMBER:	96869
SSN#:	[redacted]
STREET ADDRESS:	[redacted]
CITY:	LOS ANGELES
STATE:	CALIFORNIA
COUNTY:	LOS ANGELES
ZIP:	90071

a) KNOWINGLY AND INTENTIONALLY:

As an SEC accountant in the enforcement divisions Conte works with attorneys every day. Conte has contempt for the law and knowingly brought this case illegally against Honest Hardworking Americans as she would know that auditors as secondary actors have no liability in a review which they provided no report attached to the quarterly review. Honest Hardworking Americans did nothing wrong, which he knows.

See **Appendix A: Review Engagements – No Auditor Liability** and **Restatements – No Liability**:

b) THE PUBLIC INTEREST:

Conte intentionally violated the AICPA code of professional conduct acting with moral judgments in the **PUBLIC INTEREST; ACTING WITH DUE CARE; OBJECTIVITY AND INTEGRITY**.

In carrying out their responsibilities as professionals, members should exercise ***sensitive professional and moral judgments in all their activities***.

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Conte intentionally overstated the case against Honest Hardworking Americans. He knowingly understood that Cannvest management had no intentions of restating its financial statements and management could not provide A&C all the required information (**see P.F.F#s190&#300to301**) while Honest Hardworking Americans were completing its interim reviews. In fact, Cannavest had no intentions of restating its financial statements until very late March 2014. This is disgusting behavior since US GAAP, especially in an interim review places the ultimate authority of the financial statements on the company and Purpero knew this information and intentionally brought this fake enforcement action anyways.

Wahl identified this when Conte was present when Calabrese was questioning Wahl and she even said "management wanted to wait until December to restate." **See Exhibit 70 Page 325 – Lines 17-25.**

She also knew that PKF wasn't engaged by Cannavest until January 14, 2014 and Cannavest never issued a non-reliance on their own.

It wasn't until over a two and half month period as part of an audit (much higher standard) by another firm that with Cannavest's attorneys, management, third party valuation group, PKF the new auditors and PKF national office that Cannavest issued a non-reliance on April 3, 2014 (**EXHIBIT 716**).

Even Canote in his deposition stated that the arms length negotiation of a $35,000,000 purchase price happened all the time and had nothing to do with the Cannavest stock price see (**see P.F.F#s232&233**)

Additionally, Conte intentionally ignores **ASC 805 Business Combination** where amounts are provisional for 12 month period. She intentionally ignores **ASC 820 Fair Value** where there is no requirement to obtain a valuation report, especially during an interim review under **AU 722, Interim Reviews** which the standard is only inquiries and analytics here the and **ASC 350 Intangibles – Goodwill and Other**.

Based on the factors above andthis was an intentional and fabricated attack against Honest Hardworking Americans.

Conte never audited and never completed a review for a public company and had no clue to what he was doing in this case. Part of overselling this case and should be significantly reprimanded for his involvement in this charade. Not to mention when the ALJ trial moved to the SEC's Los Angeles offices Conte sat behind Wahl and bragged to another SEC staffer "this was my first case where we really fucked up (Honest Hardworking Americans) their shit." Wahl heard him and turned around and glared at Conte and Conte had fear in his eyes because he knows.

15) Charles J. Kerstetter

822. The average employee salary for the United States Securities and Exchange Commission (SEC) in 2018 was $[redacted] This is 139.8 percent higher than the national average for government employees and 114.7 percent higher than other federal agencies.

SSN#: [redacted]

Once the Honorable Theodor Albert and the U.S. Trustee Counsel reads the Respondents Final Briefs and P.F.F, they will clearly understand that the claims filed by the SEC were fraudulent. This would create a direct charge to Charles J. Kerstetter; Angie Dodd and for aiding and abetting in the fraud to Alyssa Qualls; Jennifer Calabrese; and Donald J. Searles ("BK fraudsters").

A person who files a fraudulent claim could be fined up to $500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

The BK fraudsters filed two fraudulent claims and we will recommend that they receive the maximum $1.0M fines and 5 year jail terms each. This is of course after they pay back Honest Hardworking Americans for the damages described in **P.F.F.#840**.

Kerstetter has the most risk here since he filed and signed the fake and fraudulent proof of claims in the Anton & Chia, LLP Chapter 7 and the Wahl Chapter 11 (**Exhibit 1283 and 1284)**. He also attached the fake and fraudulent OIP as he trying to justify the fraud on the paper he was signing.

Kerstetter has never audited a public company.

16) Michael Paley

823. ichael David Paley worked for the United States Securities and Exchange Commission (SEC) and in 2018 had a reported pay of $[redacted] according to public records. This is 183.1 percent higher than the average pay for federal agency employees and 216.1 percent higher than the national average for government employees. Actual pay was $[redacted]

New York Bar No. 2549186

SSN#: [redacted]

Univ of Michigan

Paley laughed at Wahl when he was deposed for two full days on the Premier matter. Very unprofessional. If his behavior during that deposition not considered prosecutional misconduct in the form of intimidating Wahl. Then play the tape for the Justice Department or Congress and let them decide. Small business owners and their employees pay 100% tax revenue into the treasury and effectively pay Ellenbogen's salary. He was involved in the Quintinilla matter so there is more than enough information we can dig up on Paley.

17) Rhoda H Chang

824. Rhoda H Chang worked as an Accountant for the United States Securities and Exchange Commission (SEC) and in 2018 had a reported pay of $[redacted] according to public records. This is 183.1 percent higher than the average pay for federal agency employees and 216.1 percent higher than the national average for government employees. Actual pay was $[redacted]

CPA LICENSE NUMBER: 55246

SSN#: [redacted]

STREET ADDRESS: [redacted]

CITY: ARCADIA

STATE: CALIFORNIA

COUNTY: LOS ANGELES

ZIP: 91007

a) KNOWINGLY AND INTENTIONALLY:

As an SEC accountant in the Enforcement Division Chang works with attorneys every day. Chang has contempt for the law and knowingly brought this case illegally against Honest Hardworking Americans as she would know that auditors as secondary actors have no liability in a review which they provided no report attached to the quarterly review. Honest Hardworking Americans did nothing wrong, which she knows.

See **Appendix A: Review Engagements – No Auditor Liability** and **Restatements – No Liability**:

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Chang intentionally overstated the case against Honest Hardworking Americans. She knowingly understood that Cannvest management had no intentions of restating its financial statements and management could not provide A&C all the required information (**see P.F.F#s190&#300to301**) while

Honest Hardworking Americans were completing its interim reviews. In fact, Cannavest had no intentions of restating its financial statements until very late March 2014. This is disgusting behavior since US GAAP, especially in an interim review places the ultimate authority of the financial statements on the company and Purpero knew this information and intentionally brought this fake enforcement action anyways.

Wahl identified this when Calabrese was questioning Wahl and she even said "management wanted to wait until December to restate." **See Exhibit 70 Page 325 – Lines 17-25.** Chang was in attendance during this deposition.

She also knew that PKF wasn't engaged by Cannavest until January 14, 2014 and Cannavest never issued a non-reliance on their own.

It wasn't until over a two and half month period as part of an audit (much higher standard) by another firm that with Cannavest's attorneys, management, third party valuation group, PKF the new auditors and PKF national office that Cannavest issued a non-reliance on April 3, 2014 (**EXHIBIT 716**).

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Based on the factors above andthis was an intentional and fabricated attack against Honest Hardworking Americans.

Never audited and never completed a review for a public company and had no clue to what she was doing in this case. Chang played a significant involvement of overselling this case and should be significantly

reprimanded for her involvement in this charade. She should read some legal cases in **Appendix A** to mitigate her contempt for the law.

18) Victoria A. Levin

825. Victoria A Levin worked for the United States Securities and Exchange Commission (SEC) and in 2018 had a reported pay of $[redacted] according to public records. This is 183.1 percent higher than the average pay for federal agency employees and 216.1 percent higher than the national average for government employees. Actual pay was $[redacted]

California State Bar # 166616

UCLA

a) KNOWINGLY AND INTENTIONALLY:

As an attorney Levin has contempt for the law and knowingly brought this case illegally against Honest Hardworking Americans as she would know that auditors as secondary actors have no liability in a review which they provided no report attached to the quarterly review. Honest Hardworking Americans did nothing wrong, which she knows.

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Wahl identified this when Calabrese was questioning Wahl and she even said “management wanted to wait until December to restate.” **See Exhibit 70 Page 325 – Lines 17-25.** Levin was in attendance during this deposition.

She also knew that PKF wasn’t engaged by Cannavest until January 14, 2014 and Cannavest never issued a non-reliance on their own.

It wasn’t until over a two and half month period as part of an audit (much higher standard) by another firm that with Cannavest’s attorneys, management, third party valuation group, PKF the new auditors and PKF national office that Cannavest issued a non-reliance on April 3, 2014 (**EXHIBIT 716**).

Even Canote in his deposition stated that the arms length negotiation of a $35,000,000 purchase price happened all the time and had nothing to do with the Cannavest stock price see **P.F.F#232to#233**.

Additionally, Levin intentionally ignores **ASC 805 Business Combination** where amounts are provisional for 12 month period. She intentionally ignores **ASC 820 Fair Value** where there is no requirement to obtain a valuation report, especially during an interim review under **AU 722, Interim Reviews** which the standard is only inquiries and analytics here the and **ASC 350 Intangibles – Goodwill and Other**.

Based on the factors above andthis was an intentional and fabricated attack against Honest Hardworking Americans.

Levin should read some legal cases in **Appendix A** to expand her appreciation and understanding for the law.

19) Steven C. Seeger

826. Steven C. Seeger worked for the United States Securities and Exchange Commission (SEC) and in 2018 had a reported pay of $[redacted] according to public records. This is 162.1 percent higher than the average pay for federal agency employees and 192.7 percent higher than the national average for government employees. Was paid #[redacted]

Illinois Bar No. 6243849

SSN#: [redacted]

https://en.wikipedia.org/wiki/Steven_C._Seeger

a) WHERE IS THE BEACH?

After Wahl finished his 9 hour deposition in July 2019. Seeger "***asked how far the beach was from the offices?***" How professional of a newly appointed judge after Wahl and his family just lost his home. Not to mention he asked Wahl 40 loaded questions in a row. Seeger was instrumental in managing, overseeing and bringing the Accelera charade to trial. Especially, when the accounting position taken by the SEC and their Biased and Conflicted Expert doesn't even comply with US GAAP. Seeger should be significantly reprimanded for his actions in this case.

20) David J. VanHavermaat

827. The average employee salary for the United States Securities and Exchange Commission (SEC) in 2018 was $[redacted] This is 139.8 percent higher than the national average for government employees and 114.7 percent higher than other federal agencies.

Cal. Bar No. 175761

SSN#: [redacted]

21) John E. Birkenheier

828. 2018, he earned [redacted] with a $[redacted] bonus.

a) KEPT FALLING ASLEEP ON THE TAXPAYERS DIME:

Mr. Birkenheier needs to be tested for narcolepsy and rescind his salary during the trial b/c he continued to fall asleep while the tribunal was presiding. Wahl would look over and Birkenhier would be taking his morning and afternoon naps during the trial. Birkenheier should give back his salary which is paid by the American tax payer.

Illinois Bar No. 6270993

SSN#: [redacted]

22) Harris L. Devor

829. **CPA LICENSE NUMBER:** CA011426L

SSN#: [redacted]

STREET ADDRESS: [redacted]

CITY: PHILADELPHIA

STATE: PENNSYLVANIA

ZIP: 19103

a) DEVOR'S VIOLATIONS OF AICPA AND PENNSYLVANIA CODES OF PROFESSIONAL CONDUCT:

b) § 11.23. COMPETENCE:

A licensee may not undertake any engagement for the performance of professional services which he cannot reasonably expect to complete with due professional competence including compliance, when applicable, with § § 11.27 and 11.28 (relating to auditing standards and other technical standards; and accounting principles).

Devor took on the Expert witness report and testimony in this case and he has no experience in this area. Devor has never audited or reviewed a public company under PCAOB standards. The case is focused around the three micro cap public companies that operated after the PCAOB was created. The transcripts for his depositions and during trial clearly demonstrate his lack of experience with PCAOB standards.

Devor kept trying to mention the AICPA, which has nothing to do with auditing micro cap companies that the auditors were required to comply with PCAOB standards not AICPA.

Devor couldn't remember one current US GAAP pronouncements kept talking about APB standards and not current GAAP.

Devor didn't know the qualitative aspects of a goodwill impairment that was implemented in 2011 and he didn't know what a BCF was. BCF is very common language for anyone that operates in the micro-cap market. Something Devor hasn't done for over 30 years. Maybe never.

Devor bragged about Enron as if it was relevant to the case, which it really wasn't.

Devor has no understanding of the reverse mergers.

Devor thinks that the only way that a business combination can be contemplated is with cash. This is where Devor fails in both the Cannavest and Accelera cases where it's very common and actually occurs all the

time that acquisitions are paid almost entirely with the company's stock. Especially, in the small cap market where they commonly use the stock as currency (See Garbutt, Deutchman, Wahl, Koch, Letcavage Testimony).

c) § 11.22. INTEGRITY AND OBJECTIVITY:

A licensee may not in the performance of professional services knowingly misrepresent facts, nor subordinate his judgment to others; in tax practice, however, a licensee may resolve doubt in favor of his client as long as there is reasonable support for his position.

Under the AICPA Code of Professional Conduct, in the performance of any professional service, a member must maintain objectivity and integrity, shall be free of conflicts of interest, and shall not knowingly misrepresent facts.

Devor has knowingly misrepresented facts throughout the entire case:

1) *The stock didn't trade.*
2) *A review is only slightly less than an audit.*
3) *An audit of a public company is the same as a private company.*

d) 0.300.050 OBJECTIVEY AND INDEPENDENCE PARAGRAPH 000.02:

Objectivity is a state of mind, a quality that lends value to a member's services. It is a distinguishing feature of the profession. The principle of objectivity imposes the obligation to be impartial, intellectually honest, and free of conflicts of interest.

Devor has not been impartial and intellectually honest in this case. Devor has knowingly misrepresented fact thought out the entire case:

1) *The stock didn't trade.*

2) *A review is only slightly less than an audit.*

3) *An audit of a public company is the same as a private company.*

4) *The SEC is DEVOR's largest client he can hardly be objective and definitely is conflicted.*

e) 1.100.001 INTEGRITY AND OBJECTIVITY RULE .01:

In the performance of any professional service, a member shall maintain objectivity and integrity, shall be free of conflicts of interest, and ***shall not knowingly misrepresent facts or subordinate his or her judgment to others***.

Devor has not been impartial and intellectually honest in this case. Devor has knowingly and intentionally misrepresented facts thought out the entire case:

1) *The stock didn't trade.*

2) *A review is only slightly less than an audit.*

3) *An audit of a public company is the same as a private company.*

f) 1.140.010 CLIENT ADVOCACY:

.03 Some professional services involving client advocacy may stretch the bounds of performance standards, go beyond sound and reasonable professional practice, or compromise credibility, thereby creating threats to the member's compliance with the rules and damaging the reputation of the member and the member's firm. If such circumstances exist, the member and member's firm should determine whether it is appropriate to perform the professional services.

Not only has Devor not complied with the rule and has damaged his reputation, the reputation of his firm. Devor's actions in this case have damaged the reputation of the Securities Exchange Commission his largest client.

g) g.1.300.11 COMPETENCY:

.01 Competence, in this context, means that the member or member's staff possess the appropriate technical qualifications to perform professional services and that the member, as required, supervises and evaluates the quality of work performed. Competence encompasses knowledge of the profession's standards, the techniques and technical subject matter involved, and the ability to exercise sound judgment in applying such knowledge in the performance of professional services. .02 A member's agreement to perform professional services implies that the member has the necessary competence to complete those services according to professional standards and to apply the member's knowledge and skill with reasonable care and diligence. However, the member does not assume a responsibility for infallibility of knowledge or judgment. .03 The member may have the knowledge required to complete the services in accordance with professional standards prior to performance. A normal part of providing

professional services involves performing additional research or consulting with others to gain sufficient competence.

Devor took on the Expert witness report and testimony in this case and he has no experience in this area. Devor has never audited or reviewed a public company under PCAOB standards. The case is focused around the three micro cap public companies that operated after the PCAOB was created. The transcripts for his depositions and during trial clearly demonstrate his lack of experience with PCAOB standards and the small cap stock market.

Devor kept trying to mention the AICPA, which has nothing to do with auditing micro cap companies. The auditors in this case were required to comply with PCAOB standards not AICPA.

Devor couldn't remember one current US GAAP pronouncements kept talking about APB standards and not current GAAP.

Devor didn't know the qualitative aspects of a goodwill impairment that was implemented in 2011 and he didn't know what a BCF was. BCF is very common language for anyone that operates in the micro-cap market. Something Devor hasn't done for over 30 years. Maybe never.

Devor bragged about Enron as if it was relevant to the case, which it really wasn't.

Devor has no understanding of the reverse mergers, he thinks its when a big company merges with a small company but its actually significantly more detailed mechanical process.

Devor thinks that the only way that a business combination can be contemplated is with cash. This is where Devor fails in both the Cannavest and Accelera cases where its very common and actually occurs all the time that acquisitions are paid almost entirely with the company's stock. Especially, in the small cap

market where they commonly use the stock as currency (See Garbutt, Deutchman, Wahl, Koch, Letcavage Testimony). Even with Premier Holdings they purchased The Power Company with 100% stock.

Devor didn't even take the time to understand the relevant US GAAP and GAAS standards. You would think that if a "competent" CPA was being paid $100s of thousands of dollars and this is his largest client that Devor would have taken some time to complete some research on the applicable US GAAP and GAAS relevant to this case and could competently discuss during his testimony. Devor could not site one relevant US GAAP or GAAS pronouncement.

h) 2.300 GENERAL STANDARDS 2.300.001 GENERAL STANDARDS RULE.01:

A member shall comply with the following standards and with any interpretations thereof by bodies designated by Council.

a. Professional Competence. Undertake only those professional services that the member or the member's firm can reasonably expect to be completed with professional competence.

Devor never had the competence to complete with professional competence the engagement. Other than he has no laws that bound him to expert testimony.

b. Due Professional Care. Exercise due professional care in the performance of professional services.

Devor has not taken due care. Devor has been "reckless" in his disposition in handling this case. He has not taken the time to understand the small cap market, doesn't understand the accounting (i.e. APB

standards), does not address or mention issues that pertain to convertible debt, share based compensation and related party transactions b/c the entire case is beyond his skills, experience and knowledge.

c. Planning and Supervision. Adequately plan and supervise the performance of professional services.

Devor mentions that he had 4 to 5 staff members work on this project and the Expert report. That is hard to believe that any other CPA would actually risk their license and write the report completed that doesn't tie in relevant facts, misses key issues and doesn't even address the appropriate US GAAP and GAAS standards.

d. Sufficient Relevant Data. Obtain sufficient relevant data to afford a reasonable basis for conclusions or recommendations in relation to any professional services performed.

Devor can't have utilized relevant data simply b/c his conclusions use misstated facts, incorrect utilization of US GAAP or GAAS.

i) 2.300.010 COMPETENCE.01

Competence, in this context, means that the member or member's staff possesses the appropriate technical qualifications to perform professional services and, as required, supervises and evaluates the quality of work performed. Competence encompasses knowledge of the profession's standards, the techniques and technical subject matter involved, and the ability to exercise sound judgment in applying such knowledge in the performance of professional services.

Devor has never audited a public company in 30 years and has never audited or reviewed a public company utilizing PCAOB standards in his life. He can't be competent in his role and his testimony supports it.

02 A member's agreement to perform professional services implies that the member has the necessary competence to complete those services according to professional standards and to apply the member's knowledge and skill with reasonable care and diligence. However, the member does not assume a responsibility for infallibility of knowledge or judgment.

Devor claims that he will never be wrong. Well he is shown to be over the top, malicious, intentionally mischaracterized the transactions in this case.

.03 The member may have the knowledge required to complete the services in accordance with professional standards prior to performance. A normal part of providing professional services involves performing additional research or consulting with others to gain sufficient competence.

There are no laws for an Expert Witness to act. It was confirmed by the Hon Judge Patil and Devor himself. His testimony is more than enough that should be evaluated by the AICPA and the Philadelphia Board of Accountancy for the intentional misrepresentations about his competence and his capabilities in this case and many others. Federal court for times dismissed for bias.

23) Angela D. Dodd

830. ngela D Dodd worked for the United States Securities and Exchange Commission (SEC) and in 2018 had a reported pay of $[redacted] according to public records. This is 162.1 percent higher than the average pay for federal agency employees and 192.7 percent higher than the national average for government employees. Actual Pay was $[redacted]

a) THE SEC IS NOT A CREDITOR:

Ms. Angela D. Dodd is the lead criminal in the bankruptcy fraud that the SEC committed. The SEC entered the bankruptcy court as a non-creditor, only allegations, no trial, and no determination by a judge.

MR. SEARLES: "Angie, do you have anything else from Chicago?"

b) THE SEC PUT WAHL IN BK THEN IN ATTEMPT TO CREATE FURTHER INTENTIONAL DAMAGE TO HIS FAMILY:

MS. DODD: "Hi, this is Angie Dodd, bankruptcy counsel. I do want to correct something that Mr. Reid stated. The SEC is not appearing as a special advisor to the Court in this case under Section 1109(a). We're a Creditor in this case. The Debtor needs to start treating us as a Creditor in this case and providing, you know, feasibility evidence that is realistic. And I think Mr. Searles is being very kind when he's saying that, you know, we are trying to be patient because we are -- we're -- our patience is running thin. ***We would like to see this case converted*** as soon as this Court feels it is appropriate and we feel like it is very much veering on that stage now."

c) THEN DODD MAKES A MALISCIOUS AND DISHONEST CLAIM TO FURTHER DISCREDIT WAHL:

Angie Dodd: ……forestalled from collecting against Mr. Wahl, who had a history of personal and corporate bankruptcies."

She lied, Wahl has never been in bankruptcy until the SEC put him and A&C into bankruptcy. Wahl doesn't have a history of bankruptcies. Complete lie in Federal court.

d) THE SEC'S TRIAL WENT DOWN IN FLAMES AND SAME WITH DODD'S LICENSE:

Angie Dodd: "We don't want to wait for five years and watching this thing go down in flames and then have to collect on a judgment that we believe that were going to receive after our October trial."

I guess she hasn't heard of the Supreme Court. No they are not. She should review the appeal process and there is no judgement received in October 2019.

e) DODD LIES AGAIN IN FEDERAL COURT:

Angie Dodd: "Were a creditor…….We have every right to come in and try to protect that collectability of that claim." *No you are not a creditor. You're a very dishonest.*

f) THE FEDERAL JUDGE SEES THROUGH DODD'S INFLAMMTORY STATEMENTS:

Angie Dodd: "And I do believe that we will do better in a seven. We'll have a third party, objective trustee…."

THE COURT: "……I'm a little concerned when your vision of the future depends on a trustee stirring the ashes and finding something. In my experience, that's a low probability."

Angie Dodd: "And the SEC wants to be released from this plan and be able to collect on its judgment that it receives in – as part of the administrative proceeding in October 2019."

Angie Dodd: "He (Wahl) does not have a track record—." *Well you and the other 23 accountants, attorneys involved in this case have a clear track record of being a dishonest, incompetent and overstepping your legal boundries in this case.*

g) THE SEC CAN PAY BACK THE CREDITORS FOR THEIR INTENTIONAL DAMAGES:

Angie Dodd: "I think its in the interest of the creditors to determine whether NorAsia is Mr. Wahl himself and whether more income could be contributed from NorAsia to pay creditors more than 10 cents on the dollar." *Since Honest Hardworking Americans did nothing wrong then Dodd and her friends can pay us back at 20 to 30%. The SEC puts Wahl and HONEST HARDWORKING AMERICANS in bankruptcy then they*

slander him and say he should pay back the creditors 100%. How about they pay back the creditors since the SEC is the reason that we are here?

THE COURT: "Of course, if you guys – I'm saying the SEC prevails, you have a non-assertion judgment, don't you?

Angie Dodd: "yes, that is right."

THE COURT: "So in a sense, why do you care?.."

Angie Dodd: "Well, I would propose you convert the case right now but—". *The SEC wants it to be converted b/c your too scared to go to trial.*

The entire deferment of Barry Cohen's hiring was to coincide with the SEC converting the case from chapter 11 to a 7 so Wahl could not hire an attorney to defend himself during that period. This would deny our basic right under the constitution for "Due Process". Mr. Searles and Angie Dodd attempted to convert the case claiming "it would benefit everyone". The only person it would benefit would be the SEC b/c I would not have been able to retain counsel during a critical time in the trial. Their behavior to continually attack Wahl and his family trying to prevent Wahl from feeding his family, starting a new life under chapter 11, is egregious and abusive prosecution.

The SEC is not even a creditor and does not meet the definition of a a creditor under 11 U.S.C.101(5)(A), which is defined as "right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured."

The SEC claimed that their potential fine was an unliquidated right to payment against Wahl. Wahl's bankruptcy counsel denied the accuracy of the claim given that the trial between Wahl and Respondents vs the SEC had not even occurred.

The arrogance of the SEC attorneys to claim that there was a right to payment without a trial is unconstitutional and is not inline with the 5th and 14th amendments of the Constitution where individuals have the right to be innocent until being proven guilty.

The Division believes it's in France using the Napoleonic code they believe that individuals are guilty until proven innocent. The SEC's actions in Wahl's chapter 11 further demonstrate the Division's contempt for the rule of law in the United States of America and the American taxpayer.

Definition of an Unliquidated Claim:

When a claim is **unliquidated** we know who is responsible for **paying** it, but we don't know how much money will satisfy the claim. ... the creditor has a **right to payment**. The debtor doesn't have a good faith dispute about the amount owed, and. there aren't any unresolved contingencies.

