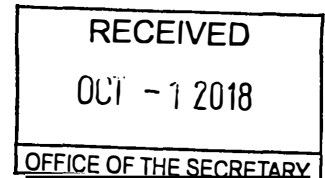


**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**

**Release No. 84171/September 17, 2018**



**ADMINISTRATIVE PROCEEDING**

**File No. 3-18776**

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**In the Matter of**

**ColorStars Group**

**Respondent**

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**ANSWER**

**Answer of ColorStars Group (the "Company"):**

1. The Company became a SEC reporting company in 2011 and remained current until 2016.
2. From the Company's inception through 2017, the Company has had approximately \$28,041,746 in revenues from the sale of LED products and has employed over 100 people.
3. The Company acknowledges that it is delinquent with respect to its filings with the SEC pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act").
4. The Company and its officers and directors understand the importance of

becoming current and remaining current in its SEC filings and have expanded significant time, efforts and resources towards that objective and will continue to do so.

5. While the Company assumes full responsibility for its current delinquent status, the Company believes there are several factors which have led to its delinquent filing status, and the Company has taken significant steps to remedy these factors and to ensure they don't happen again in the future. A summary of the events which have led to the Company's delinquent status are as follows:

- In June 2016, the Public Company Accounting Oversight Board (the "PCAOB") issued an order, which among other issues, revoked the PCAOB registration of Michael F. Albanese, CPA ("*Albanese*"), who had been the independent registered public accounting firm of the Company since December 29<sup>th</sup>, 2005. As a result, and consequence of the revocation, the Company's already audited reports could no longer be considered as "properly-audited" under the consent of Albanese in its filings and other reports with the Securities and Exchange Commission. In light of the foregoing actions by the PCAOB, we deemed that Albanese would no longer be engaged as our Company's independent registered public accounting firm.
- In July 2016, the Company engaged a firm by a name of Partiz & Company, P.A. ("*Partiz*"), and had appointed them as the Company's independent registered public accounting firm. Upon appointment, Partiz informed the Company that they required up to 3 months to review all previous audits, we agreed and had highlighted our urgencies. We facilitated and communicated on regular basis during the initial 3 months, and later assured us they were ready to begin amending our filings. Another 3 months passed (6-7 months), they called to apologize on their delays, and offered to waive some fees, promising they will make up time to bring us current. In light of the time passed, having considering time invested in Partiz, we believed that they had cumulated enough knowledge of our company's situation to promptly generate reports necessary to bring us current. However, in April/May 2017, they responded very last moment that they would not have enough human resources to dispatch for overseas audit trips and would like to be dismissed from performing the audit work for our company. In June 2017, the Board of Directors of the Company determined that although time has been heavily invested in Partiz, we were left with the only option to seek for a new independent registered public accounting firm. The Company

paid a down payment of \$3,000 to Partiz, and no review nor audit reports were generated by Partiz during the appointment period.

- On June 15, 2017, the Company decided to engage Anton & Chia, LLP ("*Anton & Chia*") as CSTU's independent registered public accounting firm. We were careful this time, and had informed Anton & Chia of the previous appointment that failed us, they assured our group that their firm will be our final stop to our effort to become current on our filings. Due to our urgencies, we appointed Anton & Chia on the spot. As a new firm to the Company, they requested similar time-frame to study our filings. Unfortunately, the Company found out late December 2017, that Anton & Chia was charged with certain matters by the SEC. Immediately upon our findings in late December 2017, the Company dismissed Anton & Chia as our independent registered public accounting firm. Anton & Chia did not issue any reports on the audited financial statements of the Company. The Company made payments of \$18,375 to Anton & Chia, without any review nor audit reports were generated.

6. A summary of the steps the Company has taken to become and stay current with its SEC filings is as follows:

- In December 2017, the Company's President/CEO immediately took a flight out to the United States to meet with its newly engaged securities law firm, SD Law Group APC, to seek advice and suggestions, exploring options on follow up actions to remedy its filing status.
- After having screened several audit firms, the Company was referred to a firm based in Washington State, by a name of Fruci & Associates II, PLLC ("*Fruci*").
- On January 2, 2018, the Company engaged Fruci as its independent registered public accounting firm. In early February of 2018, Fruci dispatched a 3-member team, led by their project leader from Washington to Taipei to conduct field audit work. The Company's first payout to Fruci was \$29,995 for the initial field trip and the audit of 2015 K/A.
- After several set-backs with other service providers, the Company has worked very well with the team of SD Law Group APC and Fruci and believe they are the qualified team to get them current and keep them current with their SEC filings.

- Since February 2018 through the date of this Answer, the Company has completed and filed the following:

<u>#</u>	<u>Form Type</u>	<u>Date</u>	<u>Period End Date</u>
1.	10-K/A	04/13/2018	12/31/2015
2.	10-Q/A	05/31/2018	03/31/2016
3.	10-Q	06/22/2018	06/30/2016
4.	10-Q	07/02/2018	09/30/2016
5.	10-K	09/06/2018	12/31/2016
6.	10-Q	09/20/2018	03/31/2017

- The Company has already in the pipeline, near ready to file in these coming weeks, the following reports with the goal of becoming current again by November 2018:

<u>#</u>	<u>Form Type</