- the amount of the debt – **Note Known**
- the debtor legally owes the debt – **Not Proven. No trial. Does not consider Wahl's rights to appeal.**
- the creditor has a right to payment – **No Debt Proven. No right to Payment. Searles claimed that "when the SEC proves up this fraud in October 2019 that the judge would have a large judgement against Wahl." We will not have a decision in this case until October 2020.**
- the debtor doesn't have a good faith dispute about the amount owed, and – **This is not a good faith dispute. This is a vehement dispute regarding the SEC's fraudulent and criminal behavior against Debtor (Wahl), which Wahl is willing to fight this all the way to the Supreme Court of the United States.**
- there aren't any unresolved contingencies. – **The Administrative Law Judge will not make a decision until mid October 2020. Debtor has 30 days to file an appeal up to the Commissioners at the SEC.**

The process would take another 24 months for a decision from the Commission. appeal to the 9th circuit another 18 to 24 months. If we don't like that we can appeal to the Supreme Court of the United States. Another 6 months. By then the bankruptcy would be discharged. If the Supreme Court hears the case. A decision may not be heard or completed until 48 to 55 months from October 2020 or more.

The SEC intentionally deferred the hiring of Barry Cohen through the Chapter 11 bankruptcy system to coincide with the SEC creating unnecessary havoc as a non-creditor to convert the case from Chapter 11 to a Chapter 7 so Wahl and Chung could not hire an attorney to defend themselves at a very critical time in the ALJ trial process. If Wahl's Chapter 11 was converted to a Chapter 7 as Searles, Quallls, Calabrese, Dodd all pushed for and the other criminals. The Chapter 7 trustee would take all of Wahl's cash at that time and even try and collect against Wahl's receivables in his consulting business. Leaving no funds for you guessed it to pay for an attorney.

The entire actions by the SEC was to force Wahl into a settlement that would unlawfully deny our rights to Due Process under the 5th and 14th amendment of the constitution. They all knew from day one that this was a fake made up case that destroyed Honest Hardworking Americans lives.

Once the Honorable Theodor Albert and the U.S. Trustee Counsel reads the Respondents Final Briefs and P.F.F, they will clearly understand that the claims filed by the SEC were fraudulent. This would create a

direct charge to Charles J. Kerstetter; Angie Dodd and for aiding and abetting in the fraud to Alyssa Qualls; Jennifer Calabrese; and Donald J. Searles ("BK fraudsters").

A person who files a fraudulent claim could be fined up to $500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

The BK fraudsters filed two fraudulent claims and we will recommend that they receive the maximum $1.0M fines and 5 year jail terms each. This is of course after they pay back Honest Hardworking Americans for the damages described in **P.F.F.#840**.

Dodd has the most risk here since she forced Kerstetter file and sign the fake and fraudulent proof of claims in the Anton & Chia, LLP Chapter 7 and the Wahl Chapter 11 (**Exhibit 1283 and 1284)**. She also attached the fake and fraudulent OIP as she was trying to justify the fraud on the paper he was signing. Or based on the behavior of these attorneys, Dodd probably tricked Kerstetter to sign this so she can wash her hands of this liability.

Of course Dodd, Searles, Qualls and Calabrese didn't show up in January 2020 for the next hearing. Post ALJ trial.

For her lies in Federal court she should have her license taken away and be put in jail. But she needs to pay Wahl, Deutchman and Chung before that occurs.

24) THE OTHER SEC AIDERS AND ABETTORS:

a) The guy with the camera that looked at our faces nonstop. He needs significant training to learn to take better pictures of Respondents. He requires a masters in fine arts and photography to insure he can properly discharge his responsibilities.

b) The guy with the PHD that determined or provided Cannavest stock prices. I am sure someone with a PHD has better use of their time than pulling stock prices off a Bloomberg terminal……

c) IT Specialist Russel Castillo was tasked with finding NorAsia's profile on LinkedIn and the website for NorAsia clearly a waste of tax payers money and provides no relevance to this case at all. NorAsia was never named in the original Orders Instituting Procedure and is not relevant to this case.

SINCERITY of ASSURANCES AGAINST FUTURE VIOLATIONS AGAINST SMALL BUSINESS OWNERS

831. The SEC attorneys and accountants placed on this case. Not only did their behavior get worse as the case went on (i.e. chasing Wahl into his Chapter 11 when the SEC was not even a creditor, no judgment, no SEC trial had convened or concluded, no decision by an ALJ judge, etc.). They had this self-evident delusional confidence that they were doing a good job on the case. They are unorganized. They didn't understand the law. They didn't understand the accounting. They kept changing their conclusions and arguments in a desperate attempt to salvage the case. Instead of trying to argue facts. They made up fake accusations. Even at their ultimate worst when they decide to put Wahl's two children's ages in a motion. They never apologized for the action. Not even a slight gesture to apologize. They simply kept passing notes to each other, laughing and giggling, etc. This is the behavior of children in middle school. This is not the behavior of so called professionals from good universities, licensed attorneys and I am sure the state

bars and their alma mater would be embarrassed and even outraged by their conduct in this case. There are probably many other cases as well. We have other examples. Nothing more than a negligence charge!

These attorneys with no charges or judgment against Wahl keep chasing after him and continue to deny him the ability to earn income. Even when all he does is consulting work for companies.

Considering Wahl did nothing wrong in this case this further confirms the egregious and malicious tactics against Wahl and his family.

RECOGNITION OF WRONGFUL NATURE OF CONDUCT AGAINST HONEST HARDWORKING AMERICANS

832. The SEC attorneys and accountants on this case based on their final briefs are still clearly delusional and drug infused or either not very intelligent. They can't even recognize how tremendously fraudulent their case is. Not one creditable witness. Not one piece of evidence that there was a penny of losses by investor's b/c of actions by Honest Hardworking Americans. Not one. Their expert witness Devor doesn't meet the standard and is not "qualified" under Rule 702 as an expert. Devor has no experience with small public reporting companies or auditing small reporting companies under PCAOB standards. Then he references 1970 APB standards. He doesn't even recognize his limitations and incompetency. He brags about Enron in his testimony. Enron had $63.4B in assets, clearly not relevant analysis when compared to the three very small Registrants in this case and he advises Searles that Microsoft is a relevant reference for the Cannavest matter. Devor is clearly unfit for this case or any case for that matter.

Their big argument is that Wahl "lied" in their final briefs. Wahl didn't lie. Wahl just read the contracts, work papers and the financial statements that even the SEC submitted as evidence. The SEC intentionally

ignored key facts, key deposition testimony by witnesses only to intentionally destroy Honest Hardworking Americans. The worst part about the case is all the facts were in the working papers, contracts and financial statements that the SEC has had for over six years. This is truly gross negligence and fraudulent activity on behalf of the SEC attorneys and accountants in this case, not Honest Hardworking Americans.

OPPORTUNITIES FOR FUTURE VIOLATIONS

833. The SEC attorneys and accountants are still licensed and working for the Securities Exchange Commission. Based on their actions and conclusions in this case they are a significant threat to society, small business owners and they aren't smart enough to know when they need to quit and step out of a case.

They are still operating and involved in cases that other than if someone actually committed a real crime where they stole money or lied to investors where the investors lost substantial money. Then that could be a real case, depending on the facts and circumstances, they don't like the work papers this is like grade school level petty crap. The Enforcement Division has significant issues. Given that the Securities Exchange Commission were one vote away in the Lucia vs SEC case from losing the Administrative Law Judge process. You would think that the SEC attorneys in this case would act more responsibly, honorably, with competence and ethics.

Given Kazon's involvement in this case and her intentional cover up of the largest fraud in history in the Madoff case. How is it that the Commissioners at the Securities Exchange Commission allow for blatant fraud's against American Small Businesses? Not even a negligence charge! The issue is Kazon and her task force could be covering up other large Ponzi schemes only for the benefit of themselves and attorneys at the Commission. The actions are a material threat to American Small Businesses and legal residents. Kazon

and her task force could be bringing other fake cases against small American business and individuals that can't defend themselves.

The threat to the American public is the SEC attorneys and accountants in this case. They should be reprimanded, they should be fined for their abuse of their power, and they should be fired, put in jail, etc. for actions in this case.

The Coronavirus and the SEC has finally destroyed the remaining small businesses in the United States of America. The SEC could transition the attorneys and accountants to the Corona-Virus Fraud Task force and they can ensure that people are washing their hands, using hand sanitizer, wearing masks, wear gloves, social distancing and ensuring people don't touch their face. They can hand out tickets, like parking tickets to Americans and Businesses that don't comply maybe that will help them support their $250,000 a year salaries.

THE PRESS RELEASE AND OIP – AN INTENTIONAL TORT

834. The SEC attorneys in this case have caused the following torts against Honest Hardworking Americans:

A) INTENTIONAL INFLICTION OF EMOTIONAL DISTRESS:

The press release and the OIP created substantial emotional distress for Wahl and Chung. Destroying the business they built, taking their homes, their savings, creating problems for them socially as people thought they committed a crime or were going to jail and all the SEC does at trial is yell at Wahl regarding the representation letter. Even with family members this process has created significant stress for Honest Hardworking Americans. Many people turned on them and Honest Hardworking Americans did nothing wrong.

The allegations made by this group of SEC attorneys goes so beyond the scope of the definition of 102 (e). 102 € is and wasn't meant to create material distress. Even in Mr. Ceresny's speech and comments by Commissioner Johnson, the intent of 102 (e') was and is a slap on the wrist and only should be brought when the SEC can establish "scienter". There is no scienter in this case. Agreeing or disagreeing on the accounting is not scienter, not liking the working papers is not scienter, and accusing people of using their constitutional right to take a case to the Supreme Court is not scienter. The SEC knew that there is and was no scienter in this case that is why they went so hard at Wahl in his Chapter 11 bankruptcy.

The SEC attorneys and accountants in this case think the damage to Honest Hardworking Americans is funny. They unprofessionally laughed and giggled; passed each other notes; and even one attorney kept falling asleep. It's disgusting behavior by government employees that are paid by tax payers. That intentionally destroyed another American Small Business.

B) INTENTIONAL FRAUD AND DECEVED NOT ONLY HONEST HARDWORKING AMERICANS BUT THE COMMISSIONERS AT THE SEC WITH THIS FAKE CASE:

The SEC attorneys committed fraud by alleging 10(b) liability in the press release when they knew there was no 10(b) liability. There is no fraud in this case even the Registrants didn't commit fraud. There is not one shred of evidence of one penny of investor money being lost. There is no "intent" to create harm to investors by the Registrants and definitely not by Honest Hardworking Americans. The allegations of 10(b) liability created significant confusion with A&C's clients. A&C and Honest Hardworking Americans were never sued for damages b/c there never was any damages, there never was any fraud, scienter, gross negligence or negligence. The only fraud was the made up case by the attorneys at the SEC.

C) INTENTIONAL DEFAMATION AND LIBEL:

The SEC attorneys in this case have intentionally and permanently damaged the reputations of Honest Hardworking Americans. The only way Honest Hardworking Americans would fully realize the extent of this defamation was by getting to trial and listening to the fake case that the SEC created. There is not one credible witness, not one credible fact and not one penny of evidence of investor harm in this case. It is clear that the only means for this case was that the SEC wanted to and has materially damaged Honest Hardworking Americans. The public embarrassment by SEC against Honest Hardworking Americans was not just one time. The December 4, 2017, press release and the OIP was written with the intent of destroying Honest Hardworking Americans. It was written in a manner such that it made Honest Hardworking Americans were guilty before they received proper due process.

The SEC attorneys in this case in their specific libelous actions in the press release, the OIP, the pre-hearing briefs, constant slander during the trial, libel in the post hearing briefs, slander and libel in the oral arguments and libel in the Division's proposed facts.

There is nothing but intentional fabricated statements in the press releases, the SEC attorneys intentionally missed facts, intentionally missed key pieces of contracts, intentionally ignored testimony, intentionally ignored deposition transcripts and simply mischaracterize this entire case.

The attorneys involved in this SEC case knew that the press release would destroy Honest Hardworking Americans. The CPA market is highly competitive market and CPAs rely substantially on their "good" reputation to maintain and obtain business (Garbutt Testimony). Any harm to a CPA's reputation, such as a press release was known to be the kiss of death and was the kiss of death. The SEC attorneys in this case did everything they could to force Honest Hardworking Americans to settle so the SEC would not be exposed in trial.

The SEC acted with purposed and knew with substantial certainty that their deliberate and public statements would result in a malicious tortious result.

DUE PROCESS 5th and 14th AMENDMENTS – UNCONSTITUTIONAL TAKING OF PROPERTY:

835. The SEC attorneys in this case believe that they are above the law. The December 4, 2017 press release allowed for these SEC attorneys to be judge, jury and executioner. On that day, all the efforts to build Honest Hardworking Americans careers, manage our CPA licenses, continue to build our business, take care of our families and our reputations were wrongly destroyed by the US government. The Supreme Court in the Lucia matter tried to curtail the SEC and its malicious use and abuse of its power. The SEC almost lost its ALJ process but the attorneys and accountants trying this case have no respect for the law. They have their $1.9 Billion budget and they only target small businesses.

On that day, Honest Hardworking Americans professional licenses were rendered worthless. With no opportunity for a trial. As Mr. Garbutt testified to "the CPA business a highly competitive business and any reputational harm to a CPA's license can be difficult to recover from."

The Firm, Anton & Chia, LLP lost over 2,000 clients in the matter of weeks. Had to lay off or let go or accept resignations from many very good employees. Many of these employees were hired with a bright future of building the organization greater. Wahl had to close multiple offices and deal with the revenues declining from $11.0MM annualized down to under $1.0MM with the hopes of restructuring in seven months from the press release. The Firm filed for Chapter 11 protection. The press release damage and subsequent bankruptcy filing demonstrates direct causation of damages. But the Bankruptcy Federal Court judge converted A&C to Chapter 7 less than a month thereafter.

This is a "***regulatory taking of property***" by the SEC. ***However, this case goes beyond just a simple regulatory taking of property b/c of the extreme abuse of the power of the US government and these attorneys and accountants have totally embarrassed themselves and the U.S Securities Commission***.

Once the press release was issued, the SEC attorneys assigned to this case continued with their bad behavior and malice even chasing Wahl into bankruptcy.

Wahl in his attempts to protect his family was forced to start another business in September 2018 and did his best to generate revenues pay creditors and establish new opportunities. The SEC attorneys in this case entered the Chapter 11 to further go after Wahl trying to deny Wahl and his family procedural due process

If the SEC and the attorneys had a strong case. Why spend so many resources and chase after Wahl after they destroyed his life? They never had a case, even before the press release they never had a case, it was simple blind hate and much like Dan Freeman was "begging" for another audit adjustment in 2014.

The SEC's actions and the Press Release continue to take away Honest Hardworking Americans rights. Individuals, friends, attorneys have seen how the SEC has acted in this case and are scared to be associated with Wahl and Chung simply look at Steve Lobbins, he lost his job due to malicious actions by Qualls. The press release accusing Honest Hardworking Americans of Fraud denied Honest Hardworking Americans many rights. The Right to their CPA licenses (worthless or taken), the Right to generate income (Fear of the SEC has pushed many opportunities away from Wahl b/c he is assumed guilty!); the Right to simple employment (Honest Hardworking Americans could not be hired by Nordstrom's, etc.), Honest Hardworking Americans would never pass the background check and no one would care to listen! The press release and all the public slander and libel against Honest Hardworking Americans for no reason has ruined their reputations for the rest of their lives. Harmed their children's educations. Fear that Sherman

tanks and helicopters would drive up the street to kill them and their parents is very real. Day to day communication.

Even if Honest Hardworking Americans prevail in this case. So what. Honest Hardworking Americans did nothing wrong and the SEC and their attorneys knew this before they brought the case and that is why the SEC desperately attempted to stop Wahl from going to trial. The SEC not liking the work papers, the employees Wahl hired, etc. is not even warranted of any charge. Definitely not a negligence charge.

Honest Hardworking American shave suffered insurmountable, quantifiable and indefinite damages. Honest Hardworking American sat a minimum should be awarded damages as they have calculated so they can recover from the sufferings that they have incurred. The scares and reputational damage will never be recovered. Wahl, Chung and Deutchman will never be able to practice again as an accountant and for the rest of their lives due to the Press Release and all the public information on this case will never have the same rights that ordinary citizens will have. Honest Hardworking Americans should be compensated for this travesty.

The bar for approving damages to Honest Hardworking Americans is Lucas vs. South Carolina Coastal Council. “In Lucas, since all uses were effectively taken, full compensation was due.” since all uses of our CPA license, our business, even our personal property and right to continue to work were and are effectively taken by the SEC and even more so. Full compensation to Honest Hardworking Americans is immediately due.

ANALYSIS OF THE FIVE LARGEST PUBLIC COMPANIES

836. President Trump increased the SEC’s budget by 6% to $1.9 Billion dollars to go after large public filers like Facebook, Google, etc. but instead the SEC has used this budget to target the small cap market and American Small Businesses. 24 attorneys, accountants and support staff that spent $32MM to $38 million

dollars over six years to destroy an American Small Business with 100++ jobs and with Anton & Chia's clients supported over 5,000 plus jobs worldwide.

DAMAGE AWARDS AND REQUEST FOR PAYMENT AND JAIL TERMS

837. The actions by the SEC in this case represent a vulgar display of power against Honest Hardworking Americans. The damages inflicted by the SEC attorneys and accountants has direct causation by their inappropriate and criminal actions against Honest Hardworking Americans by the December 4, 2017, inflated and egregious press release and the damages are easily quantifiable.

Honest Hardworking Americans are proposing that the following direct and quantifiable damages be awarded to Chung, Wahl and Deutchman.

Wahl Direct Damages

Anton & Chia, LLP (**Note 1**)	$	27,500,000
Personal Savings	$	3,395,938
Real Estate	$	4,577,360
Bankruptcy Attorney Fees	$	350,000
SEC Attorney Representation	$	915,260
Total Damages	$	26,738,588

Wahl Indirect Damages

Lost Wages (**Note 2**)	$	2,925,000
Rendering Wahl's CPA license worthless (**Note 3**)	$	1,500,000

Total Damages Wahl	$	41,163,558
Penalties (**Note 4**)	$	4,486,695
Interest (**Note 4**)	$	4,486,695
Total Damages Wahl	$	51,136,949

Note 1: A&C was valued at $5.5MM proforma earnings at a multiple of 5X.

Note 2: 4.5 years at $650,000.

Note 3: Unconstitutional taking of property without compensation as a result of fraudulent press release.

Note 4: Interest and penalty is at date of turning down final settlement offer at 3%.

Chung Indirect Damages:

Lost Wages (**Note 1**)	$	337,500
Rendering Chung's CPA license worthless (**Note 2**)	$	1,500,000
Total Damages Chung	$	1,837,500
Penalties (**Note 3**)	$	200,282
Interest (**Note 3**)	$	200,282
Total Damages Chung	$	2,238,063

Note 1: 4.5 years at $75,000.

Note 2: Unconstitutional taking of property without compensation as a result of fraudulent press release.

Note 3: Interest and penalty is at date of turning down final settlement off at 3%.

Deutchman Indirect Damages

Lost Wages (**Note 1**)	$	562,500
Rendering Deutchman's CPA license worthless (**Note 2**)	$	1,500,000
Total Damages Deutchman	$	2,062,500
Penalties (**Note 3**)	$	224,806
Interest (**Note 3**)	$	224,806
Total Damages Deutchman	$	2,512,112

Note 1: 4.5 years at $125,000.

Note 2: Unconstitutional taking of property without compensation as a result of fraudulent press release. The press release from this case was presented as evidence in a hearing before the California board of accountancy. This hearing resulted in the revocation of my CPA license which Deutchman had for 48 years.

Note 3: Interest and penalty is at date of turning down final settlement off at 3%.

838. There are five options or sources for repayment by the SEC to Honest Hardworking Americans:

1) ***Whistleblower Fund:*** From the Whistleblower Fund which is an arrangement where the SEC brings fake cases and then doesn't even pay back the disgorgements that they receive to investors. They don't pay it back b/c just like in this case against Honest Hardworking Americans. Not one penny of investor money was lost. *"No money has been taken or withheld from harmed investors to pay whistleblower awards."* https://www.sec.gov/news/press-release/2020-46 this is a fraudulent statement as an example, in the Madoff case, how this is possible. Not every investor received 100%

of their money back in the Madoff matter! If the Commission does decide to pay Honest Hardworking Americans from the Whistleblower fund, we would advise that the attorneys, Devor and accountants in this case face criminal charges and other actions against their licenses due to their fraudulent and criminal actions in this case.

2) ***SEC's Budget:*** Since President Trump so conveniently increased the budget for 2021. The Securities and Exchange Commission can pay from its $1.9++ billion budget can provide a check to each of Wahl, Chung and Deutchman. If the SEC does pay the damages back to Honest Hardworking Americans utilizing the SEC's budget. We would advise that the attorneys, Devor and accountants in this case face criminal charges and other actions against their licenses due to their fraudulent and criminal actions in this case.

3) ***Corona-Virus Loan:*** Since the SEC and the Corona Virus has pretty much put the rest of small businesses in America out of business and the criminal attorneys and accountants are still earning a salary unlike the rest of America. The attorneys and accountants can use the financial model developed by Wahl below to request from the Small Business Administration a loan that they would utilize the loan to pay back the damages over time to the SBA but Wahl, Chung and Deutchman, would receive their funds immediately. The SBA is bailing out hedge funds, private equity, law firms maybe the SBA will give this to the attorneys as a grant. However, the SEC does pay the damages back to Honest Hardworking Americans with the SBA. We would advise that the attorneys, Devor and accountants in this case face criminal charges and other actions against their licenses due to their fraudulent and criminal actions in this case.

4) ***The SEC Employee's and Devor Direct Deposit Plan:*** The SEC employees involved in this fraudulent and criminal case against Honest Hardworking American scan start paying back the damages to Honest Hardworking Americans, based on 20 to 30% of their gross salaries back to Honest Hardworking Americans. It can be administered through direct deposit right into Wahl's, Chung's and Deutchman's accounts. Just like a 401K deduction. The attorneys and accountants never see the deduction. Under this scenario, the attorneys and accountants would require training, significant training. Training from ethics, honesty, how not to abuse their position, in basic law classes, applying the law, etc. They would also require proper and appropriate supervision which would cost tax payers further but if rehabilitation of this band of criminals is required. Then this is an option on the table for the Commission to consider.

5) ***Pay Day Loans:*** If the SEC attorneys and accountants involved in this case can't find the appropriate funding to repay Honest Hardworking Americans identified in options 1, 2, 3 and 4 identified above. Then the SEC attorneys and accountants can take out pay day loans and repay Honest Hardworking American sat the time of their payment date for Honest Hardworking Americans.

SEC Employee Repayment Plan

839. Since Angela Dodd didn't think that 10% of going forward profits for Norasia's business wasn't enough thanks to the SEC destroying A&C for no reason other than blind hate.

The SEC employees can allocate 20% of their salary to paying back Respondents.

20%

		Salary
1)	Harris Devor	$ [redacted]
2)	Stephanie Avakian	[redacted]
3)	Steve Peikin	[redacted]
4)	Leslie Kazon	[redacted]
5)	Daniel J. Hayes	[redacted]
6)	Ariella O. Gaurdi	[redacted]
7)	Donald Werner Searles	[redacted]
8)	Jennifer Calabrese	[redacted]
9)	Alyssa Qualls	[redacted]

10) Christopher H. White [redacted] [redacted]

11) Pesach Glaser [redacted] [redacted]

12) Bennett Ellenbogen [redacted] [redacted]

13) James Addison [redacted] [redacted]

14) Christopher Conte [redacted] [redacted]

15) Howard Fischer [redacted] [redacted]

16) Charles J. Kerstetter [redacted] [redacted]

17) Michael Paley [redacted] [redacted]

18) Rhoda H. Chang [redacted] [redacted]

19) Victoria A. Levin [redacted] [redacted]

20) Steven C. Seeger [redacted] [redacted]

[redacted]

22)	David J. VanHavermaat	[redacted]		[redacted]
23)	John E. Birkenheier	[redacted]		[redacted]
24)	Angela D. Dodd	$ [redacted]	$	[redacted]

	$ 1,144,477
Total Damages to Wahl, Chung and Deutchman	$ 55,887,124
Number of Years Estimated to Pay off	48.83

HONEST HARDWORKING AMERICANS WIRE INSTRUCTIONS:

840.

A) Michael Deutchman

Amount: $2,512,112

US Bank

Account Number: [redacted]

Routing Number: 122235821

B) Ms. Georgia Chung

Amount $2,238,063

Manufacturers Bank

Account Number: [redacted]

Routing Number: 122226076

C) Gregory A. Wahl

Amount $51,136,949

Manufacturers Bank

Account Number: [redacted]

Routing Number: 122226076

Dated: May 28, 2020

Respectfully Submitted,

/s/ Georgia C Chung
Ms. Georgia C Chung

/s/ Gregory A. Wahl
Mr. Gregory A. Wahl

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APPENDIX A: LEGAL CASES; LEGAL PRECEDENT AND IMPACT ON CASE:

The following analysis is imperative as it demonstrates that the division is trying to create their own laws. It is not bad enough that they change; exaggerate; and embellish facts to suit their need to create a case that never existed. They also feel it is ok to become the arbiters of what the laws are instead of what has been adjudicated by the highest courts in our country.

The SEC attorneys are highly educated and have sufficient experience that they ***should have known*** the law before bringing this case and if they were not aware then their collective actions were ***extremely reckless*** and definitely ***fraudulent***.

841. REVIEW ENGAGEMENTS – NO AUDITOR LIABILITY:

1) **Central Bank of Denver v. First Interstate Bank of Denver, 511 U.S. 164 (1994) Id. at 175.**

A) Legal Precedent

After the Supreme Court's landmark decision in Central Bank, securities fraud claims against auditors were generally limited to instances in which an auditor's report on a company's annual financial statements is alleged to be misleading. In Central Bank, the Supreme Court held that secondary actors, including banks, lawyers and auditors, cannot be held liable for aiding and abetting a company in its fraudulent misstatements under Section 10(b); instead, secondary actors can only be held liable under Section 10(b) for their own material misstatements or employment of manipulative devices. Central Bank, 511 U.S. at 177. The Supreme Court explained that allowing aiding and abetting liability inappropriately permits a claim to proceed without the critical element of reliance: Our reasoning is confirmed by the fact that Honest Hardworking Americans' argument would impose 10b-5 aiding and abetting liability when at least

one element critical for recovery under 10b-5 is absent: reliance. A plaintiff must show reliance on the defendant's misstatement or omission to recover under 10b-5.

Subsequent to the Central Bank decision, most federal courts addressing the issue have applied a "bright line" test pursuant to which a secondary actor like an auditor "must actually make a false or misleading statement in order to be held liable under Section 10(b)," as "[a]nything short of such conduct is merely aiding and abetting, no matter how substantial that aid may be."

Independent auditors do not "prepare, draft, edit or provide numbers for the audit" nor, except in the most extraordinary of circumstances, can they be credibly alleged to have done anything more than opine regarding whether a company's financial statements are fairly presented. Moreover, if the auditors did prepare the financial statements or parts of them, they would not be deemed "independent," and, accordingly, they would have misrepresented their status as GAAS requires independence.

In addressing plaintiffs' claims for Andersen's fraud based on the company's unaudited financial statements, the court noted that, of course, scheme liability cannot be used as a "short cut" to circumvent Central Bank's prohibition on aiding and abetting liability, and thus Andersen "may not be held liable for any of the individual unaudited statements made by AGC under Rule 10b-5(b), although it may be held liable for the fraudulent scheme behind them [under Rule 10b-5(a) and (c)]." Global Crossing, 322 F. Supp. 2d at 337 n.17. Perhaps the better approach would be to disallow the claim in such circumstances as nothing more than a "short cut" around Central Bank. See Lernout & Hauspie, 230 F. Supp. 2d at 175 (refusing to allow liability under subsections (a) and (c), as opposed to (b), to proceed against KPMG for its role in allegedly making materially false statements as "subsections (a) and (c) of Rule 10b-5 do not create a short cut to circumvent Central Bank's limitations on liability for a secondary actor's involvement in preparing misleading documents.");

B) Impact on Case:

No 10 (b) Liability for quarterly reviews. No 10 (b) liability = No 10 b-5 liability.

2) Deephaven, 454 F.3d at 1171 (citing Section 18, 15 U.S.C. § 78r(a))

A) Case Precedent

While the Deephaven court did not reference the Supreme Court decision in Virginia Bankshares, Inc. v. Sandberg, 501 U.S. 1083 (1991), that decision buttresses the Deephaven holding. In Virginia Bankshares the Supreme Court held that for an opinion, albeit one issued by a banker, to be found false under Section 14(a) of the 1934 Exchange Act, the plaintiff must prove both objective and subjective falsity thereof. 501 U.S. at 1092- 94. 8 While there are no reported cases directly applying the principles enunciated in Deephaven (or Virginia Bankshares) to a Section 11 claim against an auditor, there is no reason logically why the argument cannot be made. ***Under Section 11, an auditor is only liable for those portions of the registration statement that purport to have been prepared or certified by him.***

B) Impact on Case

Only liable for report. A&C didn't certify the quarterly reviews for Cannavest, Premier and Accelera.

3) **Great Neck Capital Appreciation Inv. P'ship, L.P. v. PricewaterhouseCoopers, L.L.P., 137 F. Supp. 2d 1114, 1121 (E.D. Wis. 2001)**

A) Legal Precedent

Great Neck Capital Appreciation Inv. P'ship, L.P. v. PricewaterhouseCoopers, L.L.P., 137 F. Supp. 2d 1114, 1121 (E.D. Wis. 2001) (auditor's assistance with press release by reviewing it and advising that it conformed with GAAP insufficient for primary liability; auditor did not draft, publicly adopt, or allow his name to be associated with release and therefore auditor's actions more closely conformed to "aiding and abetting," making imposition of liability inconsistent with Central Bank).

B) Impact on Case:

The 10-Qs in the Cannavest Case make no reference to Anton & Chia, LLP. There can be no 10-b = No 10 b-5 liability in reference to Chung or Wahl. Same in the Accelera matter and the Premier matter there is no reference to Anton & Chia, LLP completing interim reviews so there is no 10-b = No 10b-liability to Wahl or Deutchman in relation to the Form 10-Qs for each registrant.

4) **In re Ikon Office Solutions, Inc. Sec. Litig., 131 F. Supp. 2d 680, 685 n. 5 (E.D. Pa. 2001)**

A) Legal Precedent

"although accounting firm approved press release, press release failed to refer to accounting firm, and thus Central Bank compelled dismissal."

B) Impact on Case:

The 10-Qs in the Cannavest Case make no reference to Anton & Chia, LLP. Anton & Chia, LLP never issued or provide a report for the Form 10-Qs. There can be no 10-b = No 10 b-5 liability in reference to Chung or Wahl. Same in the Accelera matter and the Premier matter there is no reference to Anton & Chia, LLP completing interim reviews so there is no 10-b = No 10b-liability to Wahl or Deutchman in relation to

5) re Kendall Square Research Corporation Securities Litigation, 868 F. Supp. 26, 28 (D. Mass. 1994)

A) Legal Precedent

An accountant's "review and approval" of financial statements and prospectus is an insufficient basis to impose Section 10 (b) liability).

B) Impact on Case:

A&C and Honest Hardworking Americans were never, nor intricately involved in creating documents (i.e. contracts, entities, etc.) for Cannavest, Premier, and Accelera. A&C and Honest Hardworking Americans made no such representation. Anton & Chia, LLP never issued a review report, nor provided a review report and were never engaged to provide report for the quarterly reviews. The financial statements as required by management are prepared in accordance with US GAAP. A&C and Honest Hardworking Americans did not prepare the financial statements.

No 10 (b) Liability for quarterly reviews. No 10 (b) liability = No 10 b-5 liability.

6) Janus Capital Group, Inc. v. First Derivative Traders, the Supreme Court

A) <u>Legal Precedent</u>

In *Janus Capital Group, Inc. v. First Derivative Traders*, the Supreme Court addressed what it means to "make" an untrue statement under Section 10(b). It found that a mutual fund investment advisor could not be held liable for false statements in its clients' prospectuses, as it did not "make" the statements at issue. Rejecting the argument that liability could extend to the person who provided the false information, the Supreme Court held that "the maker of a statement is the person or entity with ultimate authority over the statement, including its content and whether and how to communicate it." 131 S. Ct. 2296, 2300–02 (2011).

B) <u>Impact on Case:</u>

The 10-Qs in the Cannavest Case make no reference to Anton & Chia, LLP. There can be no 10-b = No 10 b-5 liability in reference to Chung or Wahl. Same in the Accelera matter and the Premier matter there is no reference to Anton & Chia, LLP completing interim reviews so there is no 10-b = No 10b-liability to Wahl or Deutchman in relation to the Form 10-Qs for each registrant.

7) **Lattanzio v. Deloitte & Touche LLP (Warnaco Sec. Litig.), 476 F.3d 147, 154-156 (2d Cir. 2007)**

A) <u>Legal Precedent</u>

No auditor liability for alleged misstatements in unaudited quarterly financial statements) (citing Central Bank of Denver v. First Interstate Bank of Denver, 511 U.S. 164 (1994) and In re Kendall Square Research Corp. Sec. Litig., 868 F. Supp. 26 (D. Mass. 1994)

B) <u>Impact on Case:</u>

No 10 (b) Liability for quarterly reviews. No 10 (b) liability = No 10 b-5 liability.

8) **Ziemba v. Cascade Intel, Inc., 256 F.3d 1194, 1205 (11th Cir. 2001)**

A) <u>Legal Precedent</u>

"we conclude that, in light of Central Bank, in order for the [secondary] defendant to be primarily liable under 10(b) and Rule 10b-5, the alleged misstatement or omission upon which a plaintiff relied must have been publicly attributable to the defendant."

B) <u>Impact on Case:</u>

No 10 (b) Liability for quarterly reviews. No 10 (b) liability = No 10 b-5 liability.

842. ***<u>RESTATEMENTS – NO LIABILITY:</u>***

The same rule applies with respect to the existence of accounting restatements.

1) Reisman v. KPMG Peat Marwick LLP, 965 F. Supp. 165, 173 n.11 (D. Mass. 1997)

A) Case Precedent

"***the fact of a restatement does not mean an auditor knew the original statements were false at the time they were issued or that the auditor can be held liable for fraud***" **Ezra Charitable Trust, 466 F.3d at 12 (same).**

B) Impact on this Case

For Cannavest, Wahl clearly explained why they did not have the appropriate information to complete a restatement. Multiple depositions and trial testimony. Accelera, no restatement was required, it is very clear that BHCA should have been consolidated from November 11, 2013 to January 1, 2016.

843. **10 (b) Liability – Misrepresentation or Omission:**

***1) Dura Pharms., Inc. v. Broudo*, 544 U.S. 336, 341–42 (2005)**

A) Legal Precedent

There is a causal connection between the material misrepresentation or omission and the plaintiff's loss.

B) Impact on Case

The Supreme Court has provided the appropriate measure that if there is no direct connection between the auditor and the representation. No "causal connection" b/c there are no material misrepresentations b/c all matters and identified are disclosed. No plaintiff or investor losses.

Then liability under section 10b is not appropriate. Time to dismiss the case and pay up!

***2)* In re Lernout & Hauspie Sec. Litig., 208 F. Supp. 2d 74, 88 (D. Mass. 2002)**

A) Case Precedent

Lernout & Hauspie, 230 F. Supp. 2d at 175 (refusing to allow liability under subsections (a) and (c), as opposed to (b), to proceed against KPMG for its role in allegedly making materially false statements as "subsections (a) and (c) of Rule 10b-5 do not create a short cut to circumvent Central Bank's limitations on liability for a secondary actor's involvement in preparing misleading documents."

B) Impact on the Case

Honest Hardworking Americans had no **involvement in preparing misleading documents.**

3) **Janus Capital Group, Inc. v. First Derivative Traders, the Supreme Court**

A) Legal Precedent

The Supreme Court addressed what it means to "make" an untrue statement under Section 10(b). It found that a mutual fund investment advisor could not be held liable for false statements in its clients' prospectuses, as it did not "make" the statements at issue. Rejecting the argument that liability could extend to the person who provided the false information, the Supreme Court held that "the maker of a statement is the person or entity with ultimate authority over the statement, including its content and whether and how to communicate it." 131 S. Ct. 2296, 2300–02 (2011).

B) Impact on Case:

Its management's responsibility for preparing financial statements in accordance with US GAAP. ***Management is the "maker of the statement" not the auditors***. Honest Hardworking Americans' audit report state that "***the financial statements are the responsibility of management***". Therefore, no liability can extend to Honest Hardworking Americans, if there were any misrepresentations or omissions, which there isn't.

4) **Parmalat Securities Litigation, 376 F. Supp. 2d 472, 503 (S.D.N.Y. 2005)**

A) Case Precedent

In re Parmalat Securities Litigation, 376 F. Supp. 2d 472, 503 (S.D.N.Y. 2005) ("This analysis is not a back door into liability for those who help others make a false statement or omission in violation of subsection (b) of Rule 10b-5.").

B) Impact on Case

The only "false statement or omission" is by the SEC and Devor. No 10-b means no 10b-5 liability.

5) **Santa Fe Indus., Inc. v. Green, 430 U.S. 462, 476-77 (1977)**

A) Case Precedent

ruled in Santa Fe Indus., Inc. v. Green, 430 U.S. 462, 476-77 (1977), a manipulative device or scheme is a limited term of art encompassing only manipulative securities trading practices such as "wash sales, matched orders, or rigged prices."

B) Impact on Case

Nope. Time to throw the case out.

6) **Simpson v. AOL Time Warner, 452 F.3d 1040, 1048 (9th Cir. 2006)**

A) <u>Legal Precedent</u>

In contrast, in Simpson v. AOL Time Warner, 452 F.3d 1040, 1048 (9th Cir. 2006), the Ninth Circuit upheld scheme liability and adopted the "principal purpose and effect" test. In that case, third-party vendors had allegedly been involved in Homestore.com's scheme to defraud whereby Homestore.com would purchase goods or services from vendors that it did not need on the agreement that the third parties would purchase advertising from AOL and AOL would then share the advertising revenue with Homestore.com,

which Homestore would book as revenue. The Ninth Circuit announced: "We hold that to be liable as a primary violator of § 10(b) for participation in a 'scheme to defraud,' ***the defendant must have engaged in conduct that had the principal purpose and effect of creating a false appearance of fact in furtherance of the scheme. It is not enough that a transaction in which a defendant was involved had a deceptive purpose and effect; the defendant's own conduct contributing to the transaction or overall scheme must have had a deceptive purpose and effect." Id.***

B) Impact on Case:

There has to be a "***scheme***" in order there to be liability under section 10b and 10b-5. None of the registrants there was a "***scheme***" to deceive anyone. Further, much like the scienter standard Honest Hardworking Americans" **own conduct contributing to the transactions or overall scheme must have had a deceptive purpose and effect. Id.**" In this case, there is and was never any intent for Honest Hardworking Americans to act with deception and the SEC intentionally filed the December 4, 2017 press release claiming that Honest Hardworking Americans were liable for 10-b liability knowing that this was completely untrue. The SEC's overstatement of this case created material unconstitutional damages to Honest Hardworking Americans. Based on the scheme created by the SEC. The case should be dismissed in its entirety.

7) **Wright v. Ernst & Young LLP, 152 F.3d 169, 175 (2d Cir. 1998).12**

A) Case Precedent

Wright v. Ernst & Young LLP, 152 F.3d 169, 175 (2d Cir. 1998).12 In Wright, plaintiff had alleged that the auditor had signed off on its client's financial figures, which it knew would be released to the public, and that the market allegedly knew and relied on the fact that the client's financial statements had been approved by the auditor. Id. at 171. Because the statements were neither made by the auditor nor

attributed to it, however, there could be no liability under Central Bank. Id. at 175. Wright and other courts have required that "the misrepresentation must be attributed to [the defendant] at the time of the public dissemination, that is, in advance of the investment decision." Id.; see also Ziemba v. Cascade Intel, Inc., 256 F.3d 1194, 1205 (11th Cir. 2001) ("we conclude that, in light of Central Bank, in order for the [secondary] defendant to be primarily liable under 10(b) and Rule 10b-5, the alleged misstatement or omission upon which a plaintiff relied must have been publicly attributable to the defendant."); In re Ikon Office Solutions, Inc. Sec. Litig., 131 F. Supp. 2d 680, 685 n. 5 (E.D. Pa. 2001) (although accounting firm approved press release, press release failed to refer to accounting firm, and thus Central Bank compelled dismissal); Great Neck Capital Appreciation Inv. P'ship, L.P. v. PricewaterhouseCoopers, L.L.P., 137 F. Supp. 2d 1114, 1121 (E.D. Wis. 2001) (auditor's assistance with press release by reviewing it and advising that it conformed with GAAP insufficient for primary liability; auditor did not draft, publicly adopt, or allow his name to be associated with release and therefore auditor's actions more closely conformed to "aiding and abetting," making imposition of liability inconsistent with Central Bank).

Wright in which the Second Circuit held the alleged misstatement ***must be publicly attributed to the secondary actor before liability may attach based on requisite reliance***.

B) Impact on Case

There are no misstatements in this case.

844 SECTION 10 (b) LIABILITY - MATERIALITY:

1) **City of Pontiac Policemen's & Firemen's Ret. Sys. v. UBS AG, 752 F.3d 173, 183 (2d Cir. 2014)**

A) Legal Precedent

However, there are cases where this standard is met and alleged misstatements or omissions are deemed immaterial as a matter of law. For example, certain statements may be considered mere "puffery" when they are too general to induce a reasonable investor's reliance on them.

B) Impact on Case:

Clearly the statements made by the Registrants **were too general to induce a reasonable reliance on them**. In Cannavest, it was valuation of an acquisition that management never renegotiated or proceeded to take back the $35MM they originally agreed to with Phytosphere yet restated well over 14 months after the transaction was closed. No lawsuits came from this action.

In Premier, clearly not one investor cared about the Note Receivable transaction as it was a non-routine transaction recorded in Discontinued Operations and Treasury Shares (Equity). No lawsuits came from managements' accounting for the transaction from investors. No reasonable person would care about the discontinued operations. Only the going forward business in The Power Company.

In Accelera, the BHCA consolidation or not was not relevant and clearly not material with $7.4MM, $36MM and $14.5 MM in losses in 2013, 2014 and 2015. Accelera's investment bankers that were retained before completion of the BHCA transaction, ultimately quit b/c they could not raise the necessary capital b/c of the poor financial statements presented to investors.

2) **In re Stone & Webster, Inc., Sec. Litig., 253 F. Supp. 2d 102, 135 (D. Mass. 2003)**

A) Case Precedent

Based chiefly on these allegations, the defendants are alleged to have violated § 10(b) of the Securities Exchange Act of 1934 ("Exchange Act" or "1934 Act"), 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5, as well as § 18 of the Exchange Act, 15 U.S.C. § 78r. In addition, Smith

and Langford are alleged to have violated § 20(a) of the Exchange Act, 15 U.S.C. § 78t(a), as persons in control of S & W.

In a memorandum and order dated March 28, 2003, the district court dismissed all claims against PwC for issuing "fraudulent financial statements" and not complying with GAAS.

B) Impact on Case

No basis for claims. No investor losses. No scienter.

3) **Matrixx Initiatives, Inc. v. Siracusano, 131 S.Ct. 1309 (2011)**

A) Legal Precedent

There, it considered whether a pharmaceutical company's failure to disclose adverse event reports associated with one of its products was material, where the reports did not disclose a "significant number of adverse events." The Court held that the plaintiffs had adequately pled materiality given the quality of the reports, the commencement of related product liability lawsuits, previous studies which lent credibility to the reports and the fact that the product in question allegedly accounted for 70% of the defendant's sales. Because these facts suggested "a significant risk to the commercial viability of [the defendant's] leading product," it was "substantially likely that a reasonable investor would have viewed this information as having significantly altered the total mix of information."

B) Impact on Case

All three Registrants, prudently disclosed all contracts and information in the notes to the financial statements and all other public filings. A reasonable investor had all the required information to make an appropriate investment decision independently from the audit work performed by Honest Hardworking Americans.

4) **See, e.g., Litwin v. Blackstone Grp., L.P., 634 F.3d 706, 717 (2d Cir. 2011)**

A) Legal Precedent

Materiality is generally a mixed question of law and fact, and is decided as a matter of law only when "reasonable minds could not differ on" the statement's importance.

B) Impact on Case:

Investors ultimately determine whether transactions are material or not. The SEC avoids materiality in determining whether misstatements are material. The Attorneys and Devor provide no analysis in accordance with **SAB 99, Materiality**. Given that there never was any potential for investor harm with the identified registrants there is no 10b liability and the case should be thrown out.

845. **SECTION 10(b) LIABILITY – SCIENTER:**

Recognizing that plaintiffs can establish scienter by showing either actual, knowing conduct or recklessness so extreme that it approaches intentional conduct, most if not all plaintiffs seek to establish auditor scienter in Section 10 (b) cases using the extreme recklessness standard. Because auditors are independent of the clients they serve and opine only with respect to the fair presentation of financial statements prepared by the client itself, recklessness for purposes of alleged auditor carries a heightened standard.

1) **DSAM Global Value Fund v. Altris Software, Inc., 288 F.3d 385, 390 (9th Cir. 2002) (citations omitted);**

A) Case Precedent

In other words: [S]cienter requires more than a misapplication of accounting principles. The plaintiff must prove that the accounting practices were so deficient that the audit amounted to no audit at all, or an egregious refusal to see the obvious, or to investigate the doubtful, or that the accounting judgments which were made were such that no reasonable accountant would have made the same decisions if confronted with the same facts.

B) Impact on Case:

The Division doesn't have a "reasonable accountant" to properly analyze the facts and circumstances. Devor and the Division's accountants have never audited a public company in accordance with PCAOB standards and do not understand the small cap market space. Honest Hardworking Americans complied with US GAAP and GAAS.

***2) ECA & Local 134 IBEW Joint Pension Trust of Chicago v. JP Morgan Chase Co.*, 553 F.3d 187, 200–01 (2d Cir. 2009)**

A) Legal Standard

The plaintiffs alleged that the defendant attempted to inflate its stock price to reduce the cost of acquiring another financial institution, among other things, and that the individual defendants were motivated to increase their compensation and bonuses. Scienter was insufficiently plead in this case.

B) Impact on Case

Honest Hardworking Americans are hard working professionals and would never intentionally harm investors or try to harm the image of the CPA profession.

***3)* Ernst & Ernst v. Hochfelder, (1976)**

A) Case Precedent

Mere negligence does not violate Rule 10b

Severe recklessness, however, which is "limited to those highly unreasonable omissions or misrepresentations that involve not merely simple, or even inexcusable negligence, but an extreme departure from the standards of ordinary care, and that present a danger of misleading buyers or sellers which is either known to the defendant or is so obvious that the defendant must have been aware of may [amount to securities fraud]"

B) **Impact on Case**

No investor lost money. Financial statements complied with GAAP. Time to throw the case out.

4) **Ezra Charitable Trust v. Tyco International, Ltd 466 F.3d 1, 12 n 10 (1st Cr. 2006)**

A) Case Precedent

Alleging a poor audit is not equivalent to alleging an intent to deceive**.**

B) Impact on Case

The Division has provided ***no evidence*** that there is or was an intent to deceive by Honest Hardworking Americans**.**

5) **Ferris, Baker Watts, Inc. v. Ernst & Young, LLP, 395 F.3d 851, 855 (8th Cir. 2005)**

A) Case President

"violations of GAAP . . . provide evidence of scienter only when accompanied by additional facts and circumstances that raise an inference of fraudulent intent."

B) Impact on this Case

Honest Hardworking American shave no motivation to commit fraud in fact it was the opposite, they are conservative hard working professionals and there is no evidence of fraudulent intent in this case. Honest Hardworking Americans fired Cannavest with good reason. Accelera was not a quality client and we were

planning to terminate them. Premier became a good client after the acquisition of The Power Company and listened to our professional advice to get a better consultant, etc.

6) **Fidel v. Farley, 392 F.3d 220, 226 (6th Cir. 2004)**

A) Legal Precedent

"'[W]hen the claim is brought against an outside auditor, we have concluded that 'the meaning of recklessness in securities fraud cases is especially stringent.'") (quoting PR Diamonds, Inc. v. Chandler, 364 F.3d 671, 693 (6th Cir. 2004)) The courts hold that "[r]ecklessness on the part of an independent auditor entails a mental state so culpable that it approximate[s] an actual intent to aid in the fraud being perpetrated by the audited company." Fidel, 392 F.3d at 226 (citations and internal quotations omitted)

B) Impact on Case

Honest Hardworking Americans completed the work in accordance with appropriate professional standards that is not scienter nor aiding and abetting.

7) **In re National Century Financial Ent., Inc., 03-md-1565, 2007 WL 2331929, *6 (S.D. Ohio Aug. 13, 2007)**

A) Case Precedent

"The meaning of recklessness in securities fraud cases is especially stringent when the claim is brought against an outside auditor.'".

B) Impact on Case

There is no fraud in this case. Even by the registrants.

8) **Novak v. Kasaks, 216 F.3d 300, 307 (2d Cir. 2000)**

A) Legal Standard

"Allegations of GAAP violations or accounting irregularities, standing alone, are insufficient to state a securities fraud claim."

B) Impact on Case

Allegations of GAAP violations or accounting irregularities with no intent to deceive, manipulate or harm Investors means that this case is clearly overstated and should be dismissed immediately for both the Registrants and the Honest Hardworking Americans.

***9) Rahman v. Kid Brands, Inc.*, 736 F.3d 237, 243–44 (3d Cir. 2013)**

A) Legal Standard

The plaintiffs' confidential witness allegations asserted that various managers at a subsidiary had knowledge of undisclosed customs violations, and that high-level officers of the defendant would meet with subsidiary management. Scienter was insufficiently plead in this case.

B) Impact on Case

Honest Hardworking Americans are hard working professionals and would never intentionally harm investors or try to harm the image of the CPA profession.

***10)* Raytheon Sec. Litig., 157 F. Supp. 2d 131, 154 (D. Mass. 2001)**

A) Case Precedent

That is, "even if [the auditor] should have done more to attempt to uncover and disclose the alleged fraud, without factual allegations tending to establish knowledge of those practices on [the auditor's] part, an auditor's failure to do more is legally insufficient."

B) Impact on Case

No credible evidence provided by the Division that Honest Hardworking Americans' didn't complete enough audit procedures. However, the Division don't have the culpability (supported by case law), the experience, nor the jurisdiction to criticize Honest Hardworking Americans audit procedures. No case. Honest Hardworking Americans made the financial statements look worse from the time management provided us with their financial statements.

11) **Rothman v. Gregor, 220 F.3d 81, 98 (2nd Cir. 2000) (same)**

A) Case Precedent

"To establish this approximation of actual intent to aid in the fraud, plaintiffs must show that the audit "amount[ed] at best to a 'pretended audit.'"

B) Impact on Case

The SEC made up a pretend case. Anton & Chia forced the Registrants financial statements to look worse than which was originally provide to them by the Registrants. In the Cannavest matter, A&C proposed and management booked over $28MM in review adjustments. In the Premier 2013 audit there was over 8 audit adjustments proposed and booked by management; and in Accelera in 2013 and 2015 there was over 16 audit adjustments proposed and booked. In Accelera's 2014 audit, Anton & Chia proposed and management booked over $18MM in audit adjustments taking the Company from an $18MM loss to a $36MM loss (**Exhibit 114 page F-4**). Honest Hardworking American sonly "***aided and abetted***" **to make the Registrants financial statements look worse to protect investors**. Not including adding Going Concern disclaimers in the audit reports and further disclaimers regarding related parties in Accelera and Premier. The allegations and mischaracterizations by this group of SEC attorneys, accountants and Devor are not factual. Honest Hardworking Americans deserve to have the case dismissed and their damages paid expeditiously, wiring instruction contained herein.

12) **Royal Ahold N.V. Sec. & ERISA Litig., 351 F. Supp. 2d 334, 390 (D. Md. 2004)**

C) Case Precedent

In contrast, "allegations of a seriously botched audit," while perhaps suggesting negligence or gross negligence, "do not give rise to a strong inference that the auditor acted with an intent to defraud, conscious misconduct, or deliberate recklessness, as is required in a securities fraud case."

13) **Pl. Opp. 15. *Cf. Iowa Pub. Employees' Retirement Sys.,* 919 F. Supp. 2d at 334**

A) Legal Standard

Additionally, even if there is fraud, Pl. Opp. 15. *Cf. Iowa Pub. Employees' Retirement Sys.,* 919 F. Supp. 2d at 334 (finding that SEC discovery of fraud did not "suffice to support an inference of scienter on the part" of the auditor).

B) Impact on Case

There is no fraud in any of these cases even by the Registrants. Honest Hardworking Americans are hard working professionals and would never intentionally harm investors or try to harm the image of the CPA profession.

14) Scottish RE Group Sec. Litig., 524 F.Supp.2d 370, 385, 398 (S.D.N.Y. 2007)

A) Legal Precedent

"there is a high standard for pleading auditor scienter"; post-Tellabs decision dismissing complaint as to auditor on scienter grounds (and upholding complaint as to other defendants));

Plaintiffs must allege that "'[t]he accounting practices were so deficient that the audit amounted to ***no audit*** at all, or an egregious refusal to see the obvious, or to investigate the doubtful ....'") (citation omitted).

B) Impact on Case

Based on the facts all material contracts and facts were appropriately disclosed to a reasonable investors. Honest Hardworking Americans completed the work in accordance with appropriate professional standards. Anton & Chia did not refuse to see the obvious or to investigate the doubtful. Anton & Chia forced the Registrants financial statements to look worse than which was originally provide to them by the Registrants. In the Cannavest matter, A&C proposed and management booked over $28MM in review adjustments. In the Premier 2013 audit there was over 8 audit adjustments proposed and booked by management; and in Accelera in 2013 and 2015 there was over 16 audit adjustments proposed and booked. In Accelera's 2014 audit, Anton & Chia proposed and management booked over $18MM in audit adjustments taking the Company from an $18MM loss to a $36MM (**Exhibit 114 page F-4**) loss. Honest Hardworking American sonly "***aided and abetted***" **to make the Registrants financial statements look worse to protect investors**.

15) Tellabs, Inc. v. Makor Issues & Rights, Ltd., 551 U.S. 308, 319 & n.3 (2007)

A) Legal Precedent

A plaintiff pursuing a Section 10(b) claim must demonstrate that the defendant acted with scienter, or the intent to deceive, manipulate or defraud. Although negligent conduct is insufficient to create liability, reckless conduct may satisfy this requirement, and the necessary degree of recklessness varies

B) Impact on Case

As the foregoing demonstrates, The SEC (Criminals) have not sufficiently alleged: (1) that Honest Hardworking Americans knew of and disregarded, or otherwise recklessly failed to discover, numerous red flags that the underlying fraud (there is no evidence that the Registrants committed fraud) was

occurring; (2) that Honest Hardworking Americans committed or overlooked violations of accounting and auditing standards in a manner that establishes or supports scienter; or (3) that the size of the underlying fraud was so large that it supports scienter. There is no fraud in this case, even by the Registrants. Whether considered individually or in aggregate, these allegations do not "give rise to a strong inference of scienter" that is "cogent and at least as compelling as any opposing inference one could draw from the facts alleged." *Tellabs,* 551 U.S. at 323-24.

16) **Ezra Charitable Trust, 466 F.3d at 12**

A) Case Precedent

("The presence of 'red flags' not acted upon by an auditor is not sufficient to raise a strong inference of scienter if there are no facts showing that the auditor knew (or willfully blinded itself to the knowledge) that the underlying facts, if properly accounted for, would result in significant changes to audited financial statements." **Schiller v. Physicians Resource Group, Inc., 2002 WL 318441 (N.D. Tex. Feb 26, 2002) (similar).**

B) Impact on Case

None of the so called "red flags" identified by the Division would change the accounting. The Division don't understand accounting. The Division don't understand and intentionally ignore the law. In Cannavest, the accounting never changed it was merely a recalculation of the purchase price allocation but the business combination complied with ASC 805. In Premier, the goodwill was appropriately accounted for and same with the note transaction. In Accelera consolidation from November 11, 2013 to January 1, 2016 was appropriate. The red flags identified by the Division were mere puffery provided by fake facts, witnesses that had no credibility (an SEC informant, a nurse, a doctor, a discredited Expert, a CFO that had to pay $14,000 to obtain his job, etc.) and had no impact on the accounting.

17) **Fidel, 392 F.3d at 230**

A) Case Precedent

"Because the class members' red flags rest on 'conclusory allegations' of what Ernst & Young must have known or should have known while preparing the audit report, we find that they do not create an inference that Ernst & Young acted with scienter.");

B) Impact on Case

The Division has provided ***no evidence*** that Honest Hardworking Americans acted with scienter.

846. **SECTION 10 (b) LIABILITY - RELIANCE:**

1) **Affiliated Ute Citizens v. United States, 406 U.S. 128 (1972)**

A) Legal Precedent

Where omissions are at issue, reliance may be presumed under certain circumstances. In *Affiliated Ute Citizens v. United States*, 406 U.S. 128 (1972), the Supreme Court held that where a plaintiff alleged that the defendant breached an affirmative duty to disclose certain information, the plaintiff did not need to show proof of reliance on the purported omission. Rather, it was enough to show that the withheld facts were material, or important to a reasonable investor. Under the *Ute* presumption, lack of reliance remains a viable defense in omission cases, effectively shifting the burden to the defendant to demonstrate that the plaintiff did not rely on the omission.

a. Impact on Case

Even if there was an omission which there were not in this case. There is no evidence that investors relied on the omission. In Cannavest, it was valuation of an acquisition that management never renegotiated or proceeded to take back the $35MM they originally agreed to with Phytosphere yet restated well over 14 months after the transaction was closed. No lawsuits came from this action.

In Premier, clearly not one investor cared about the Note Receivable transaction as it was a non-routine transaction recorded in Discontinued Operations and Treasury Shares (EQUITY). No lawsuits came from managements' accounting for the transaction from investors. No reasonable person would care about the discontinued operations, only the going forward business in The Power Company.

In Accelera, the BHCA consolidation or not was not relevant and clearly not material with $14.5MM (**Exhibit 132 Page F-4**) loss in 2015; $36MM (**Exhibit 114 page F-4**) loss in 2014 and $7.5MM in 2013 (**Exhibit 105 Page F-4**). Accelera's investment bankers that were retained before completion of the BHCA transaction, ultimately quit b/c they could not raise the necessary capital b/c of the poor financial statements presented to investors.

B) Erica P. John Fund, Inc. v. Halliburton Co., 131 S. Ct. 2179, 2185 (2011)

A) Legal Precedent

In cases involving affirmative misstatements, the most direct way to demonstrate reliance is to show that the plaintiff was aware of a company's statement and engaged in the relevant transaction based on that specific misrepresentation.

Another reliance presumption available to plaintiffs is based on the fairly controversial fraud on the market theory. Under this theory, plaintiffs are afforded a presumption that the prices of shares traded in an efficient market reflect any material misrepresentations. Therefore, the typical investor who buys or sells stock at the market price does so in reliance on the belief that the price reflects all public, material

information. *See Halliburton v. Erica P. John Fund, Inc.*, 134 S. Ct. 2408, 2398 (2014). This commonly used presumption permits class action plaintiffs to avoid individualized issues of reliance when moving to certify a class.

To invoke the presumption, the plaintiffs must show that:

D) The misrepresentations were public;

E) The misrepresentations were material;

F) The securities traded in an efficient market; and

G) The plaintiffs traded between when the misstatements were made and when the truth was disclosed.

Recently, in *Halliburton Co. v. Erica P. John Fund, Inc.*, the Supreme Court clarified that defendants must be given the opportunity before class certification to defeat this presumption through evidence that an alleged misrepresentation did not actually affect the market price of the stock. If it did not, the prerequisites for establishing the presumption cannot be established. 134 S. Ct. at 2414.

B) Impact on Case

Investors invested in Cannavest anyways and disregarded the restatement as the stock price hit $147 per share on February 2, 2014 and Cannavest became valued at over $100M in market cap. No shareholder lawsuits. With Premier's investors did not care about the We-Power transaction and invested in the Company based on the opportunities created by The POWER COMPANY. This is no correlation between the public statements made by Registrants and their disclosures which were truthful. Even if they weren't. Investors did not care b/c they were not harmed. No lawsuits.

In the Accelera matter, the investment bankers and brokers could not raise the money for Accelera thanks to all the audit adjustments identified by Anton & Chia to make Accelera's financial statements look worse than which management provided the financial statements to Honest Hardworking Americans.

For each SEC Registrant, the Honest Hardworking Americans made management's financial statement be presented such that it demonstrated further material losses by proposing and forcing management to record audit and review adjustments identified by Honest Hardworking Americans.

C) Charter Communications, Inc. Sec. Litig., 443 F.3d 987, 992 (8th Cir. 2006)

A) Case Precedent

In In re Charter Communications, Inc. Sec. Litig., 443 F.3d 987, 992 (8th Cir. 2006) (affirmed by Stoneridge Inv. Partners LLC v. Scientific-Atlanta Inc., 128 S. Ct. 761 (2008)), two defendants, Scientific-Atlantic and Motorola had allegedly engaged in a scheme with Charter Communications to create a series of sham round-trip accounting transactions that allowed Charter Communications to overstate its revenue. Plaintiffs brought suit against Scientific-Atlantic and Motorola; ***the district court dismissed and the Eighth Circuit affirmed. In doing so, the Eighth Circuit applied Supreme Court precedent directly to the effect that (1) as per Central Bank, there can be no liability for aiding and abetting; (2) liability is limited to that set forth in Section 10(b) and Rule 10b-5 cannot provide for broader liability than Section 10(b); (3) pursuant to Central Bank, Section 10(b) only prohibits misstatements (or actionable omissions) and market manipulative devices or schemes; and (4) as ruled in Santa Fe Indus., Inc. v. Green, 430 U.S. 462, 476-77 (1977), a manipulative device or scheme is a limited term of art encompassing only manipulative securities trading practices such as "wash sales, matched orders, or rigged prices." Thus, Charter Communications basically concluded that "scheme liability" had no place in Section 10(b) jurisprudence.***

B) Impact on Case

The only "aiding and abetting" that Honest Hardworking Americans completed was by making the Registrant's financial statements look worse to protect investors.

847. **SECTION 10 (b) LIABILITY – LOSS CAUSATION:**

1) **Dura Pharms., Inc. v. Broudo, 544 U.S. 336, 341–42 (2005)**

A) Legal Precedent:

Under Section 10(b), a plaintiff must demonstrate loss causation, or a link between a misstatement or omission and the damages sought. Put differently, the misrepresented or concealed information must have negatively affected the stock price. *See Dura Pharms.*, 544 U.S. at 346.

B) Impact on Case:

Not one shred of evidence demonstrating investors lost money due to Honest Hardworking Americans actions. Time to throw the case out.

2) **See, e.g., In re Omnicom Grp., Inc. Sec. Litig., 597 F.3d 501, 511 (2d Cir. 2010)**

A) Legal Precedent:

A plaintiff often makes this showing by pointing to a subsequent disclosure that seeks to correct the alleged misstatement or omission and triggers a negative response from the market, commonly known as a corrective disclosure. *See, e.g., In re Omnicom Grp., Inc. Sec. Litig*., 597 F.3d 501, 511 (2d Cir. 2010).

B) Impact on Case:

Not one shred of evidence demonstrating investors lost money due to Honest Hardworking Americans actions. Time to throw the case out.

3) Stoneridge Inv. Partners LLC v. Scientific-Atlanta Inc., 128 S. Ct

A) Case Precedent

To the extent the Ninth Circuit test dispenses with reliance, it is in conflict with Central Bank and overruled by the Supreme Court's recent Stoneridge decision, which affirmed that "[r]eliance by the plaintiff upon the defendant's deceptive acts is an essential element of the § 10(b) private cause of action," with reliance requiring that the defendant's allegedly deceptive acts be disclosed to the investing public. Stoneridge, 128 S.Ct. at 769-70. Stoneridge involved a claim against two vendors who allegedly participated in creating "wash" transactions with a cable TV company knowing that those transactions would be used by the company to misstate its financials and thereby deceive investors. The Supreme Court affirmed the decision of the Eighth Circuit and held that the Section 10(b) claim against the two vendors *failed "because it did not have the requisite proximate relation to the investors' harm*." Id. at 769. The Supreme Court disallowed any presumption of reliance by investors on the alleged vendor actions which were not communicated to the public. Absent the investing public's knowledge, actual or presumed, of the deceptive acts during the relevant time period, there could be no adequate showing of reliance upon the deceptive acts, "except in an indirect chain that we find too remote for liability." Id. The Court stated that, were plaintiffs' concept of reliance to be adopted, Section 10(b) actions "would reach the whole marketplace in which the issuing company does business; and there is no authority for this rule." Id. at 770.

B) Impact on the Case

No Investor harm. The Division's case ***failed because it did not have the requisite proximate to the investors harm.***

848. **RULE 102 (e):**

1) Re Checkovsky v. SEC, 23 F.3d 452 (D.C. Cir. 1994)

A) Legal Precedent:

"A challenge to the Commission's order ensued. As previously noted, a panel of judges of the U.S. Court of Appeals for the D.C. Circuit determined that it was unclear whether the Commission had applied a negligence standard in finding that the auditors had engaged in improper professional conduct. Indeed one of the judges indicated that the Commission's prior Rule 102 (e') decisions demonstrated that the Commission had never been clear about what standard of conduct should give rise to a 102 (e') sanction. Accordingly, the matter was remanded, with instructions for the Commission to clarify the standard of conduct, and how it applied to the case.

In Commissioner Johnson's view, the Commission should impose Rule 102 (e') sanctions "***only when it is demonstrate that (the professional) acted with scienter***."

B) Impact on Case

There is no scienter in this case, for each SEC Registrant, the Honest Hardworking Americans made management's financial statement be presented such that it demonstrated further material losses by proposing and forcing management to record audit and review adjustments identified by Honest Hardworking Americans. Honest Hardworking Americans acted independently with diligence to ensure that the financial statements complied with US GAAP and appropriately complied with GAAS.

No investor harm as well. Time to throw it out.

2) In re Faro Technologies Securities Litigation, 2007 WL 430731, *15-20 (M.D. Fla. Feb 03, 2007) (similar);

A) **Case Precedent**

"[E]ven assuming that establishing the obviousness of a GAAP error could in fact establish a strong inference of scienter, Plaintiffs have not alleged sufficient facts to make such a showing. . . . [Plaintiffs'] conclusory claim alone does not establish the obviousness of the GAAP violation . . . they do not allege facts establishing the obviousness of the [GAAP error]."

B) **Impact on the Case**

APB standards are form 1970 and are not detailed enough to provide guidance on transactions for current 2020 US GAAP. Throw it out! Throw it out!

3) In re Carter, Exchange Act Release No. 17595 (Feb. 28 1981), 22 SEC Docket 292, 198 (Mar. 17, 1981). Cf. Arthur Young, 465 U.S. at 817 - 818

4) PR Diamonds, Inc. v. Chandler, 364 F.3d 671, 693 (6th Cir. 2004));

A) Case Precedent

("[T]o allege that an independent accountant or auditor acted with scienter, the complaint must identify specific, highly suspicious facts and circumstances available to the auditor at the time of the audit and allege that these facts were ignored, either deliberately or recklessly."

B) Impact on Case

Anton & Chia forced the Registrants financial statements to look worse than which was originally provide to them by the Registrants. In the Cannavest matter, A&C proposed and management booked over $28MM in review adjustments. In the Premier 2013 audit there was over 8 audit adjustments proposed and booked by management; and in Accelera in 2013 and 2015 there was over 16 audit adjustments proposed and booked. In Accelera's 2014 audit, Anton & Chia proposed and management booked over $18MM in audit adjustments taking the Company from an $18MM loss to a $36MM loss. Honest Hardworking American sonly "***aided and abetted***" **to make the Registrants financial statements look worse to protect investors**. Not including adding Going Concern disclaimers in the audit reports and further disclaimers regarding related parties in Accelera and Premier. The allegations and mischaracterizations by this group of SEC attorneys, accountants and Devor are not factual. Honest Hardworking Americans deserve to have the case dismissed and their damages paid expeditiously, wiring instruction contained herein.

849. **THE SEC'S HEAVY BURDEN OF PROOF:**

1) In the Matter of Michael J. Marrie, CPA and Brian L. Berry, CPA.

A) Case Precedent

*"***Formidable Burden of Proof When seeking to establish reckless conduct. Marrie underscores the recklessness, within Rule 102 (e') or otherwise under the federal securities laws, requires a showing**

that a respondent acted with "scienter". Recklessness is more than a repeated acts of negligent conduct or "grossly negligent" conduct; it must "approximate an intent to aid"

B) Impact on Case

Anton & Chia forced the Registrants financial statements to look worse than which was originally provide to them by the Registrants. In the Cannavest matter, A&C proposed and management booked over $28MM in review adjustments. In the Premier 2013 audit there was over 8 audit adjustments proposed and booked by management; and in Accelera in 2013 and 2015 there was over 16 audit adjustments proposed and booked. In Accelera's 2014 audit, Anton & Chia proposed and management booked over $18MM in audit adjustments taking the Company from an $18MM loss to a $36MM loss (**Exhibit 114 page F-4**). Honest Hardworking American sonly "***aided and abetted***" **to make the Registrants financial statements look worse to protect investors**. Not including adding Going Concern disclaimers in the audit reports and further disclaimers regarding related parties in Accelera and Premier. The allegations and mischaracterizations by this group of SEC attorneys, accountants and Devor are not factual. Honest Hardworking Americans deserve to have the case dismissed and their damages paid expeditiously, wiring instruction contained herein.

850. RULE 13-(a) AND 13 (a)-1 – AIDING & ABETTING:

1) Ponce v. SEC, 345 F.3d 722 (9th Cir. 2003)[99]

[99] https://casetext.com/case/ponce-v-sec

Case Precedent

These outstanding fees serve as a basis for the SEC's allegations that Ponce violated Rule 102(e)(1)(ii) of the SEC's Rules of Practice, engaging in improper professional conduct by failing to maintain his independence from the company. Ponce also did not maintain his independence

Ponce is a very good case to understand 102(e') and it is applicable to this case. Ponce ignored numerous information that would have easily determined that capitalized costs should have been expensed as R&D.

The violations of 13(a) and 13 (b) (2) and record keeping provisions are important to this case. Accordingly, Ponce also *provided substantial assistance to AAC's primary violation of Sections 13(a) and 13(b)(2),* ***by preparing the financial statements*** that were eventually filed with both the quarterly and annual reports, as well as auditing and certifying the reports that AAC filed. We hold that there is substantial evidence to support the factual findings underlying the SEC's conclusion that Ponce aided and abetted AAC's violation of Exchange Act Sections 13(a), 13(b)(2) and corresponding regulations, and that the conclusion itself is not arbitrary or capricious.

In order to find that Ponce aided and abetted AAC's violation of federal securities laws, it must be found that: (1) AAC violated the relevant securities laws; (2) Ponce had knowledge of the primary violation and of his or her own role in furthering it; and (3) Ponce provided substantial assistance in the primary violation. *See Fehn,* 97 F.3d at 1288 (fashioning a test for aiding and abetting a Section 15(d) violation based on Section 104 of the Private Securities Litigation Reform Act and the test for aiding and abettor liability for Section 10(b) violations); *Graham v. SEC,* 222 F.3d 994, 1000 (D.C. Cir. 2000) (identifying three principal elements to establish liability for aiding and abetting a Section 10(b) and Rule 10b-5 violation as "(1) that a principal committed a primary violation; (2) that the aider and abettor provided substantial assistance to the primary violator; and (3) that the aider and abettor had the necessary `scienter'. . .

."); *accord SEC v. Arthur Young Co.,* 590 F.2d 785, 786 (9th Cir. 1979) (recognizing aiding and abetting liability under Sections 10(b), 13(a) and 15(d) of the Exchange Act); *SEC v. Kalvex, Inc.,* 425 F.Supp. 310, 316 (S.D.N.Y. 1975) (holding corporate director liable for aiding and abetting violations of Exchange Act Sections 14(a), 13(a), and Rules 13a-1 and 13a-13 because he "provided assistance and encouragement to conduct patently in violation of the securities laws[.]").

Impact to this Case:

For all the audits and reviews for the Registrants there were no outstanding fees at the time of issuance. For the 2015 audit, Gandhi let the financial statements for Accelera be issued without being paid $65,000 that is still owed to A&C today. Wahl and Deutchman and Honest Hardworking Americans ensured that A&C effectively maintained its independence.

Honest Hardworking Americans didn't ignore red flags, etc. and ensured that the financial statements net losses were increased by proposing and having management record material audit adjustments.

Honest Hardworking Americans cannot be charged under rules 13-(a) and 13 (a)-(1) and record keeping provisions b/c ***we never prepared the financial statements for any of the Registrants***. With this noted and under Central Bank, Honest Hardworking Americans would have no liability with regards to the quarterly reviews.

Ponce prepared the financial statements that he also audited and reviewed would not be considered independent under the AICPA and SEC independence requirements. This would be a further charge for Ponce under 102 (e'). The facts and circumstances are substantially different when analyzed with the Honest Hardworking Americans case.

Honest Hardworking Americans analysis of Aiding and Abetting:

1) There is no evidence that the Registrants violated any of the relevant securities laws; Cannavest revalued the purchase price based on a 4th calculation provided on March 4, 2014 (**Exhibit 802**) this was still in the provisional period that is allowed under AS 805. Premier the Note transaction and the goodwill were appropriately recorded in accordance with US GAAP (Exhibits). Accelera was properly consolidated during the period November 10, 2013 to January 1, 2016 (**P.F.F.#658to#666**).

2) Honest Hardworking Americans had no knowledge that any of the accounting was incorrect. For Cannavest, there was no communication to A&C that there was a restatement. It was only until March 2017 that Koch and Wahl found out that Cannavest restated based on receiving the Corporate Finance letters (**Exhibit**) from our legal counsel. For Accelera, A&C was not provided information that they were restating only substantially after the fact and the new auditor restated based on bullying by the SEC and the client and did so incorrectly. Wahl was completely unaware that the Division had issues with Accelera's consolidation of BHCA until July 27, 2016 when he was deposed by the Division, which is substantially after the 2014 and 2013 audits were issued. Legal support for Honest Hardworking Americans see **Reisman v. Peat Marwick LLP, 965 F. Supp. 165, 173 n.11 (D. Mass. 1997).** Honest Hardworking Americans had no role in furthering any issues with US GAAP compliance under 13-(a) and 13 (a)-(1) b/c they did not prepare the financial statements that contained said transactions.

3) In order to provide "substantial assistance", even though there are no primary violations of the law. Honest Hardworking Americans did nothing wrong. There is no evidence that supports an incorrect finding. In addition, Honest Hardworking Americans were not aware that there was a violation. Honest Hardworking Americans don't have primarily liability as the "maker" of the statements, nor did Honest Hardworking Americans prepare the financial statements, they never provided any memorandums to the Registrants to determine or advise on the accounting for the transactions. As required by US GAAS

the Honest Hardworking Americans were required to maintain its independence and they maintained it very clearly. They acted independently in completing audits and reviews for each Registrant proposing multiple audit adjustments and identifying significant deficiencies and material weaknesses. Honest Hardworking American shave no liability under 13-(a) and 13-(a)-1.

The Division clearly fails in its allegations of 13-(a) and 13-(a)-1 liability and allegations of "aiding and abetting" See Ponce. This case needs to be thrown out.

2) SEC v. Pricewaterhouse, 797 F. Supp. 1217, 1240 (S.D.N.Y. 1992));

In this case PWC also had significant and material audit adjustments that it proposed and the client booked $10,000,000 of those adjustments making the financial statements look worse.

Recklessness" in a securities fraud action against an accountant is defined as highly unreasonable [conduct], involving not merely simple, or even inexcusable negligence, but an extreme departure from the standards of ordinary care, and which presents a danger of misleading buyers or sellers that is either known to the defendant or is so obvious that the actor must have been aware of it.

The Commission's contention that PW's alleged concern for maintaining and keeping a client and the fees associated with that relationship permits an inference of fraud is unconvincing. It is highly improbable that an accountant would risk surrendering a valuable reputation for honesty and careful work by participating in a fraud merely to obtain increased fees. *See DiLeo v. Ernst & Young,* 901 F.2d 624, 629 (7th Cir.), *cert. denied,* U.S. _, 111 S. Ct. 347, 112 L. Ed. 2d 312 (1990). The Court therefore declines the Commission's invitation to look with a jaundiced eye at each accounting decision made during a complex

audit merely because of an accountant's economic motivation in maintaining an ongoing relationship with a client.[60]

It follows that the Commission has also failed to establish the PW defendants liability for aiding and abetting violations of the securities laws by AMI officials. The well-known elements for aiding and abetting a violation of the securities laws are:

(1) the existence of a securities law violation by the primary (as opposed to the aiding and abetting) party;

(2) "knowledge" of this violation on the part of the aider and abettor; and

(3) "substantial assistance" by the aider and abettor in the achievement of the primary violation.

Mishkin v. Peat, Marwick, Mitchell & Co., 744 F. Supp. 531, 551-52 (S.D.N.Y.1990) (quoting *IIT v. Cornfeld,* 619 F.2d 909, 913 (2d Cir.1980)). The Court's conclusion that the PW defendants did not act recklessly is dispositive on this issue. Although it is uncertain whether recklessness is sufficient to establish the scienter required for aiding and abetting liability, *see, e.g., Sirota, supra,* 673 F.2d at 575; *Mishkin, supra,* ***1243** 744 F. Supp. at 552, it is nonetheless obvious that an absence of recklessness precludes liability for aiding and abetting a fraud. *See Oleck v. Fischer,* 623 F.2d 791, 795 (2d Cir.1980). Thus, since scienter has not been established here, the Court need not decide whether a primary violation was committed by company management or whether the PW defendants substantially assisted that primary violation.

Impact on Case

1) There was no and there is not one shred of evidence of a securities law violation by anyone.
2) Honest Hardworking American shave absolutely no knowledge any violation as stated in point 1.

3) Honest Hardworking Americans acted independently from management so much so that forced management to record audit and review adjustments for millions of dollars. They fired CannaVEST and were contentious with Accelera and Wahl told Letcavage to fire his consultants b/c they were not capable of preparing the financial statements in accordance with US GAAP and GAAS.

851. **ANTON & CHIA WAS A QUALITY FIRM:**

1) James River Holdings Corporation v. Anton and Chia LLP et al case #8:13-cv-01396

A) Case Precedent

Anton & Chia refused to sign off on an audit b/c they didn't have all the information that required from the client based on repeated requests. James River Holdings Corporation sued b/c they claimed that b/c Anton & Chia didn't close their eyes and "Rubber Stamp" the audit that James River was harmed by Anton & Chia's refusal to issue their report. Anton & Chia believed that by issuing the James River report that this would have been a violation of appropriate professional standards and securities laws. The Judge ruled in favor of Anton & Chia b/c we followed appropriate professional conduct. Even the accounting expert retained by the insurance company in this matter was impressed with Anton & Chia's work paper quality and the working papers provided him with a proper ability to defend the charges against Anton & Chia.

B) Impact on Case

The allegations and mischaracterizations by this group of SEC attorneys, accountants and Devor are not factual. Honest Hardworking Americans deserve to have the case dismissed and their damages paid expeditiously, wiring instruction contained herein (**See P.F.F#840**).

852. **DISCREDITED DINOSAUR DEVOR:**

1) Compare Ambrosini v. Labarraque, 101 F.3d 129 (D.C.Cir. 1996)

A) Case Precedent

Compare Ambrosini v. Labarraque, 101 F.3d 129 (D.C.Cir. 1996) (the possibility of some uneliminated causes presents a question of weight, so long as the most obvious causes have been considered and reasonably ruled out by the expert).

B) Impact on the Case:

Devor did not provide one alternative argument or obvious causes in his report. Not one. See Case 10 above.

2) Bourjaily v. United States, 483 U.S. 171 (1987)

A) Case Precedent

Under 104(a), the proponent has the burden of establishing that the pertinent admissibility requirements are met by a preponderance of the evidence. See Bourjaily v. United States, 483 U.S. 171 (1987).

B) Impact on Case

The SEC and Devor only sent out the preponderance of fake evidence. They don't understand the accounting, the law, they didn't read the contracts, and they don't understand the US GAAP and GAAS standards and this case should have been thrown out a long time ago.

3) Claar v. Burlington N.R.R., 29 F.3d 499 (9th Cir. 1994)

A) Case Precedent

Whether the expert has adequately accounted for obvious alternative explanations. See Claar v. Burlington N.R.R., 29 F.3d 499 (9th Cir. 1994) (testimony excluded where the expert failed to consider other obvious causes for the plaintiff's condition).

B) Impact on the Case

Devor never provided adequately accounted for obvious alternative explanations as required under US GAAP this clearly demonstrates his obvious bias and lack of objectivity. In his report, as an example, related to the BHCA consolidation, Devor could have easily discussed consolidation by contract, variable interest entities and other options on consideration. Even **ASC 805** lays out the two options in this manner with two options under the Acquisition Method (See Also **Ezra Charitable Trust, 466 F.3d at 12** "GAAP can tolerate a range of reasonable approaches").

For example, ASC 805 provides three options to determine whether a business combination has occurred or not see below and **P.F.F#666**.

1) The Acquisition Method

    a) With Consideration

    b) Without Consideration

2) Variable Interest Entities

Devor did not. Of course he wouldn't, Devor is biased. Obviously, conflicted since the SEC is his largest client. He has no incentive to be objective. Devor wouldn't be able to properly analyze accounting and the agreements. U.S. GAAP has various options and alternatives as provided by Honest Hardworking

Americans Proposed Facts and an experienced and seasoned expert would have objectively provided the various options for consolidation and then concluded based on their opinion which option was best option under US GAAP. It may or may not agree with the Division. But an objective third party could review Devor's work and come to a conclusion which may or may not be the same of Devor's, however, this is clearly the Daubert standard. The fact that Devor did not do this analysis makes it very clear his lack of objectivity in this case. Devor's track record 4 times dismissed in federal court and why his testimony and report should be clearly dismissed in Honest Hardworking Americans.

4) Daubert v. Merrell Dow Pharmaceuticals, Inc., 509 U.S. 579 (1993)

A) Case Precedent

The Supreme Court in *Daubert* identified four flexible, nonexclusive variables for determining whether an expert's opinion is sufficiently reliable: (1) whether the theory has been, or can be, tested; (2) whether the theory has been subjected to peer review and publication; (3) when a particular technique is used, whether there is a known or potential rate of error; and (4) the extent of acceptance of the theory in the relevant scientific community.

B) Impact on Case

1) APB standards were tested in 1970 but they are note relevant to comply with current US GAAP.
2) Devor's report is not subject to peer review. There is not one CPA that would risk their license and sign the report that Devor produced.
3) Unproven
4) The relevant community is the FASB Accounting Standards Codification and PCAOB.

   Devor has no relevant experience to provide analysis in this case.

5) Daubert v. Merrell Dow Pharmaceuticals, Inc., 43 F.3d 1311, 1319 (9th Cir. 1995)

A) Case Precedent

"The focus under Daubert is on the reliability of the methodology, and in addressing that question the court and the parties are not limited to what is generally accepted; methods accepted by a minority in the scientific community may well be sufficient. However, the party proffering the evidence must explain the expert's methodology and demonstrate in some objectively verifiable way that the expert has both chosen a reliable scientific method and followed it faithfully. ***Of course, the fact that one party's experts use a methodology accepted by only a minority of scientists would be a proper basis for impeachment at trial***."

B) Impact on Case

Honest Hardworking Americans had a proper basis to impeach Devor at trial. Devors APB and AICPA standards would never be accepted by the SEC filing system. In fact if Devor prepared a financial statement in accordance with APB standards, which he loves to quote in his testimony and depositions, it would not be accepted by the Division. If Devor tried to issue an AICPA audit opinion for a Registrant it would be rejected by this very SEC that brought this case. If Devor prepared the audit work papers for a filing Registrant in accordance with his AICPA standards the PCAOB would bring an enforcement action against him. Devor doesn't even qualify as a minority in this case. Devor is in his own little world and his relevance to this case is zero.

6) In Re Acceptance Ins. Cos., Inc. Securities Litigation, 352 F. Supp. 2d 940 (D. Neb. 2004)

A) Case Precedent

On appeal, the Eighth Circuit upheld the inadmissibility of Mr. Devor's affidavit because it was not supported by any methodology and was not particularly helpful to the court.

Defendants also seek to strike the affidavit of Harris L. Devor (Exhibit 22). Mr. Devor, who has been retained as an expert witness by the Plaintiffs, is a certified public accountant and a shareholder in the accounting firm of Shechtman, Marks, Devor & Etskovitz, P.C., in Philadelphia, Pennsylvania. He was retained to give his expert opinion on whether AIC's financial statements that were filed or incorporated into public filings dated from July 29, 1997, through November 16, 1999, were prepared in accordance with Financial Accounting Standard No. 5. ("FAS No. 5"). ***In his affidavit, Devor sets forth some foundation for his expert opinions, including an explanation of accounting theory and his interpretation of various accounting rules, including FAS No. 5. However, like Fallquist, Devor does not explain how he reached his ultimate opinions nor does he describe the analytical processes he went through to reach his opinions. For these reasons, I conclude that Devor's affidavit does not satisfy the second part of the*** **Daubert** ***analysis, and I conclude that, at this stage of the proceedings when the Court is considering the existence of genuine issues of material fact, the Devor affidavit is not particularly helpful to the Court. Accordingly, Exhibit 22 shall also be stricken from the summary judgment record.***

B) Impact on Case:

Again Devor fails in analyzing US GAAP for a public company 20 years ago, only ten years into his retirement from auditing public companies. The judge in Re Acceptance much like Wahl and Armstrong in this case have kicked Devor to the curb again. Devor's report and testimony should be thrown out and along with it this case.

7) In re Burlington Coat Factory, 1997

A) Case Precedent

Establishing that an accounting practice or method is inconsistent with GAAP requires expert testimony (*In re Burlington Coat Factory*, 1997).

B) Impact on Case

Establishing that an accounting practice or method is inconsistent with GAAP required expert testimony. Expert testimony that the Division doesn't have with Devor in this case. 4 time Daubert dismissed in Federal District court and has never signed a PCAOB audit opinion or audit work papers for a public company that requires PCAOB standards.

8) Kinder v. Acceptance Ins. Cos. 2005

A) Case Precedent

Devor takes the Divisions "statements as true and did not review the record to see if the statements are supported." Harris Devor took the shareholders' statements as true and did not review the record to see if the statements are supported. The appellate court felt that his opinions were, more or less, legal conclusions about the facts of the dispute as presented to the experts by the shareholders. When an expert's opinions are little more than legal conclusions, a district court should not be held to have abused its discretion by excluding such statements (Kinder v. Acceptance Ins. Cos. 2005).

B) Impact on Case:

Again Devor fails in analyzing US GAAP for a public company 20 years ago, only ten years into his retirement from auditing public companies. The judge in Re Acceptance much like Wahl and Armstrong in this case have kicked Devor to the curb again. Devor's report and testimony should be thrown out and along with it this case. Devor made up all the fake facts for the division in the fraudulent OIP.

9) Kumho Tire Co. v. Carmichael, 119 S.Ct. 1167 (1999)

A) Case Precedent

Further, in *Kumho Tire* (*Kumho Tire Co., Ltd. v. Camichael*, 1999), the Supreme Court held that a trial court is to use its discretion to determine what the reasonable criteria of reliability are and whether the proposed testimony meets those criteria based on the circumstances of that dispute.

B) Impact on Case

The only reasonable criteria for this case is current FASB Accounting Standard Codification, not the 1970 APB standards that Devor quotes and PCAOB standards.

10) Lauzon v. Senco Prod., Inc., 270 F.3d 681, 687 (8th Cir. 2001); Jaurequi v. Carter Mfg. Co., Inc., 173 F.3d 1076, 1082 (8th Cr. 1999).

A) Case Precedent

In assessing reliability, the Court should consider factors including whether the proposed expert's theory, methodology or technique:

1) **can be and has been tested;**

Devor never applied PCAOB standards as an auditor or an audit partner for a public company. Cant test the work if you cant do the work and Devor cant complete the work. Fail.

2) **has been subjected to peer review;**

No one reviewed Devor's work. There are no laws that bound his testimony or his report. No credible CPA would sign that report and risk losing his license. Fail.

3) **has a known or potential rate of error;**

No experience auditing public companies with PCAOB standards automatic fail.

4) **is generally accepted by the relevant community;**

APB standards and the AICPA are not accepted by the SEC EDGAR system. They are not accepted by the PCAOB for a public company. Fail.

5) **ruled out alternative explanations; and**

Devor never once provides a full analysis in accordance with US GAAP. **See P.F.F# 666**. His testimony only reflected APB standards (**see P.F.F.#139**). Fail.

(6) **sufficiently connected the proposed testimony with facts of the case.**

Devor and the SEC mischaracterize the facts. They didn't read the contracts, didn't even mention the audit adjustments and material weaknesses identified by A&C. Devor with the SEC attorneys manufactured this case. Fail.

Rule 56 (e) requires experts to set forth facts and explains the reasoning they used in reaching their conclusions not just the conclusions. "An expert who supplies nothing but a bottom line supplies nothing of value to the judicial process."

B) Impact on Case

This is Devor, his bottom line and argumentative statements are made without factual support. Devor does not explain how he reached his ultimate opinions nor does he describe the analytical processes he went through to reach his opinions. He just lists testimony, facts does not tie into actual US GAAP or GAAS, does not quantify materiality in accordance with SAB 99, Materiality so another accountant can check his work. His acts of "lawlessness" shouldn't claim any credibility in this court or any court for that matter.

11) Lawrence E. Jaffe Pension Plan vs Household International, Inc. Case No. 02-C5893

A) Case Precedent

"Devor's methodology suffers from the same problem that led to his exclusion in past litigation. He failed to show his work" "practices were "improper" but provides no explanation as to when something is "improper," preventing any other accountant from replicating his "analysis".

B) Impact on Case

Of course Devor can't show his work. He has never signed an audit opinion on a public company in 30 years. Devor has never signed a PCAOB audit opinion for a publicly traded company on the OTC, NASDAQ or NYSE in his life. He can't show his work simply b/c Devor does not know how to complete the appropriate analysis.

12) L&M Beverage Co. v. Guiness Import Co. (Jonasson v. Lutheran Child and Family Serv., 1977)

A) Case Precedent

In 1996, Mr. Devor did not survive a motion in limine in L&M Beverage Co. v. Guiness Import Co. (Jonasson v. Lutheran Child and Family Serv., 1977). The District Court determined that proper measure of compensatory damages here was "diminution of value." Thus, without addressing Guinness' ***many criticisms of Mr. Devor's qualifications and accounting methodology***, the court "granted the motion to deny Devor's testimony."

B) Impact on Case

Sounds familiar to this case. Devor has never signed a PCAOB audit opinion in his life. No experience. Not qualified and APB standards are not the appropriate accounting methodology. Devor will say anything, write anything for a paycheck.

13) O'Conner v. Commonwealth Edison Co., 13 F.3d 1090 (7th Cir. 1994)

A) Case Precedent

The more subjective and controversial the expert's inquiry, the more likely the testimony should be excluded as unreliable. See O'Conner v. Commonwealth Edison Co., 13 F.3d 1090 (7th Cir. 1994) (***expert testimony based on a completely subjective methodology held properly excluded***).

B) Impact on Case

US GAAP and PCAOB standards require professional judgement to apply to public companies. Devor's testimony is unreliable simply b/c he has not developed the appropriate professional judgement to apply US GAAP and GAAS to PCAOB regulated public companies. He has no experience in doing so. Therefore, Devor's appearance in a lawsuit regarding PCAOB regulated audit procedures audit and the application of GAAP for public companies due to having no experience in this area his opinions could only be subjective and controversial at best. Devor can only quote APB Reporting Standards and AICPA auditing standards during his testimony and not the applicable standards that apply to the case.

14) Sheehan v. Daily Racing Form, Inc., 104 F.3d 940, 942 (7th Cir. 1997)

A) Case Precedent

Whether the expert "is being as careful as he would be in his regular professional work outside his paid litigation consulting." Sheehan v. Daily Racing Form, Inc., 104 F.3d 940, 942 (7th Cir. 1997). See Kumho Tire Co. v. Carmichael, 119 S.Ct. 1167, 1176 (1999) (Daubert requires the trial court to assure itself that the expert "employs in the courtroom the same level of intellectual rigor that characterizes the practice of an expert in the relevant field").

B) Impact on Case

Devor is not **careful** at all in fact his "**reckless**" report and testimony citing standards from 1970 that are not applicable demonstrates that he is **not** a "seasoned" expert. Plus, Devor has never audited a public company in accordance with PCAOB standards, which is the standard for this case, in his life and ***Devor could not have the*** "same level of intellectual rigor that characterizes the practice of an expert in the relevant field." He does not!

15) Tassin v. Sears Roebuck, 946 F.Supp. 1241, 1248 (M.D.La. 1996)

A) Case Precedent

"design engineer's testimony can be admissible when the expert's opinions "are based on facts, a reasonable investigation, and traditional technical/mechanical expertise, and he provides a reasonable link between the information and procedures he uses and the conclusions he reaches"). See also Kumho Tire Co. v. Carmichael, 119 S.Ct. 1167, 1178 (1999) (stating that "no one denies that an expert might draw a conclusion from a set of observations based on extensive and specialized experience."

B) Impact on Case

Devor has never signed a PCAOB regulated audit opinion or audit file for a public registrant. Small public company reporting; PCAOB standards are the required experience, required standard for this case. Devor has no relevant experience. His testimony and report should be dismissed.

16) Turner v. Iowa Fire Equip., Co. 229 R.3d 1202, 1208 (8th Cir. 2000)

A) Case Precedent

A reliable opinion must be based on scientific methodology rather than on subjective belief on unsupported speculation.

B) Impact on Case

Devor has never signed a PCAOB regulated audit opinion or audit file for a public registrant. This is the required experience, standard for this case. Devor has no relevant experience. His testimony and report should be dismissed.

17) United States v. Jones, 107 F.3d 1147 (6th Cir. 1997)

A) Case Precedent

In certain fields, experience is the predominant, if not sole, basis for a great deal of reliable expert testimony. See, e.g., United States v. Jones, 107 F.3d 1147 (6th Cir. 1997) (no abuse of discretion in

admitting the testimony of a handwriting examiner who had years of practical experience and extensive training, and who explained his methodology in detail);

B) Impact on Case

Devor has never signed a PCAOB regulated audit opinion or audit file for a public registrant. Small public company reporting; PCAOB standards are the required experience, required standard for this case. Devor has no relevant experience. His testimony and report should be dismissed.

18) **SEC v. Guenthner**

A) Case Precedent

Establishing that an accounting practice or method is inconsistent with GAAP requires expert testimony (*In re Burlington Coat Factory*, 1997). The Supreme Court in *Daubert* identified four flexible, nonexclusive variables for determining whether an expert's opinion is sufficiently reliable: (1) whether the theory has been, or can be, tested; (2) whether the theory has been subjected to peer review and publication; (3) when a particular technique is used, whether there is a known or potential rate of error; and (4) the extent of acceptance of the theory in the relevant scientific community (*Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 1993). Further, in *KumhoTire* (*KumhoTireCo.,Ltd.v.Camichael*, 1999), the Supreme Court held that a trial court is to use its discretion to determine what the reasonable criteria of reliability are and whether the proposed testimony meets those criteria based on the circumstances of that dispute. Finally, as observed by the Supreme Court in 1998, in assessing reliability the court must determine whether the expert testimony has "a traceable, analytical basis in objective fact" (*Bragdon v. Abbott*, 1998). (pp. 595–596).

B) <u>Impact on Case</u>

Devor quoting APB standards, AICPA standards and never signing a PCAOB audit report for a small cap public company in his life **cannot, even if he tried, provide a traceable, analytical basis in objective fact. Devor is biased, conflicted, 4 times Daubert Celebrity, and doesn't have the relevant and required experience under Federal Rule 702 and the Supreme Court in Daubert.**

19) **SEC v. Lee Cole, Linden Boyne, Kevin B. Donovan, and Timothy Quintanilla; Case number: 12-cv-08167 (United States District Court for the Southern District Court of New York)**

A) Case Precedent

Confirmed from Mr. John Armstrong representing Michael Deutchman in this case. Michael Deutchman was an expert in this case brought in by Armstrong. Devor maliciously overstated the accountant's liability to produce a result that would have created millions of dollars in fines. Hon. Judge Sullivan, became an appellate judge, saw through the SEC and expert "Devor's" outrageous attempt to financial and permanently ruin Quintanilla. The SEC apologized to council in this matter, John Armstrong for their behavior.

B) Impact on Case

Devor again does not fully disclose his past issues impacting his required objectivity and creating a further conflict of interest. Michael Deutchman assisted Mr. Armstrong to reduce fines of $2.0MM+ for Quintanilla to $100,000 which was covered by Quintanilla's insurance. The SEC obviously completed no due diligence on this matter. Quallls only brought in the settlement order. Only to be set straight by Mr. Armstrong. Surprisingly Devor did not remember that John Armstrong was involved in this case. Mr. Armstrong set the record straight for this court to understand the truth. To truly see that this SEC and Devor are malicious and unrelenting in destroying American Small Businesses.

Honest Hardworking American shave already contested to this court that Friedman was one of Anton & Chia's largest competitors creating a material and obvious conflict of interest for Devor. Friedman is the firm that Devor claims he is a partner. The Quintanilla case was not fully disclosed until Mr. Armstrong shed the light on this court, which revealed Devor's obvious bias towards Honest Hardworking Americans.

Not only does Devor not meet the Daubert standards but he is clearly conflicted and biased in this case (i.e. clearly not objective). Any testimony or reports submitted by Devor should be clearly rejected by this court. Not to mention the SEC is his largest client.

The conflict was rejected by this SEC for obvious reasons. There is nothing but blind unbiased, unrelenting hate towards Honest Hardworking Americans.

20) Bragdon v. Abott, 1998

A) Case Precedent

The Supreme Court in 1998, in assessing reliability the court must determine whether the expert testimony has "a traceable, analytical basis in objective fact" (*Bragdon v. Abbott*, 1998).

B) <u>Impact on Case</u>

Devor no objectivity only bias. Confirmed 4 times dismissed in Federal court for bias. Traceable and analytic back to APB standards and AICPA is not applicable to this case, which should only be based on current US GAAP, no 1970s GAAP and PCAOB standards. Devor's report and testimony should be dismissed immediately. See case on point 7 for additional facts for lack of objective fact in Devor's testimony and his report.

853. <u>GOING CONCERN – AUDITOR'S MOST CONSPICUOUS RED FLAG:</u>

1) **In re North American Acceptance Corp. Securities Cases, 513 F.Supp. 608, 636 n. 15 (N.D.Ga. 1981)**

A) Case Precedent

calling "going concern" qualification “about the most conspicuous `red flag' that an auditor can wave"

B) Impact on Case

Each of the Registrants had significant losses, negative cash flow from operations, negative equity and were simply a red flag to be considered for an investment. A&C appropriately added a fourth paragraph in its audit report as a disclaimer to investors that they should proceed with caution. Honest Hardworking Americans prudently worked to protect investors in this case.

854. **AUDITOR FEES:**

1) Ezra Charitable Trust v. Tyco International, Ltd., 466 F.3d 1, 12 n.10 (1st Cir. 2006)

A) Case Precedent

"On the other hand, absent truly extraordinary circumstances, an auditor's motivation to continue a profitable business relationship is not sufficient by itself to support a strong inference of scienter."

B) Impact on this Case

Fees have no impact on determining scienter, especially when the CPA's license is potentially at risk. Honest Hardworking Americans due to the false December 4, 2017 press release are worthless. The state board without even a trial utilized the December 4, 2017 press release as evidence in a hearing with the California Board of Accountancy took Deutchman's license when he had been in good standing for over 48 years. The unconstitutional taking of property without compensation under the 5th Amendment.

2) Fidel, 392 F.3d at 232

A) Case Precedent

"allegations that the auditor earned and wished to continue earning fees from a client do not raise an inference that the auditor acted with the requisite scienter."

B) Impact on this Case

Fees have no impact on determining scienter, especially when the CPA's license is potentially at risk. Honest Hardworking Americans due to the false December 4, 2017 press release are worthless. The state board without even a trial utilized the December 4, 2017 press release as evidence in a hearing with the California Board of Accountancy took Deutchman's license when he had been in good standing for over 48 years. The unconstitutional taking of property without compensation under the 5th Amendment.

3) In re Philip Services Corp. Sec. Litig., 383 F. Supp. 2d 463, 470 (S.D.N.Y. 2004)

A) Case Precedent

"a generalized economic interest in professional fees is insufficient to establish an accounting firm's motive to commit fraud. "

B) Impact on Case

Honest Hardworking Americans supported thousands of American Small Businesses. Accountants are required to be paid for their services. In fact Accelera still owes Anton & Chia, $65,000 and fees charged to Cannavest were "substantially" below market that any inference that fees were a motivator in Honest Hardworking Americans conduct is not factual.

4) Lewis v. Straka, No. 05-1008, 2007 WL 2332421, *4 (E.D.Wis. Aug. 13, 2007)

A) <u>Case Precedent</u>

"rejecting the SEC's argument that fees are evidence of scienter reasoning that "auditor's short term gain in auditing fees derived from improperly certifying financial statements would be outweighed by its long-term interest in maintaining a solid reputation as an honest accounting firm."

B) Impact on Case

Honest Hardworking Americans built a successful Firm. The premeditated and false press release on December 4, 2017, immediately destroyed our ***<u>solid reputations as an honest accounting firm</u>***. Honest Hardworking Americans would never intentionally harm the integrity of the CPA profession. Honest Hardworking Americans would never put their licenses on the line for clients that were not even considered high grade or quality clients from an internal perspective at A&C.

855. **<u>AUDITOR REPORTS:</u>**

1) AOL Time Warner, Inc. Sec. Litig., 503 F. Supp. 2d 666 (S.D.N.Y. 2007)

A) Case Precedent

Under Section 11, "liability only attaches to an auditor for its certified audit opinions."

B) Impact on Case

Only liable for report. A&C didn't certify the quarterly reviews.

2) Billy v. Arthur Young & Co., 834 P.2d 745, 750 (Cal. 1992)

A) Case Precedent

"The end product of an audit is the audit report or opinion . . . [on] the specific client-prepared financial statements."

B) Impact on Case

The financial statements is management's responsibility (***client not Honest Hardworking Americans***).

3) Bond Opportunity Fund v. Unilab Corp., No 99-11074, 2003 WL 21058251, *5 (S.D.N.Y. May 9, 2003)

A) Case Precedent

"Plaintiffs who charge that a statement of opinion, including a fairness opinion, is materially misleading, must allege 'with particularity' 'provable facts' to demonstrate that the statement of opinion is both objectively and subjectively false."

B) Impact on Case

The Division has not provided any relevant or credible or provable fact to demonstrate that the statement of opinion is both objectively and subjectively false.

4) Harmonic, Inc, Securities Litigation, 00-2287, 2006 WL 3591148, *16 (N.D.Cal. Dec. 11, 2006)

A) Case Precedent

"While an 'opinion' can be considered a 'fact' for purposes of § 11(a), a plaintiff must show that the defendant did not believe in the statement made."

B) Impact on Case

Respondents "believed" in their work.

5) Herman & MacLean v. Huddleston, 459 U.S. 375, 386 n.22 (1983).

A) Case Precedent

Under Section 11, an auditor is only liable for those portions of the registration statement that purport to have been prepared or certified by him. Generally the only material included in a registration statement that purports to be prepared or certified by the company's auditors is the auditor's opinion itself.

B) Impact on Case

Only liable for report. A&C didn't certify the quarterly reviews.

6) U.S. v. Arthur Young & Co., 465 U.S. 805, 810-11 (1984)

A) Case Precedent

"In an effort to control the accuracy of the financial data available to investors in the securities markets, various provisions of the federal securities laws require publicly held corporations to file their financial statements with the Securities and Exchange Commission. Commission regulations stipulate that these financial reports must be audited by an independent certified public accountant in accordance with generally accepted auditing standards. By examining the corporation's books and records, the independent auditor determines whether the financial reports of the corporation have been prepared in

accordance with generally accepted accounting principles. The auditor then issues an opinion as to whether the financial statements, taken as a whole, fairly present the financial position and operations of the corporation for the relevant period. U.S. v. Arthur Young & Co., 465 U.S. 805, 810-11 (1984).

B) Impact on Case

The key word is "***examining***". Honest Hardworking Americans didn't perform a six year ***investigation*** of the working papers spending $32 million to $38 million dollars. In fact, and on average Honest Hardworking Americans were provided only 3 to 4 weeks to complete an audit. Anton & Chia's fees were between $50,000 to $75,000 for their services, which is nominal compared to the SEC's average weekly expenditure on this case, which is in excess of $100,000. If A&C requested the SEC's services to complete an audit. A&C would have spent over $300,000 to $400,000 and A&C would have to fix all the SEC accountant's work, complete the working papers, etc. hardly a profitable or logical endeavor.

7) Virginia Bankshares, Inc. v. Sandberg, 501 U.S. 1083, 1095-96 (1991).

A) Case Precedent

In Virginia Bankshares the Supreme Court held that for an opinion, albeit one issued by a banker, to be found false under Section 14(a) of the 1934 Exchange Act, the plaintiff must prove both objective and subjective falsity thereof. 501 U.S. at 1092- 94. 8 While there are no reported cases directly applying the principles enunciated in Deephaven (or Virginia Bankshares) to a Section 11 claim against an auditor, there is no reason logically why the argument cannot be made. Under Section 11, an auditor is only liable for those portions of the registration statement that purport to have been prepared or certified by him.

Thus to assert Section 11 liability as to an auditor, it would follow that a plaintiff would need to allege that the audit opinion is false and misleading. To assert an opinion is false, plaintiff must allege and demonstrate that the opinion is subjectively and objectively false.

B) Impact on Case

Only liable for report. A&C didn't certify the quarterly reviews.

856. **IMPACT OF APPLYING US GAAP**

A perennial question in auditor cases concerns the impact of allegations of violations of generally accepted accounting principles (GAAP) and generally accepted auditing standards (GAAS) on determinations of auditor scienter. While some might seek to portray GAAP as black and white rules that are only violated when one is acting to defraud, the courts acknowledge that application of GAAP involves significant judgment.

1) Barron v. Smith, 2004

A) **Case Precedent**

"Even when a company's disclosure is in violation of GAAP, 'some techniques…might prove to be entirely legitimate, depending on the specific facts'"

B) Impact on Case

The Accounting and Disclosures provide Investors with all appropriate disclosures to make an investment decision.

2) Decker v. GlenFed, Inc., 1994

A) **Case Precedent**

GAAPs "are far from being a canonical set of rules that will ensure identical accounting treatment of identical transactions … [GAAPs], rather, tolerate a range of 'reasonable' treat- ments, **leaving the choice among alternatives to management**"

B) **Impact on Case**

The financial statements are management's responsibility.

3) DSAM Global Value Fund v. Altris Software, Inc., 288 F.3d 385, 390 (9th Cir. 2002)

A) **Case Precedent**

"Plaintiffs also contend that the obvious nature of Hypercom's GAAP violation creates a strong inference that Defendants acted with scienter. . . . [E]ven assuming that establishing the obviousness of a GAAP error could in fact establish a strong inference of scienter, Plaintiffs have not alleged sufficient facts to make such a showing. . . . [Plaintiffs'] conclusory claim alone does not establish the obviousness of the GAAP violation . . . they do not allege facts establishing the obviousness of the [GAAP error]." DSAM Global Value Fund v. Altris Software, Inc., 288 F.3d 385, 390-91 (9th Cir. 2002) (similar); SBC Computer Tech., Inc. Sec. Litig., 149 F. Supp. 2d 334, 357 (W.D. Tenn. 2001) (similar); In re Faro Technologies Securities Litigation, 2007 WL 430731, *15-20 (M.D. Fla. Feb 03, 2007) (similar); Grand Lodge of Pa. v. Peters, 07-479, 2008 WL 697340, *6 (M.D.Fla. March 13, 2008) (similar).

B) **Impact on Case**

There are no GAAP errors. This is easy. The SEC attorneys don't even understand the law. Now they claim they understand US GAAP and GAAS. Their so called expert with 1970 APB standards, AICPA audit standards and has never audited a public company under PCAOB standards in his life. All three registrants were public companies requiring PCAOB standards not AICPA.

4) **Ezra Charitable Trust, 466 F.3d at 12**

"GAAP can tolerate a range of reasonable approaches".

5) Fidel, 392 F.3d at 230

"The failure to follow generally accepted accounting procedures does not in and of itself lead to an inference of scienter."

To travel from magnitude of fraud to evidence of scienter, the court must blend hindsight, speculation and conjecture to forge a tenuous chain of inferences . . . ."); In re Raytheon Sec. Litig., 157 F. Supp. 2d 131, 155 (D. Mass. 2001) ("The magnitude of the misstatement . . . at most supports a garden-variety inference of recklessness or a strong inference of negligence -- but that is not enough."). See, e.g., Fidel, 392 F.3d at 231-32 ("We decline to follow the cases that hold that the magnitude of financial fraud contributes to an inference of scienter on the part of the defendant. Allowing an inference of scienter based on the magnitude of fraud 'would eviscerate the principle that accounting errors alone cannot justify a finding of scienter.'");

6) Godchaux v. Conveying Techniques, Inc., 1988

Because accounting concepts are flexible, circumstances will give rise to fraud only where differences in calculations are the result of a falsehood, "not merely the difference between two permissible judgments".

7) Grand Lodge of Pa. v. Peters, 07-479, 2008 WL 697340, *6 (M.D.Fla. March 13, 2008) (similar).

A) **Case Precedent**

"[E]ven assuming that establishing the obviousness of a GAAP error could in fact establish a strong inference of scienter, Plaintiffs have not alleged sufficient facts to make such a showing. . . . [Plaintiffs'] conclusory claim alone does not establish the obviousness of the GAAP violation . . . they do not allege facts establishing the obviousness of the [GAAP error]."

B) **Impact on the Case**

APB standards are form 1970 and are not detailed enough to provide guidance on transactions for current 2020 US GAAP. Throw it out! Throw it out!

8) Greebel v. FTP Software, Inc., 194 F.3d 185, 203-04 (1st Cir. 1999)

A) **Case Precedent**

for an allegation of GAAP violation to be meaningful, "the complaint must describe the violations with sufficient particularity; 'a general allegation that the practices at issue resulted in a false report of company earnings is not a sufficiently particular claim of misrepresentation.' . . . the complaint clearly falls short [as it] does not include such basic details

B) **Impact on Case**

The Division's ***complaint clearly falls short [as it] does not include such basic details***. APB standards are from 1970 and are not detailed enough to provide guidance on transactions for current 2020 US GAAP. Throw it out! Throw it out!

9) Gross v. Summa Four, Inc., 93 F.3d 987, 996 (1st Cir. 1996)

A) **Case Precedent**

for an allegation of GAAP violation to be meaningful, "the complaint must describe the violations with sufficient particularity; 'a general allegation that the practices at issue resulted in a false report of company earnings is not a sufficiently particular claim of misrepresentation.' . . . the complaint clearly falls short [as it] does not include such basic details as the approximate amount by which revenues and earnings were overstated . . . the products involved in the contingent transactions . . . the dates of any of the transactions . . . or the identities of any of the customers or FTP employees involved in the transactions.")

B) **Impact on Case**

The Division's ***complaint clearly falls short [as it] does not include such basic details as the approximate amount by which revenues and earnings were overstated. Devor spends his time on the balance sheet***

when each company had material losses from operations. Devor makes no mention that A&C and Honest Hardworking Americans with each Registrant made the financial statements worse than they were received by management.

10) In re IKON Office Solutions, Inc., 2002

"GAAP is a term of art that encompasses a wide range of acceptable procedures"

11) In re Adaptive Broadband Sec. Litig., 2002 WL 989478 (N.D. Cal. April 2, 2002

A) **Case Precedent**

In re Adaptive Broadband Sec. Litig., 2002 WL 989478 (N.D. Cal. April 2, 2002) (supplementing allegations of GAAP violations with detailed evidence of the contemporaneous decision making behind the accounting errors, thereby showing that financial statements were known to be false at the time they were filed with the SEC and made available to the investing public, set forth sufficient evidence of scienter).

B) **Impact on Case**

The financial statements were not false. The only thing that is false is the fake case brought by these SEC attorneys and accountants.

12) In re Hypercom Corp. Sec. Litig., 2006 WL 726791, *4-5 (D. Ariz. Jan. 25, 2006)

A) **Case Precedent**

"Plaintiffs also contend that the obvious nature of Hypercom's GAAP violation creates a strong inference that Defendants acted with scienter. . . . [E]ven assuming that establishing the obviousness of a GAAP error could in fact establish a strong inference of scienter, Plaintiffs have not alleged sufficient facts to

make such a showing. . . . [Plaintiffs'] conclusory claim alone does not establish the obviousness of the GAAP violation . . . they do not allege facts establishing the obviousness of the [GAAP error].

B) **Impact on the Case**

APB standards are form 1970 and are not detailed enough to provide guidance on transactions for current 2020 US GAAP. Throw it out! Throw it out!

13) In re Software Toolworks Inc. Sec. Litig., 50 F.3d 615, 627-28 (9th Cir. 1994)

A) Case Precedent

a failure to follow GAAP, without more, does not establish scienter

B) Impact on Case

The SEC attorneys in this case should have known that a simple GAAP violation could never rise to scienter. Not gross negligence and definitely not fraud. This case was a premeditated hit against Honest Hardworking Americans to destroy our lives for no reason other than so these SEC attorneys can justify their existence. We already have evidence that they bring cases that don't even raise to a "negligence charge" and as Qualls said "let's hope they don't fight back". Well here we are.

Oh by the way. There are no GAAP violations in this case and if the Division hired a qualified expert they would have known that but of course they hired Devor b/c he will say anything to win the case. Extremely biased and negligent on his own accord of course.

Time to pay us. Wire instructions are included.

14) In re Sportsline.com Sec. Litig., 366 F. Supp. 2d 1159 (S.D. Fla. 2004)

A) Case Precedent

Violations of GAAP, without more, ***may establish negligence, but can never establish scienter***

B).Impact on Case

The SEC attorneys in this case should have known that a simple GAAP violation could never rise to scienter. Not gross negligence and definitely not fraud. This case was a premeditated hit against Honest Hardworking Americans to destroy our lives for no reason other than so these SEC attorneys can justify their existence. We already have evidence that they bring cases that don't even raise to a "negligence charge" and as Qualls said "let's hope they don't fight back". Well here we are.

Oh by the way. There are no GAAP violations in this case and if the Division hired a qualified expert they would have known that but of course they hired Devor b/c he will say anything to win the case. Extremely biased and negligent on his own accord of course.

Time to pay us. Wire instructions are included.

15) Malone v. Microdyne Corp., 1994

A) Case Precedent

Statements of Financial Accounting Standards (SFASs) and the anti-fraud rules promulgated under §10 (b) of the 1934 Act serve similar purposes, and courts have often treated violations of the former as indication that the latter were also violated. Nevertheless, the prohibitions contained in GAAP and in Section 10(b) are not perfectly coextensive. In some situations, courts have found defendants liable for securities fraud under §10b despite having complied with GAAP, while in other situations, courts have discharged defendants from §10b liability notwithstanding deliberate violations of GAAP.

B) Impact on Case

There are no violations of GAAP in this case.

16) See Reiger v. PricewaterhouseCoopers LLP, 117 F. Supp. 2d 1003, 1009 (S.D. Cal. 2000)

A) Case President

Indeed, if allegations of GAAP violations alone were sufficient, scienter would almost automatically become a non-issue in nearly half of all securities cases because allegations of GAAP violations are that prevalent.11 When GAAP violations combine with other circumstances to suggest a fraudulent intent, however, then those violations may begin to be relevant to the scienter analysis.

B) Impact on this Case

No GAAP violations in this case. No fraud. No scienter. Time to pay Honest Hardworking Americans.

17) SBC Computer Tech., Inc. Sec. Litig., 149 F. Supp. 2d 334, 357 (W.D. Tenn. 2001) (similar);

A) **Case Precedent**

[E]ven assuming that establishing the obviousness of a GAAP error could in fact establish a strong inference of scienter, Plaintiffs have not alleged sufficient facts to make such a showing. . . . [Plaintiffs'] conclusory claim alone does not establish the obviousness of the GAAP violation . . . they do not allege facts establishing the obviousness of the [GAAP error]."

B) **Impact on the Case**

APB standards are form 1970 and are not detailed enough to provide guidance on transactions for current 2020 US GAAP. Throw it out! Throw it out!

18) Shalala v. Guernsey Mem'l Hosp., 1995

A) Case Precedent

"There are 19 different GAAP sources, any number of which might present conflicting treatments of a particular accounting question … when such conflicts arise, the accountant is directed to consult an elaborate hierarchy of GAAP sources to determine which treatment to follow"

B) Impact on Case

Devor talks about 10 little books. Not 19. Sounds like GAAP is complicated. Not for Devor he still remembers his 1970 ARB standards. Never audited a public company that had to comply with PCAOB standards. Yawn. Time to dismiss Devor's testimony, his report and this case.

19) Thor Power Tool Co. v. C.I.R., 439 U.S. 522, 544 (1979)

A) Case Precedent

The Supreme Court has recognized that GAAP "***are far from . . . a canonical set of rules that will ensure identical accounting treatment of identical transactions. [GAAP], rather, tolerate a range of 'reasonable' treatments, leaving the choice among alternatives to management.***"

B) Impact on Case

The SEC and Devor could start their re-education and their time in jail by reading Supreme Court cases.

20) Zucker v. Sasaki, 963 F. Supp. 301, 307 (S.D.N.Y. 1997)

Courts have held with near unanimity that GAAP violations alone do not give rise to a finding of scienter: "The mere misapplication of accounting principles by an independent auditor does not establish scienter."

21) **Decker v. GlenFed, Inc., 1994**

GAAPs "are far from being a canonical set of rules that will ensure identical accounting treatment of identical transactions … [GAAPs], rather, tolerate a range of 'reasonable' treat- ments, leaving the choice among alternatives to management".

22) Godchaux v. Conveying Techniques, Inc., 1988

A) Case Precedent

"Because accounting concepts are flexible, circumstances will give rise to fraud only where differences in calculations are the result of a falsehood, "**not merely the difference be- tween two permissible judgments**"

B) Impact on Case

GAAP is flexible provides for different conclusions that are ***permissible judgments***.

857. **US GAAS REQUIRES PROFESSIONAL JUDGMENT:**

Similarly, a plaintiff who alleges that the auditor violated GAAS in the conduct of his audit without specifying with particularity what the particular GAAS violation was and why it mattered adds nothing to its pleading burden.

1) Ezra Charitable Trust, 466 F.3d at 13

"the conclusory presented 'laundry list' of alleged GAAS violations, which lack any specific ties to the alleged fraud at issue, do not get plaintiffs far in creating a strong inference of scienter."

2) In re Cardinal Health Inc. Sec. Litig., 426 F. Supp. 2d 688, 778 (S.D. Ohio 2006)

Plaintiffs have done no more than list these GAAS standards, failing to specify, who, where, when, or how [the auditor] actually violated them. . [and] these elements are crucial to a plaintiff's pleading. To that

end, Plaintiffs' allegations are no more than a feeble attempt to convert vaguely pled GAAS violations into evidence of [the auditor]'s scienter.").

3) In re Stone & Webster Sec. Litig., 414 F.3d 187, 214 (1st Cir. 2005)

A) Case Precedent

(plaintiff's "litany of conclusory allegations of failure to conform to GAAS standards" adds nothing)

B) Impact on Case

The SEC has no legal basis to attack Honest Hardworking Americans based on our professional judgement.

4) Global Crossing, Ltd. Securities Litigation, 313 F. Supp. 2d 189, 210 (S.D.N.Y. 2003)

A) Case Precedent

"dismissing Section 11 claim against issuers of "fair value" opinion for failure to allege that defendant was aware that its purported opinion about the fairness of the transaction was wrong"

B) Impact on Case

The Division has not provided any relevant or credible or provable fact that proves our audit opinion was incorrect. In fact, the Division makes no reference to Anton & Chia's audit opinions in its allegations only the working papers which the Division has no legal basis to make any allegations regarding our audit work. The Division doesn't have the public company experience and the experience with the PCAOB to affirm the allegations that they are making.

5) Nappier v. PricewaterhouseCoopers LLP, 227 F. Supp. 2d 263, 278 (D.N.J. 2002)

A) Case Precedent

(red flags "must be closer to smoking guns than mere warning signs.") (citation and internal quotation marks omitted). Additionally, conclusory allegations that a circumstance amounted to a "red flag" or that

the auditor must have known of the red flag establish nothing under the particularity pleading requirements.

B) Impact on Case

No smoking gun. Actually, pro se Wahl, waited for the smoking gun. Listened to the Divisions case. Then realized they had no case and filed a motion to dismiss with no response from the Division. Kind of like. We will get back to you with the law…….truly pathetic that this group of attorneys and accountants would destroy an American small business with 100+ jobs and spend $32MM to $38MM of tax payers money and have no credible evidence or witnesses that could convey a wrong doing by Honest Hardworking Americans.

858. **CONSTITUTIONAL CASES 5th AND 14th AMENDMENT:**

1) Lucas vs. South Carolina Coastal Council 505 U.S. 1003 (1992),

A) Case Precedent

Was a case in which the Supreme Court of the United States established the "total takings" test for evaluating whether a particular regulatory action constitutes a regulatory taking that requires compensation?

B) Impact on Case

This case is a regulatory taking of Honest Hardworking Americans' property, their business, their savings, real estate property and rendering their CPA's licenses worthless based on the intentional destruction of their reputations by the false press release, which was a premeditated hit job by the SEC to render Honest Hardworking Americans into a false settlement and deny Honest Hardworking Americans due process.

859. **SUPREME COURT CASES – OTHER MATTERS:**

1) Lucia et al v. SEC 17-130 585 U.S. 138 S. Ct. 2044; 201 L. Ed. 2d 464

A) Case Precedent

The Commission's ALJs are "Officers of the United States," subject to the Appointments Clause.

B) Impact on Case

Even with the Lucia decision it is surprising that the SEC attorneys and accountants in this case continue to behave in a malicious and unethical manner. Given the scrutiny of Congress and the Supreme Court, the continued bad behavior of these SEC attorneys and accountants is not simply surprising it's downright shocking.

2) Liu v. SEC, No. 18-1501

A) Case Precedent

Liu argued that the SEC lacked the authority to obtain disgorgement, under the Court's 2017 decision in *Kokesh v. SEC*, which held that disgorgement awarded under the court's equitable power is a penalty, not a remedial measure.

Petitioners analogized their disgorgement order to the one issued in *Kokesh*: (1) they were made "worse off" and essentially penalized twice – once, for the $26.7 million in disgorgement, with no deduction for the $16 million characterized as legitimate business expenses, and, again, for the $8.2 million civil monetary penalty for the compensation they paid themselves; and (2) the disgorgement order did not require that the funds be disbursed to the alleged victims, meaning that the funds could wind up with the SEC or the U.S. Treasury – the hallmark of a non-compensatory sanction.

The outcome in *Liu* could seriously undercut the SEC's enforcement power by taking away one of its most powerful tools, and by encouraging defendants to continue to challenge the SEC's remedial authority in

other contexts, such as suspensions and bars. Additionally, *Liu* could call into question the power of other regulatory agencies to seek disgorgement.

B) Impact on case:

Division is asking for disgorgement for Wahl based on Anton & Chia's fees which is highly illegal, unconstitutional and illogical. The continued dishonesty in this case and utilizing case references that are not even comparable to Anton & Chia, LLP. The Division references a case Halpern, 2016 WL 64862, Halpern's firm, defined as "H&A" "*In December 2009 H&A employed four CPAs, two CPA candidates, two or three bookkeepers, and administrative staff.*" This is not a "reasonable approximation of the profits from the….conduct" On the Cannavest matter A&C lost money substantial money; Premier matter A&C might have broke even on the audit but gross fees as contested in Kokesh and Liu is not a means to determine "profits".

DIV. Facts 940 is distributions for 2014 and 2015, which is not the applicable period for the conduct, which is substantially December 31, 2013. Cannavest was for the period end 2013 and the same with Premier Holdings so their facts don't even coincide with the approximation of the profits in the correct period. Accelera never even paid all the fees contested and $65,000 is still owed to Anton & Chia, LLP.

Wahl doesn't "control" A&C; A&C is a chapter 7 bankrupt entity; and therefore any disgorgement of fees would be attributable to the Trustee of Anton & Chia, LLP itself not Wahl and should be denied against Wahl.

3) Kokesh v. SEC

A) Case Precedent:

Kokesh v. Securities and Exchange Commission was a case argued during the October 2016 term of the U.S. Supreme Court. Argument in the case was held on April 18, 2017. The case came on a writ of certiorari to the United States Court of Appeals for the 10th Circuit. On June 5, 2017, in a unanimous opinion by Justice Sonia Sotomayor, the court reversed the judgment of the Tenth Circuit Court of Appeals.

B) Impact on Case:

Division is asking for disgorgement for Wahl based on Anton & Chia's fees which is highly illegal, unconstitutional and illogical. The continued dishonesty in this case and utilizing case references that are not even comparable to Anton & Chia, LLP. The Division references a case Halpern, 2016 WL 64862, Halpern's firm, defined as "H&A" "*In December 2009 H&A employed four CPAs, two CPA candidates, two or three bookkeepers, and administrative staff.*" This is not a "reasonable approximation of the profits from the….conduct" On the Cannavest matter A&C lost money substantial money; Premier matter A&C might have broken even on the audit but gross fees as contested in Kokesh and Liu is not a means to determine "profits".

DIV. Facts 940 is distributions for 2014 and 2015, which is not the applicable period for the conduct, which is substantially December 31, 2013. Cannavest was for the period end 2013 and the same with Premier Holdings so their facts don't even coincide with the approximation of the profits in the correct period. Accelera never even paid all the fees contested and $65,000 is still owed to Anton & Chia, LLP. Wahl was never paid the Registrants fees. This is illegal and unconstitutional attempt to further financially damage and discredit Wahl.

Wahl doesn't "control" A&C; A&C is a chapter 7 bankrupt entity; and therefore any disgorgement of fees would be attributable to the Trustee of Anton & Chia, LLP itself not Wahl. Even the attempt by the SEC to

proceed will be fully contested by the Judge in the Chapter 11, counsel for the Trustee, the other creditors, Wahl and Wahl's bankruptcy counsel.

860. **ADDITIONAL SEC CASES THAT ARE NOT RELEVANT:**

1) Aaron v. SEC, 446 U.S. 680 (1980)

A) Case Precedent

the SEC filed a complaint in a District Court against petitioner, a managerial employee of a broker-dealer, alleging that he had violated, and aided and abetted violations of,….

B) Relevance to the Case

Provides a nice definition of scienter but the case in itself is not relevant as it pertains to a manager that worked at a broker dealer.

2) Basic Inc. v. Levinson, 485 U.S. 224 (1998)

A) Case Precedent

The Securities and Exchange Commission's Rule 10b-5, promulgated under § 10(b) of the Securities Exchange Act of 1934 (Act), prohibits, in connection with the purchase or sale of any security, the making of any untrue statement of a material fact or the omission of a material fact that would render statements made not misleading. In December 1978, Combustion Engineering, Inc., and Basic Incorporated agreed to merge. During the preceding two years, representatives of the two companies had various meetings and conversations regarding the possibility of a merger; during that time Basic made three public statements

denying that any merger negotiations were taking place or that it knew of any corporate developments that would account for heavy trading activity in its stock. Respondents, former Basic shareholders who sold their stock between Basic's first public denial of merger activity and the suspension of trading in Basic stock just prior to the merger announcement, filed a class action against Basic and some of its directors, alleging that Basic's statements had been false or misleading, in violation of § 10(b) and Rule 10b-5, and that respondents were injured by selling their shares at prices artificially depressed by those statements. The District Court certified respondents' class, but granted summary judgment for petitioners on the merits. The Court of Appeals affirmed the class certification, agreeing that, under a "fraud-on-the-market" theory, respondents' reliance on petitioners' misrepresentations could be presumed, and thus that common issues predominated over questions pertaining to individual plaintiffs. The Court of Appeals reversed the grant of summary judgment and remanded, rejecting the District Court's view that preliminary merger discussions are immaterial as a matter of law, and holding that even discussions that might not otherwise have been material become so by virtue of a statement denying their existence.

B) Impact on Case

Honest Hardworking Americans were not makers of the statements. There is no evidence that any investors lost money on the Note Receivable transaction. Time to throw it out.

3) *BDO USA, LLP*, Exchange Act Release No. 75862, 2015 WL 5243894 (Sept. 9, 2015)

A) Case Precedent

This is a settlement order and does not provide legal precedent from a Judge or a trial by Jury. This is the accounting firm agreeing that they should have sent a confirmation to the bank to determine whether the $2.3MM CD existed or not.

B) Impact on Case

General Employment was a massive company and not relevant to the three small microcap companies identified. The major difference is that Honest Hardworking American sin this case heavily contest any and all proposed facts and allegations made by the Division. In all three Registrants identified the accounting matters pertain to fair value and other areas that required significant professional judgement. In the BDO the matter, the existence of a $2.3MM CD was unfortunately for them a clear cut error.

4) *Dohan & Co., CPA*, Initial Decision Release No. 420, 2011 WL 2544473 (June 27, 2011)

5) *Dolphin & Bradbury, Inc. v. SEC*, 512 F.3d 634 (D.C. Cir. 2008)

6) *EFP Rottenberg, LLP*, Exchange Act Release No. 78393, 2016 WL 4363837 (July 22, 2016)

Settlement Order No Case Precedent

New York-based accounting firm EFP Rotenberg LLP also agreed to pay a $100,000 penalty to settle the SEC's charges, and it can only begin accepting new public company clients again next year after an independent consultant certifies that the firm has corrected the causes of its audit failures.

According to the SEC's order instituting a settled administrative proceeding, the failed audit pertained to Illinois-based ContinuityX Solutions Inc., a publicly-traded company that claimed to sell internet services to businesses and whose executives have since been charged by the SEC for allegedly engineering a scheme to grossly overstate the company's revenue through fraudulent sales.

The SEC's order finds that during the audits of ContinuityX, EFP Rotenberg and Bottini failed to perform sufficient procedures to detect the fraudulent sales in the company's financial statements. EFP Rotenberg and Bottini also failed to obtain sufficient audit evidence over revenue recognition and accounts

receivable, identify related party transactions, and investigate management representations that contradicted other audit evidence, perform procedures to resolve and properly document inconsistencies, and exercise due professional care.

B) Impact on Case:

EFP Rottenberg was only censured and in this audit they incorrectly accounted for revenue the highest fraud risk area. Lernout & Hauspie Sec. Litig., 208 F. Supp. 2d 74, 88 (D. Mass. 2002) (GAAP violations combined with the magnitude of the overstatement of revenue provided strong indications of scienter). EFP Rottenberg is an obvious enforcement case and of course any moron would settle.

To compare this EFP Rottenberg to Anton & Chia is clearly prosecutional misconduct and mischaracterization of the A&C case.

7) Fundamental Portfolio Advisors, Securities Act Release. No. 8251, 2003 WL 23737286 (July 15, 2003)[100]

A) Broker Dealer Case

The record evidence amply supports our finding that Respondents' violations were egregious. Their violations were neither isolated nor insignificant. The fraud upon Fund investors continued for almost two years and resulted in ***substantial losses to them***.

B) Not Relevant to Honest Hardworking Americans Case

This case pertains to a broker-dealer that created investor losses and directly induced investors to invest money. How is this relevant in an accounting and audit case? There is not one penny of evidence that

[100] https://www.sec.gov/litigation/opinions/33-8251.htm

investors lost any money in the A&C case. In fact, Honest Hardworking Americans made the financial statements look worse from when it was initially provided to A&C, which protected investors.

8) Gebhart v. SEC, 595 F.3d 1034 (9th Cir. 2010)[101]

A) Broker Dealer Case

The record evidence amply supports our finding that Respondents' violations were egregious. Their violations were neither isolated nor insignificant. The fraud upon Fund investors continued for almost two years and resulted in ***substantial losses to them of over 16% of their money***.

B) Not Relevant to Honest Hardworking Americans Case

This case pertains to a broker-dealer that created investor losses and directly induced investors to invest money. How is this relevant in an accounting and audit case? There is not one penny of evidence that investors lost any money in the A&C case. In fact, Honest Hardworking Americans made the financial statements look worse from when it was initially provided to A&C, which protected investors.

9) Geiger v. SEC, 363 F.3d 481 (D.C. Cir. 2004)[102]

A) Broker Dealer Case

In this case it relates to illegally removing a restrictive legend on share certificates.

[101] https://caselaw.findlaw.com/us-9th-circuit/1508119.html

[102] https://www.sec.gov/litigation/opinions/2008/33-8888.pdf

https://www.courtlistener.com/opinion/186183/geiger-gene-c-v-sec/?

B) Not Relevant to Honest Hardworking Americans Case

This case this case it relates to illegally removing a restrictive legend on share certificates. How is this relevant in an accounting and audit case? No Investors lost any money in the A&C case. In fact, Honest Hardworking Americans made the financial statements look worse from when it was initially provided to A&C, which protected investors.

10) Gould v. Winstar Communications, Inc., 692 F.3d 148 (2d Cir. 2012)[103]

A) Case Precedent

Winstar was a broadband communications company whose core business was to provide wireless Internet connectivity to various businesses. GT served as Winstar's independent auditor from 1994 until Winstar filed for bankruptcy in April 2001, and GT regarded Winstar as "one of [its] largest and most important clients."

Most of the revenue that GT derived from Winstar was from ***consulting*** rather than auditing. In 1999, ***for example, GT earned $275,000 for its auditing work for Winstar, compared with over $2 million in consulting fees.***

In 1999, however, the relationship deteriorated. Winstar warned GT that it would likely terminate the relationship if GT's performance on unrelated international tax planning and other accounting matters proved unsatisfactory. In March 1999 at least one member of Winstar's board of directors openly urged during a board meeting that the GT partner overseeing the audit of Winstar be removed from the Winstar

[103] https://casetext.com/case/gould-v-bim-intermobiliare-sgr

account. GT eventually re-staffed the Winstar account so that the 1999 audit was managed by a partner, Gary Goldman, and a senior manager, Patricia Cummings, neither of whom had previously reviewed or audited the financial records of a telecommunications company.

As relevant to this appeal, GT's audit for 1999 included several "large account" transactions that Winstar consummated in an attempt to conceal a decrease in revenue associated with Winstar's core business. Most of the large account transactions involved Lucent Technologies, Inc. ("Lucent"), Winstar's strategic partner, and all of them were consummated at the end of Winstar's fiscal quarters in 1999. Together, the transactions accounted for $114.5 million in revenue, or approximately 26 percent of Winstar's reported 1999 operating revenues and 32 percent of its "core" revenues that year. At the time, GT considered these transactions to be "red flags," warranting the accounting firm's "heightened scrutiny." However, GT ultimately approved Winstar's recognition of revenue in connection with each of these transactions.

During discovery, an economist retained by the Plaintiffs as an expert witness attributed the decline in Winstar's stock price to, among other causes, the partial disclosure of Winstar's alleged fraud by Asensio. The economist calculated that members of the putative class who had purchased Winstar common stock lost as much as $974 million, that class members who purchased Winstar notes lost up to $197 million, and that the Jefferson Plaintiffs lost over $96 million by investing in Winstar stock.

B) Impact on Case

This case is clearly not relevant. Winstar was a large client for Grant Thornton. The Registrants for A&C were not good clients. GT was being paid lucrative consulting fees and auditing the company. Of course GT had a perceived bias to not record revenues they would lose over $2.2MM in lucrative fees. Just like Devor where the SEC is his largest client. Lernout & Hauspie Sec. Litig., 208 F. Supp. 2d 74, 88 (D. Mass.

2002) (GAAP violations combined with the magnitude of the overstatement of revenue provided strong indications of scienter).

Anton & Chia fired Cannavest; proposed and forced management to record over $28MM in adjustments. Premier same thing over 9 audit adjustments to increase the losses to protect investors. Accelera in 2014 alone A&C increased the net loss by $18MM to protect investors. Even if Wahl had a large client he wouldn't roll over and allow them to record transactions incorrectly that did not comply with US GAAP.

"'Round-tripping' typically refers to reciprocal agreements, involving the same products or services, that lack economic substance but permit [both] parties to book revenue and improve their financial statements." *Teachers' Ret. Sys. of LA v. Hunter,* 477 F.3d 162, 169 (4th Cir.2007)." *Gould v. Winstar Communications, Inc.*, 692 F.3d 148, 155 (2d Cir. 2012)

11) Graham v. SEC, 222 F.3d 994 (D.C. Cir. 2000)[104]

A) Broker Dealer Case

Check Kiting, Wash Sales, and Broker Dealer lost $60,000. Another broker dealer case.

B) Not Relevant to Honest Hardworking Americans Case

This case relates to illegally kiting checks, wash sales. How is this relevant in an accounting and audit case? In fact, Honest Hardworking Americans made the financial statements look worse from when it was initially provided to A&C, which protected investors.

12) Howard v. Everex Systems, Inc., 228 F.3d 1057 (9th Cir. 2000)[105]

[104] https://casetext.com/case/graham-v-sec

[105] https://casetext.com/case/howard-v-everex-systems

A) Case Precedent

First, Hui potentially had a motive to inflate sales to raise financing. Specifically, Everex had a motivation to overstate its net value so as not to violate loan covenants with its principal lender CIT, as well as to improve the prospects of an increased credit line with CIT to fund its FY1992 business plan. CIT required Everex to maintain a net worth of $90 million and, at the end of the fourth quarter of FY1991, Everex had a net worth i.e., shareholder equity, of $92.1 million. Given that Everex projected possible first quarter FY1992 losses of $2.1 million, resulting in a net worth of exactly $90 million, Hui had the incentive to overstate Everex's value.

Additionally, Everex executives recognized that the Company's cash flow and existing lines of credit were potentially inadequate to fund Everex's fiscal 1992 business plan. In order for Everex to meet its optimistic projections, additional funding needed to be raised. This represents further motivation for Hui to inflate the figures on the financial statements.

B) Not Relevant to Honest Hardworking Americans Case

Hui committed fraud and lied to third party lenders. Honest Hardworking Americans are hard working professionals that care about their reputations and had no motivation to commit fraud since Accelera and Cannavest were paying below market fees. The Case is not relevant b/c there was no motivation for Honest Hardworking Americans to commit fraud. In fact, Honest Hardworking Americans acted independently to make the financial statements look worse from when it was initially provided to A&C, which protected investors.

13) Howard v. SEC, 376 F.3d 1136 (D.C. Cir. 2004)[106]

A) Broker Dealer Case Precedent

Broumas' stock-kiting scheme. This case has to do with a stock-kiting scheme relating to a broker-dealer and has nothing to do with scienter or 10-B liability as it relates to an auditor.

The reliance of counsel defense is usually presented by litigants as evidence of good faith in order to defeat a showing of scienter. See Howard v. SEC, 376 F.3d 1136, 1147 (D.C. Cir. 2004) ("reliance on the advice of counsel need not be a formal defense; it is simply evidence of good faith, a relevant consideration in evaluating a defendant's scienter"). Even where counsel's advice is incorrect, reliance on such opinion may still defeat a showing of scienter.

B) Not Relevant to Honest Hardworking Americans Case

This case pertains to a broker-dealer that created investor losses and directly induced investors to invest money and created a stock-kiting-scheme. How is this relevant in an accounting and audit case? There is not one penny of evidence that investors lost any money in the A&C case. In fact, Honest Hardworking Americans made the financial statements look worse from when it was initially provided to A&C, which protected investors.

14) In re Countrywide Fin. Corp. Securities Litig., 588 F. Supp. 2d 1132 (C.D Cal. 2008)[107]

A) Case Precedent

[106] https://openjurist.org/376/f3d/1136/howard-v-securities-and-exchange-commission

[107] https://www.courtlistener.com/opinion/1679405/in-re-countrywide-financial-corp-sec-litigation/

Countrywide committed a multi-billion dollar financial fraud and many people were severely harmed by their actions.

B) Not Relevant to Honest Hardworking Americans Case

How is this relevant in an accounting and audit case? There is not one penny of evidence that investors lost any money in the A&C case. In fact, Honest Hardworking Americans acted independently to propose and force management to increase losses and reduce assets from the initial set of financial statements provided by management to A&C, which protected investors.

15) In re Halpern & Associates, Initial Decision Release No. 939, 2016 WL 64862 (Jan. 5, 2016)[108]

A) Case Precedent

Respondents were engaged to audit Lighthouse's financial statements for the year ended December 31, 2009 (2009 Statements), and Halpern served as the engagement partner. Id. at 3- 4. The 2009 Statements contained three errors: (1) they overstated Lighthouse's assets by incorrectly including approximately $2 million in long securities positions held in accounts at Pension Financial Services, Inc., Lighthouse's clearing broker; (2) they understated Lighthouse's liabilities by omitting approximately $2.3 million owed to Pension; and (3) they applied erroneously low "haircuts," or liquidity discounts, to Lighthouse's assets. Id. at 4 & n.3; Tr. 163- 64.

This Initial Decision: (1) finds that Respondents H&A and Halpern engaged in improper professional conduct; (2) finds that Respondents caused Lighthouse's violation of Section 17 of the Securities Exchange Act of 1934 (Exchange Act) and Rule 17a-5(d) thereunder; (3) orders Respondents to cease and desist

[108] https://www.sec.gov/alj/aljdec/2016/id939ce.pdf

from causing those violations; (4) orders Respondents to disgorge $13,000 in ill-gotten gains, plus prejudgment interest; (5) denies Halpern the privilege of appearing or practicing before the Commission for one year; and (6) censures H&A.

B) Impact on Case:

Broker dealer audit. Not a public company that Honest Hardworking Americans was involved with of course b/c the SEC used Devor. Halpern missed clearing broker statement which should never be missed. Similar to obtaining a bank confirmation for liabilities which A&C completed all the time not just to verify securities and cash (existence) but to ensure completeness of all liabilities. Halpern missed $2.3MM in liabilities. Unlike A&C in the Accelera matter where we confirmed all liabilities and recorded the required $4.5MM liabilities.

Only a $13,000 fine and only “censures” H&A. Surprising they didn’t ask for a $1.0MM just like Honest Hardworking American sand put H&A into bankruptcy.

16) In re Kidder Peabody Securities Litig.,10 F. Supp. 2d 398 (S.D.N.Y. 1998)

A) Broker Dealer Case

This consolidated class action arises from allegations that a trader at defendant Kidder, Peabody & Co., Inc. ("Kidder") engaged in an ongoing scheme from late 1991 until April 1994 to generate false profits through the use of phantom trades. At the time of the alleged scheme, Kidder was a wholly-owned subsidiary of General Electric Company ("GE").

B) Not Relevant to Honest Hardworking Americans Case

Phantom trades and Kidder is a wholly-owned subsidiary of General Electronic Company.

17) *In re Lehman Bros. Securities and ERISA Litig.*, 131 F. Supp. 3d 241 (S.D.N.Y. 2015)[109]

A) Case Precedent

Lehman Bros committed a multi-billion dollar financial fraud and many people were severely harmed by their actions.

B) Impact on Case

The Judges conclusions on Scienter are very interesting and questions whether even in the Lehman case with substantial investor losses that it's very difficult to determine or prove Scienter against an auditor.

Whether Plaintiffs Have Raised a Genuine Issue of Fact as to Scienter

Both Starr and the RHF Plaintiffs bring Section 10(b) and Rule 10b–5 claims. To succeed on such a claim, a plaintiff must prove that the defendant acted with *scienter—i.e.,* that the defendant made an untrue statement of material fact or omitted to state a material fact necessary to prevent her statement from misleading a reasonable person with the "intent to deceive, manipulate, or defraud."

Ernst & Ernst v. Hochfelder, 425 U.S. 185, 193, 96 S.Ct. 1375, 47 L.Ed.2d 668 (1976); *see also Tellabs, Inc. v. Makor Issues & Rights, Ltd.,* 551 U.S. 308, 323, 127 S.Ct. 2499, 168 L.Ed.2d 179 (2007) (internal quotation marks omitted); *ECA & Local 134 IBEW Joint Pension Trust of Chi.,* 553 F.3d at 197 (noting that the misrepresentation or omission must be made "with *scienter*" to be actionable under Section 10(b) and Rule 10b–5 (internal quotation marks omitted))

In *Lehman I,* the Court stated that allegations about "red flags" bear "not only on whether [EY] violated the pertinent GAAS requirements, but also on whether it did so with the requisite state of mind." EY

[109] https://www.courtlistener.com/opinion/1679405/in-re-countrywide-financial-corp-sec-litigation/

nevertheless argues that since the Court issued its opinion in *Lehman I,* the Second Circuit has reiterated that *scienter* requirements as to auditors are especially demanding. It points to *In re Advanced Battery Technologies, Inc.,* where the Circuit affirmed the grant of a motion to dismiss securities fraud claims against a company's independent auditor. The Circuit there stated that in a case predicated on an auditor's recklessness, the plaintiff must establish that the auditor's conduct was "highly unreasonable, representing an extreme departure from the standards of ordinary care," and not "merely a heightened form of negligence." Moreover, the alleged "conduct 'must, in fact, approximate an actual intent to aid in the fraud being perpetrated by the audited company,' as, for example, when a defendant conducts an audit so deficient as to amount to no audit at all, or disregards signs of fraud so obvious that the defendant must have been aware of them." GAAP violations, accounting irregularities, and a lack of due diligence are not sufficient.

Lehman I, 799 F.Supp.2d at 303 & n. 304 (citing *In re AOL Time Warner,* 381 F.Supp.2d 192, 240 (S.D.N.Y.2004) ("Allegations of 'red flags,' when coupled with allegations of GAAP and GAAS violations, are sufficient to support a strong inference of *scienter*.")).

781 F.3d 638, 644 (2d Cir.2015).

Id. (quoting *Rothman v. Gregor,* 220 F.3d 81, 98 (2d Cir.2000)).

Id. (quoting *Novak v. Kasaks,* 216 F.3d 300, 312 (2d Cir.2000)).

Id. (quoting *Rothman,* 220 F.3d at 98, and citing *Gould v. Winstar Commc'ns, Inc.,* 692 F.3d 148, 160–61 (2d Cir.2012)).

Id.

To be sure, these are not easy standards to meet. There are many securities fraud cases against auditors that founder for failure to allege sufficiently or prove a plausible claim. But the question in the present context is whether a rational jury reasonably could conclude that EY acted with the requisite intent. This arguably boils down to the question whether EY knew enough about Lehman's use of Repo 105s to 'window-dress' its period-end balance sheets to permit a finding that [EY] had no reasonable basis for believing that those balance sheets fairly presented the financial condition of Lehman"? Regardless of the precise phrasing of the question, however, the same red flags that on this record support a denial of summary judgment as to whether EY made false or misleading statements require denial of summary judgment as to the issue of *scienter.*

How is this relevant in an accounting and audit case? There is not one penny of evidence that investors lost any money in the A&C case. In fact, Honest Hardworking Americans made the financial statements look worse from when it was initially provided to A&C, which protected investors.

18) In re Omnicare, Inc. Securities Litig., 769 F.3d 455 (6th Cir. 2014)[110]

A) Case Precedent

The case was dismissed and then on appeal dismissed again. Further demonstrating it is practically impossible to prove scienter without being able to link a clear line of "aiding and abetting" with "loss causation".

B) Impact on this Case

The SEC has a significant uphill battle in determining the allegations in their briefs. Time to pay up.

[110] https://www.leagle.com/decision/infco20141010103

19) In re Software Toolworks Inc., 50 F.3d 615 (9th Cir. 1994)[111]

A) Case Precedent

In July 1990, Software Toolworks, Inc., a producer of software for personal computers and Nintendo game systems, conducted a secondary public offering of common stock at $18.50 a share, raising more than $71 million. After the offering, the market price of Toolworks' shares declined steadily until, on October 11, 1990, the stock was trading at $5.40 a share. At that time, Toolworks issued a press release announcing substantial losses and the share price dropped another fifty-six percent to $2.375.

Specifically, the plaintiffs claimed that the defendants had (1) falsified audited financial statements for fiscal 1990 by reporting as revenue sales to original equipment manufacturers ("OEMs") with whom Toolworks had no binding agreements, (2) fabricated large consignment sales in order for Toolworks to meet financial projections for the first quarter of fiscal 1991 ("the June quarter"), and (3) lied to the Securities Exchange Commission ("SEC") in response to inquiries made before the registration statement became effective.

In the district court, Deloitte conceded that the plaintiffs had raised a genuine issue of material fact as to whether the prospectus properly accounted for the OEM revenues. *Toolworks I,* 789 F. Supp. at 1504. Deloitte, however, contends that the plaintiffs presented no evidence that would support an inference of scienter with regard to this issue. The plaintiffs presented no direct evidence that Deloitte knew or recklessly disregarded errors in the financial statements. The plaintiffs did, however, produce circumstantial evidence with which they seek to infer that Deloitte acted with scienter. For example, the plaintiffs established that the OEM agreements were poorly documented, informal, and conditional [ER

[111] https://casetext.com/case/in-re-software-toolworks-inc-2

297/Kumaria:439], that the OEM licensing transactions were risky [ER 296/851], that Toolworks' management was under "extraordinary pressure" for favorable earnings [ER 297/956], and that Deloitte obtained only oral confirmations of some agreements [ER 271:9] and deviated from their audit plan in reviewing the contracts [ER 295:27-28].

The district court found this evidence insufficient to support an inference of scienter. The court noted that Deloitte had reviewed the OEM documentation, obtained oral and written confirmation of the agreements from Toolworks' management, confirmed in writing most of the OEM agreements with outside vendors, obtained and reviewed Toolworks' licensing agreements, and reviewed the progress of Toolworks' collections on the OEM agreements. *Id.* at 1505. The court concluded that "[t]hese procedures provided Deloitte with ample support for the audit conclusions it reached . . . . Plaintiffs' contention . . . that Deloitte should have performed further inquiries and investigations, arguing with the benefit of hindsight, does not establish that the audit was reckless." *Id.* We agree.

"[T]he proof of scienter in fraud cases is often a matter of inference from circumstantial evidence." *Herman MacLean v. Huddleston,* 459 U.S. 375, 390 n. 30, 103 S.Ct. 683, 692 n. 30, 74 L.Ed.2d 548 (1982). However, "[t]he mere publication of inaccurate accounting figures, or a failure to follow GAAP, without more, does not establish scienter." *WOW II,* 35 F.3d at 1426 (quotations omitted); *see, e.g., The Limited, Inc. v. McCrory Corp.,* 645 F. Supp. 1038, 1045 (S.D.N.Y. 1986) (errors in a client's financial statements do not give rise to an inference of fraud on the part of the auditor). Rather, "[s]cienter requires more than a misapplication of accounting principles. The plaintiff must prove that the accounting practices were so deficient that the audit amounted to no audit at all, or an egregious refusal to see the obvious, or to investigate the doubtful, or that the accounting judgments which were made were such that no reasonable accountant would have made the same decisions if confronted with the same facts." *WOW II,* 35 F.3d at 1426 (quotations omitted).

In this case, the plaintiffs have not satisfied this standard. At most, the evidence establishes that Deloitte was negligent in auditing Toolworks, not that Deloitte recklessly or knowingly falsified the financial statements. The plaintiffs' expert, Albert Rossi, does not help their case. Although Rossi testified that Deloitte "knew that the OEM agreements did not meet Toolworks' or GAAP's requirements for revenue recognition," [ER 295:33-34], he provided no factual basis for these allegations of knowledge by Deloitte. As a result, his testimony merely "consists of self-righteous statements that, because Deloitte did not audit [Toolworks] as he would have done, Deloitte must have acted fraudulently. Such evidence is not sufficient." Id. at 1427; see WOW I, 814 F. Supp. at 871 n. 15 ("this is not the first time that a district court has awarded summary judgment to an auditor on the scienter issue in the face of a declaration by Rossi").

We therefore affirm the district court's summary judgment on the OEM revenue issue.

The plaintiffs also claim that Deloitte should have included in the 1990 financial statements a description of Toolworks' return and price protection policies. Deloitte correctly notes, however, that Toolworks did not grant return rights or price guarantees until fiscal 1991, after the 1990 audit was complete. ***The plaintiffs presented no evidence that Deloitte knew, or should have known, that Toolworks would change its policies. In fact, Toolworks acquired the Nintendo business only at the very end of fiscal 1990. [ER 296/15:F-9]. The failure of Deloitte to include statements about Toolworks' not-yet-implemented return and pricing policies does not give rise to a reasonable inference of scienter. See Laven, 695 F. Supp. at 812 ("summary judgment can be granted if plaintiff fails to present credible evidence of scienter")***. The district court's summary judgment in favor of Deloitte on this issue was therefore appropriate.

The district court analyzed this issue in terms whether Deloitte was liable for "aiding and abetting" Toolworks' primary violation of section 10(b). *See Toolworks I,* 789 F. Supp. at 1507-09. After the district court issued its opinion, however, the Supreme Court concluded that aiding and abetting liability does not exist under section 10(b). *See Central Bank v. First Interstate Bank,* U.S. , 114 S.Ct. 1439, 128 L.Ed.2d 119 (1994). Despite *Central Bank,* we nevertheless consider this issue because the plaintiffs' complaint clearly alleges that Deloitte is primarily liable under section 10(b) for the SEC letters. In fact, the July 1 SEC letter stated that it "was prepared after extensive review and discussions with . . . Deloitte" and actually referred the SEC to two Deloitte partners for further information. [ER 296:234]. Similarly, the plaintiffs presented evidence that Deloitte played a significant role in drafting and editing the July 4 SEC letter. [ER 317/Weeks:40-41]. This evidence is sufficient to sustain a primary cause of action under section 10(b) and, as a result, *Central Bank* does not absolve Deloitte on these issues.

Finally, the plaintiffs allege that Deloitte violated section 10(b) by enabling Toolworks to issue preliminary financial statements for the June quarter. *See Toolworks I,* 789 F. Supp. at 1506-07. ***The plaintiffs admit, however, that "[a]s to the[se] quarterly financial statements, the Complaint [only] charged Deloitte with aiding and abetting" Toolworks' primary violation of section 10(b). As a result, under Central Bank the plaintiffs' claims are no longer viable. Central Bank, U.S. , 114 S.Ct. at 1455 ("a private plaintiff may not maintain an aiding and abetting suit under § 10(b)"). We therefore affirm the district court's summary judgment in favor of Deloitte on this issue.***

B) Impact on Case

The A&C case is substantially different in that there is no evidence of investor losses. Plus, there are no allegations regarding revenue recognition against Honest Hardworking Americans, which based on auditing standard SAS 99, Fraud is the highest risk area for auditing financial statements and is

automatically required to be a HIGH RISK FRAUD area. The judge clearly delineates the 10b liability requirements. And clearly upholds the standards in Central Bank that if there is no reference to the auditor in the report then there is no liability. In the Deloitte matter the SEC comment letters clearly represent that Deloitte attached their representations that they reviewed the comment letters, which attached the liability.

In Cannavest, Accelera and Premier, A&C never attached its reports and therefore there should be no liability for the quarterly reviews in fact evening alleging the case is not supported by US case law determined by the highest courts in the land.

20) James Thomas McCurdy, CPA, Exchange Act Release. No. 49182, 2004 WL 2160606 (Feb. 4, 2004)[112]

A) Broker Dealer Audit

Case brought under 102 (e') for an audit of another fund or broker dealer. In this case, McCurdy only received a one year suspension and appears to receive no fine. McCurdy completed no work on the valuation or collectability assertion for the receivable. Should have requested a settlement agreement be put in place, send a confirmation confirming the balance owed (only existence); the easiest step would have been to write off the receivables.

B) Not Relevant

The SEC has oversold the case against Honest Hardworking Americans. A&C was a good firm reviewing all the underlying agreements and transactions. Clearly understood the accounting and audit procedures and

[112] https://www.sec.gov/litigation/opinions/34-49182.htm

didn't skirt on procedures. In fact Honest Hardworking Americans, increased losses on the financial statements from the three identified Registrants to protect investors.

The disgorgement and civil penalties proposed by the Division relative to the McCurdy case are excessive as is the entire case against Honest Hardworking Americans.

21) John Briner, Esq., Exchange Act Release. No. 74065, 015 WL 220959 (Jan. 15, 2015)[113]

No precedent here as it's a settlement offer. Briner was a primary actor that created a series of shell companies and transferred misleading transactions into those shell companies. He received a total fine of $71,000.

Not Relevant to the Honest Hardworking Americans Case

Briner clearly committed fraud. He was a primary actor and we can't say if his suspension is fully warranted by considering the volume of transactions.

The Honest Hardworking Americans were secondary actors as auditors with only liability for the Premier audit and the 2013 and 2014 Accelera audits. There is no evidence that the Accelera or Premier did anything wrong and there is not one shred of evidence that Honest Hardworking Americans did not comply with US GAAP and GAAS.

22) *John Briner, Esq.*, Securities Act Release. No. 9918, 015 WL 5472559 (Sept. 18, 2015)

[113] https://www.sec.gov/litigation/admin/2015/33-9916.pdf

This is a settlement order which provides no case precedent. M&K couldn't even audit cash properly, basic share transactions and audited 17 plus registrants under this order. They only received a censure and $100K fine.

Not Relevant to the Honest Hardworking Americans Case

No impact on the case as if M&K believed in their work they would have gone to trial but if you can't even audit the most basic audit section then good luck with that. Comparing the proposed disgorgement and civil penalties in this case to Honest Hardworking Americans. The SEC attorneys and auditors have way over sold this case against Honest Hardworking Americans. Time to pay up.

23) John J. Aesoph, CPA, Exchange Act Release. No. 78490, 2016 WL 4176930 (Aug. 5, 2016)[114]

Appeal from the division on a very complicated case. 99% of accounting firms missed the Allowance for Loan Loss Estimates in 2008. Although, the accountants received 2 and 3 year bars. No financial penalties.

B) Impact on Case:

The auditors received information from the client that would have changed their decision. Honest Hardworking Americans did not receive information while they were auditors for all three Registrants that would change their decision.

24) *J.S. Oliver Capital Mgmt., LP*, Securities Act Release No. 101006 WL 3361166 (June 17, 2016)[115]

[114] https://www.sec.gov/litigation/opinions/2016/34-78490.pdf

[115] https://www.sec.gov/litigation/opinions/2016/33-10100.pdf

A) Investment Advisor Case Precedent:

The investment advisor ***intentionally lost $10,900,000 of his clients' money***.

B) The Case is not Relevant to Honest Hardworking Americans

Honest Hardworking Americans never caused anyone to lose any money.

25) KPMG Peat Marwick, LLP, Securities Act Release No. 1360, 2001 WL 47245 (Jan. 19, 2001) [116]

A) Case Precedent:

The Case against Peat Marwick (KPMG) clearly delineates the importance of auditor independence and that the rules pre-Sarbanes Oxley and consistent with Worldcom, Enron and various other engagements that the large accounting firm's consistently obtained significant audit fees and even larger consulting fees that clearly impaired their audit independence. In Devor's case clear bias and conflict as the SEC is his largest client.

B) Impact on Case:

The case is not significantly relevant other than the fact that there were no independence issues between Honest Hardworking American sand the identified Registrants. Honest Hardworking Americans took the independence rules very seriously.

26) **Maria T. Giesige, Initial Decision Release No. 359, 8 WL 4489677 (Oct. 7, 2008)**

27) ***Marrie v. SEC*****, 374 F.3d 1196 (D.C. Cir. 2004)**

[116] https://www.sec.gov/litigation/opinions/34-43862.htm

A) Case Precedent

Overrules the SEC's decision.

https://casetext.com/case/marrie-v-sec

B) Impact on Case:

Honest Hardworking Americans did not act with scienter nor were negligent. In fact Honest Hardworking Americans ensured that by booking material audit adjustments that the Registrants net losses were substantially increased to protect investors.

28) *McCurdy v. SEC*, 396 F.3d 1258 (D.C. Cir. 2005)[117]

A) Case Precedent

In this case, the District court upheld the Commission's decision against McCurdy. The Case has some very good analysis as to what determines a violation of 102 € "improper professional conduct."

> The related-party interest underlying the transaction was not minor: Bagwell was the founder and CEO of the fund, a trustee, and its investment advisor. As if this were not enough, the arrangement that gave rise to the receivable also was described by the board's counsel as, "under normal circumstances, . . . illegal." Comm'n Op. at *2. Not only a professional auditor charged with a duty of skepticism, but any rational observer, should have been highly suspicious in the face of these facts. *See* AICPA, AU § 230.07.
>
> In short, investigating and classifying this receivable was McCurdy's single most important task in performing his audit. Yet his actions in response to this duty were perfunctory at best. As this court

[117] https://casetext.com/case/mccurdy-v-sec

recently held, "an extreme departure occurs, for instance, when an auditor `skips procedures designed to test a company's reports or looks the other way despite suspicions.'" *Marrie v. SEC,* 374 F.3d 1196, 1206 (D.C. Cir. 2004) (quoting *In re Marrie,* 2003 WL 21741785, at *11-*12 (July 29, 2003)).

B) Impact on Case:

Another mutual fund or broker dealer audit. The transaction in question the related party receivable was considered illegal. The transactions in question audited by Honest Hardworking Americans they **"***did not skip procedures designed to test a company's reports or looked the other way……..***".**

In fact Honest Hardworking Americans ensured that the financial statements net losses were increased by proposing and having management record material audit adjustments.

29) Michael J Marrie, CPA, Exchange Act Release No. 48246, 2003 WL 21741785 (July 29, 2003)

A) Case Precedent

This case was eventually dismissed and all allegations against Michael J. Marrie, CPA were denied in Federal District Court. The final determination in Federal District Court provides a heavy burden for the SEC to charge accountants under 102 (e').

B) Impact on this Case

Sets a high bar for the SEC in this case given that Honest Hardworking Americans ensured that the financial statements net losses were increased by proposing and having management record material audit adjustments.

30) New Mexico State Inv. Counsel v. Ernst & Young LLP, 641 F.3d 1089 (9th Cir. 2011)[118]

Case Precedent

Reversal of a lower court's decision on a motion to dismiss. But the relevance of the case, needs to be questioned, since it pertains to $2.2 billion Restatement resulted from option awards for which there was no contemporaneous documentation. The Broadcom case and the $2.2MM changed US GAAP reporting and auditing guidelines with entire sections of US GAAP and GAAS were re-written to fix all the problems with the fraudulent stock option issuances.

Impact on Case – Not Relevant

The Broadcom case changed the accounting and auditing for stock options and warrants. The SEC attorneys and Devor don't understand the accounting and auditing so nothing is going to change.

All transactions in the A&C matters are appropriately documented in the audit files. Honest Hardworking Americans don't believe that this is such massive case that it will change US GAAP and US GAAS.

Broadcom would not be comparable to the three identified Registrants in this case.

31) Omnicare, Inc. v. Laborers District Council Construction Industry Pension Fund, 575 U.S. 175 (2015)[119]

Case Precedent

[118] https://www.courtlistener.com/opinion/214714/new-mexico-investment-council-v-ernst-young/

[119] https://www.supremecourt.gov/opinions/14pdf/13-435_8o6b.pdf

This case pertains to a pharmaceutical company making false representations in a registration statement about taking kickbacks on contracts. This would be actual fraud.

Impact on Case

It's not relevant. No fraud, no scienter, no gross negligence and no negligence.

32) Peter Messineo, CPA, Exchange Act Release No. 76607, 2015 WL 8478008 (Dec. 10, 2015)[120]

Case Precedent

If you can't bring the case against Attila the Hun. Then why not the Charles Manson case. This is ridiculous. Peter Messineo? **Peter Messineo ENGAGED IN IMPROPER PROFESSIONAL CONDUCT BY FALSIFYING RECORDS AND BACKDATING DOCUMENTS.**

This Case has no Relevance to Honest Hardworking Americans.

33) Philip L. Pascale, Exchange Act Release No. 51393, 2005 WL 636868 (Mar. 18, 2005)[121]

Case Precedent

Pascale recorded $17,198,099 in value to a patent in a merger in 2000. In 2000 and 2001 audit Pascale never questioned the valuation of the assets. ***During the 2001 audit, Pascale learned that the Company had made no progress on its 2000 projections. It still had neither operations nor contracts to sell Z-Mix.*** He originally was not charged under 102 (e') which is strange b/c it's clear and pretty obvious he violated

[120] https://www.sec.gov/litigation/admin/2015/34-76607.pdf

[121] https://www.sec.gov/litigation/opinions/33-8555.pdf

appropriate US GAAP and GAAS standards. He was ultimately sanctioned but no mention or discussion of a fine. Did the SEC put him bankruptcy?

Impact on Case:

This has no relevance to the case. Honest Hardworking American sat the smell of an impairment or reason to force management to record an audit adjustment to increase the net loss and make the registrant less attractive to protect investors would not hesitate to write down the assets. See Cannavest Q3 2013 - $28,000,000 Goodwill impairment and termination of client relationship and see Accelera 2014 Form 10-K for $4.550MM adjustment.

34) Richard J. Koch, Exchange Act Release No. 82207, 2017 WL 6015563 (Dec. 4, 2017)

No Case Precedent

Koch settled under 102 (e') and Rule 2-02 S-X, without admitting or denying the findings.

Impact on Case – No Impact:

Koch had no choice but to settle. He had family related legal obligations. He required to find new employment like the rest of A&C employee's b/c of the destruction created by the SEC and the SEC alone.

Wahl assisted Koch in obtaining his new consulting contract with Gray, Gray, & Gray. Wahl spoke with the partners in December 2017 and the only reason that they were willing to provide Koch an opportunity to work there was due to his settlement with the Division.

If A&C was able to stay together and retain Koch going forward; if he understood the applicability of the Supreme Court case Central Bank and the standard for "scienter" along with "aiding and abetting". Koch would never had settled the charges.

Koch's settlement is significant that he was not charged with violations of 10-b; 10b-5; 13a-1 and 13a-13 ("Really Fake Allegations") b/c scienter and aiding and abetting violations cannot be confirmed with Koch. For the same argument nor can it be confirmed with Honest Hardworking Americans. The allegations of these charges when there was never any credible evidence or witnesses and the case law is so strong in favor of the auditor (See Central Bank; Tellabs) that there is clear intent on behalf of the SEC to destroy Honest Hardworking Americans lives. The SEC attorneys went to good schools are highly educated with experience and the ***should have known*** that substantially all the Really Fake Allegations are in favor of the auditor. The SEC attorneys were **reckless** in alleging these charges and putting them in a December 4, 2017 press release to destroy Honest Hardworking Americans.

The only reason for this case is to destroy Honest Hardworking Americans and take their constitutional rights of Due Process under the 5th and 14th Amendments and the unconstitutional taking of property taking Deutchman's license; rendering Wahl and Chung's licenses worthless; taking Wahl's business; Wahl and Chung's family residence (**See Damages Section**). Not including the material damages to Honest Hardworking Americans reputation.

If Koch saw this case until the end he would be hard pressed to believe that based on the facts, witnesses and case law whether he actually violated 102 (e). Koch did not. It's not subjective. It's based on the facts that Koch did not violate 102 (e).

Rule 2-02 violation is a stretch at best for Koch. Again supported by case law. **In re Stone & Webster Sec. Litig., 414 F.3d 187, 214 (1st Cir. 2005)** plaintiff's "litany of conclusory allegations of failure to conform to GAAS standards" adds nothing. Of course Koch settled no admit; no deny.

35) *Robert Fuller*, Securities Act Release No. 8273, 2003 WL 22016309 (Aug. 25, 2003)

With respect to the failure to disclose the use of the IPO proceeds, Vista's scienter is established because the purchases of its own shares were made at the direction of Smyth. [26] Smyth, as Vista's president and chief executive officer, must have known of the restriction on the use of proceeds contained in the IPO, and was at least reckless in failing to make Vista disclose that the IPO proceeds were being used for a purpose other than what was stated in the Form SB-2. However, given the fact that Smyth placed the account in the name of FSPI and arranged to have statements sent to Fuller's home rather than to Vista's offices, we find that he knew that his use of the IPO funds to purchase Vista shares was fraudulent and took deliberate steps to conceal his conduct. Similarly, Smyth knowingly provided false information to Vista's attorneys concerning the information included in Note 13 of the 1994 Form 10-KSB. Thus, we find that Vista violated Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10(b)(5) thereunder by omitting to disclose to investors that the IPO proceeds were being used to purchase Vista shares and by falsely asserting in the 1994 Form 10-KSB that Greenway repurchased Vista's IPO units without authorization.

Issues with auditor independence.

Impact of Case – Not Relevant:

Interesting case but it's not applicable. Fuller moved money around to create an intentional fraud utilizing IPO cash.

There are no auditor independence issues with Honest Hardworking Americans.

***Schield Management Co.*, Exchange Act Release No. 53201, 2006 WL 231642 (Jan. 1, 2006)**

Another investment advisor. Isn't A&C an audit and accounting case?

Impact on the Case

In order to prove that there was an actual violation. The Division needs to educate themselves first and foremost with the laws that regulate accountants and auditors and then they need to hire someone that understands current accounting and US GAAP. Not 1970s GAAP. This case is entirely irrelevant. Wahl and Chung have had stellar, pristine careers with no issues or violations of federal, state or local laws. Ms. Chung has worked in highly regulated environment at financial institutions and CPA firms her entire career.

36) *SEC v. First City Fin. Corp.*, 890 F.2d 1215 (D.C. Cir. 1989)[122]

Another share purchase scheme. Isn't this an audit and account case?

Not sure how this case is relevant.

37) *SEC v. Manor Nursing Centers, Inc.*, 458 F.2d 1082 (2d Cir. 1972)[123]

An offering of 450,000 shares on an all or nothing basis, Manor Nursing Centers (Defendant) were to hold the funds on escrow and not utilized until all terms of offering were fulfilled. A Manor was unable to sell all shares yet did not return funds to investors as per the terms of the offering.

Synopsis of Rule of Law. If factual developments occur after the effective date of registration, the registrant must divulge said developments if they make the registration significantly misleading.

[122] https://law.justia.com/cases/federal/appellate-courts/F2/890/1215/387390/

[123] https://casetext.com/case/sec-exchange-comn-v-manor-nursing-ctrs

Another share purchase scheme. Isn't this an audit and account case?

Not sure how this case is relevant.

38) *SEC v. McNulty*, 137 F.3d 732 (2d Cir. 1998)

The present action was commenced against Shanking and others, including defendant Robert J. McNulty, in connection with several corporations controlled by McNulty, which in 1988-1990 had raised $78 million through various public and private offerings of securities. According to the complaint, portions of these moneys were diverted to McNulty and other entities he controlled, an intended use that the defendants had fraudulently concealed. Shanking, during part of the pertinent period, was an officer and director of two McNulty companies: Auto Giant, Inc. ("Auto Giant"), of which he was executive vice president, chief executive officer, and chief operating officer; and Auto Depot, Inc. ("Auto Depot"), of which he was president, chief executive officer, chief operating officer, and chief administrative officer. In those capacities, Shanking was responsible for the two companies' internal books and records and for their annual and quarterly filings with the SEC. The complaint alleged that company books and certain of the SEC filings misrepresented or falsely concealed material transactions, and that Shanking knew, or recklessly failed to know, of those misrepresentations or concealments.

First, the court's ruling that lack of scienter would not be a defense to the claims under § 13 and the regulations thereunder was consistent with precedent in this Circuit and with the Commission's interpretive regulations indicating that scienter is not an element of civil claims under those provisions. See generally SEC v. Koenig, 469 F.2d 198, 200 (2d Cir. 1972) (upholding finding of § 13(a) liability, without mention of scienter, of top corporate officer for failure to include required information in SEC reports); "Promotion of the Reliability of Financial Information and Prevention of the Concealment of Questionable or Illegal Corporate Payments and Practices," Exchange Act Release No. 34-15570, 16 S.E.C. Docket 1143,

1151, 1979 WL 17892 at *9-*10 (February 15, 1979) (no scienter requirement inserted in SEC Rule 13b2-1, 17 C.F.R. § 240.13b2-1, because § 13(b) of the 1934 Act "contains no words indicating that Congress intended to impose a `scienter' requirement"). The Commission's interpretations of § 13 and of its own regulations thereunder are entitled to deference. See, e.g., Chevron U.S.A., Inc. v. Natural Resources Defense Council, Inc., 467 U.S. 837, 842-43 (1984) (mandating deference to administering agency's reasonable statutory interpretations); Bowles v. Seminole Rock Sand Co., 325 U.S. 410, 417-18 (1945) (same with respect to agency's interpretation of its own regulations). Further, the district court's view that scienter is not a prerequisite to civil liability under § 13 is supported by the fact that in 1988, Congress amended § 13(b) to provide that "knowing" falsification is required before "criminal liability shall be imposed," Foreign Corrupt Practices Act Amendments of 1988, Pub. L. No. 100-418, § 5002, 102 Stat. 1415, 1415 (1988) (codified at 15 U.S.C. § 78m(b) (1994) (emphasis added)); see also H. Conf. Rep. 100-576, at 916 (1988), reprinted in 1988 U.S.C.C.A.N. 1547, 1949-50, plainly implying that falsification of the information to be filed in accordance with § 13(b) need not be knowing in order to lead to civil liability.

Not Relevant to the A&C case.

39) SEC v. Platforms Wireless Int'l Corp., 559 F. Supp. 2d 1091 (S.D. Cal. 2008)[124]

Case Precedent

May 15, 2000 Press Release (Martin, Platforms)

Falsity and Materiality.[4] In the May 15, 2000 press release, Platforms announced "that two years of intensive marketing efforts in Brazil have culminated in a landmark, $330 million contract award from AMERICEL S.A. . . . one of the leading cellular communications service providers in Brazil[.]" (Rule 10b-

[124] https://www.courtlistener.com/opinion/2580838/sec-v-platforms-wireless-intern-corp/

5 Mot. for Sum. J. ("Rule 10b-5 MSJ"), Edh. 13.) The release further provided that the contract was "conditional on the performance by Platforms of a successful ARC System BETA Demonstration in Brazil in the 4th Quarter of 2000, [and] is for a ten-year lease of up to five (5) ARC Systems."

Impact on Case

Honest Hardworking Americans were not the makers of the statements in this case. Time to throw the case out!

40) SEC v. RPM International Inc., 282 F. Supp. 3d 1 (D. DC. 2017)[125]

Defendants RPM International, Inc. ("RPM") and RPM's General Counsel and Chief Compliance Officer, Edward W. Moore ("Moore"). Compl. [Dkt. # 1] ¶¶ 1, 3 8-9, 85-105. The SEC alleges that defendants fraudulently failed to disclose loss contingencies in RPM's SEC filings at a time when they were aware that a *qui tam* action had been filed against RPM under the False Claims Act, and that the Department of Justice was conducting an investigation to determine whether it would intervene, and even after settlement negotiations between RPM and DOJ were underway.

Another case that the Respondents have PRIMARY liability and are the Maker's of the statements in the SEC filings. The auditors are not the Respondents in this case.

41) SEC v. Savoy Industries, Inc., 587 F.2d 1149 (D.C. Cir. 1978)[126]

The Commission alleged that Zimmerman participated in a scheme with the other defendants to gain control of Savoy, which was publicly traded on the American Stock Exchange. According to the

[125] https://www.leagle.com/decision/infdco20171120724

[126] https://law.justia.com/cases/federal/appellate-courts/F2/587/1149/37740/

Commission, this control of Savoy was to be used, in turn, to gain control of one or more insurance companies. In the alleged realization of this scheme, five documents were filed or disseminated by Savoy and others. Zimmerman was charged with violations of certain reporting and anti-fraud provisions of the federal securities laws in connection with these documents.[2]

Another case where the Respondents are not auditors. Not Relevant.

42) **Steadman v. SEC, 603 F.2d 1126 (5th Cir. 1979**)[127]

Another mutual fund advisor or investment advisor that

No auditors discussed in this case. Steadman was the primary maker of the statements and missed a required disclosure. Not relevant.

43) Timothy Quintanilla, CPA, Exchange Act Release No. 78145, 2016 WL 4363433 (June 23, 2016)[128]

Only a settlement order. The actual case is below.

Quintanilla was in over his head as an auditor. In this case there was actual fraud committed by the registrant EGMI where they misrepresented the dollar amounts, millions of dollars was supposed to exist in their bank accounts but they did not. If **Quintanilla** was able to obtain a bank confirmation from the bank. The registrant doctored or changed the bank statements and bank confirmation to falsely represent the bank balance to **Quintanilla**.

[127] https://openjurist.org/603/f2d/1126/steadman-v-securities-and-exchange-commission

[128] https://www.sec.gov/litigation/admin/2016/34-78145.pdf

This is the original case **SEC v. Lee Cole, Linden Boyne, Kevin B. Donovan, and Timothy Quintanilla; Case number: 12-cv-08167 (United States District Court for the Southern District Court of New York).**

The entire case was held in New York District Court. Deutchman helped Armstrong substantially reduce Quintanilla's civil penalties from millions of dollars to $100,000.

Wahl baited the SEC attorneys with the Quintinilla case in his cross of Deutchman. Wahl knew that Deutchman beat Devor in the Quintinilla case. Wahl knew that Armstrong represented Quintinilla. Of course the Division and Devor didn't bring up the original case b/c they are negligent and dishonest. If they brought up the original case they would have known and should have known the case details Mr. Armstrong stood up to set the record straight in the Quintanilla matter for this court and further emphasized the maliciousness and dishonesty of Devor and the Division. Mr. Armstrong's strong convictions related to the Quintinilla case lead to Wahl finding the Daubert matters related to Devor. Further identifying the Division's negligence in this case and Devor's dishonesty to his largest client the SEC.

44) Tommy Shek, CPA, Exchange Act Release No. 8362, 2018 WL 3388553 (July 12, 2018)

No Case Precedent

Shek settled under 102 (e') without admitting or denying the findings. We all know that Shek was forced into the settlement and that these Division attorneys threatened to make Shek part of the Premier and Accelera matters to obtain this settlement in the Cannavest matter so he would become a puppet for the Division. It's too bad Shek was not provided better legal advice.

Impact on Case:

Shek had no choice but to settle. He had family related legal obligations. He required to find new employment like the rest of A&C employee's b/c of the destruction created by the SEC and the SEC alone.

If Shek understood the applicability of the Supreme Court case Central Bank and the standard for "scienter" along with "aiding and abetting". Shek would never had settled the charges.

Shek's settlement is significant that he was not charged with violations of 10-b; 10b-5; 13a-1 and 13a-13 ("Really Fake Allegations") b/c scienter and aiding and abetting violations cannot be confirmed with Shek. For the same argument nor can it be confirmed with Honest Hardworking Americans. The allegations of these charges when there was never any credible evidence or witnesses and the case law is so strong in favor of the auditor (See Central Bank; Tellabs) that there is clear intent on behalf of the SEC to destroy Honest Hardworking Americans lives. The SEC attorneys went to good schools are highly educated with experience and they ***should have known*** that substantially all the Really Fake Allegations are in favor of the auditor. The SEC attorneys were **reckless** in alleging these charges and putting them in a December 4, 2017 press release to destroy Honest Hardworking Americans.

The only reason for this case is to destroy Honest Hardworking Americans and take their constitutional rights of Due Process under the 5th and 14th Amendments and the unconstitutional taking of property taking Deutchman's license; rendering Wahl and Chung's licenses worthless; taking Wahl's business; Wahl and Chung's family residence (**See Damages Section**). Not including the material damages to Honest Hardworking Americans reputation.

If Shek saw this case until the end he would be hard pressed to believe that based on the facts, witnesses and case law whether he actually violated 102 (e). Shek did not. It's not subjective. It's based on the facts that Shek did not violate 102 (e).

45) Touche Ross & Co. v. SEC, 609 F.2d 570 (2d Cir. 1979)[129]

If the Division wants to "*protect the integrity of its own processes*" then they need to hire and train attorneys and accountants in a competent manner to understand the law, accounting and act with integrity. The Division in its December 4, 2017 press release did not mention 102 € its allegations but Honest Hardworking Americans were charged with "violations of section 10 (b)" then the Division utilizes the word "fraud" or "fraudulent" at least six times. The Division can protect the integrity of its process by not "overstating" or "misstating" facts, the taking some law classes; obtaining training in accounting and auditing; and obtaining credible witnesses, which it definitely has not. The Division is so dishonest that it can't even hire an Expert in Devor that acts with integrity and discloses his past district court problems to his largest client. Wahl had to educate the SEC's attorneys and accountants in this matter that their expert that has never audited a public company in accordance with PCAOB standards in his life had his expert report's and testimony dismissed for bias four times in federal court and is a well-known celebrity on the Duabert tracker!

46) Wendy McNeeley, CPA, Securities Act Release No. 68431, 2012 WL 6457291 (Dec. 13, 2012)[130]

Another audit of a fund.

In August 2006, the Commission conducted a "for cause" on-site examination of AA Capital to investigate a tip from the U.S. Department of Labor about a kickback scheme. During the examination,

[129] https://casetext.com/case/touche-ross-co-v-securities-exch-comn

[130] https://www.sec.gov/litigation/opinions/2012/34-68431.pdf

Commission staff learned that Orecchio had misappropriated approximately $5 million through a fraudulent tax-loan mechanism.

This is real fraud where $5.0 million was stolen.

Relevance to Case:

There is not one shred of evidence that Honest Hardworking Americans created a loss or did anything incorrectly.

47) ZPR Investment Mgmt., Inc., Advisers Act Release No. 4249, 2015 WL 6575683 (Oct. 30, 2015)[131]

Another investment advisor. Charged for inappropriate advertising. Not an audit or accounting case. No relevance.

[131] https://www.sec.gov/litigation/opinions/2018/ia-4872.pdf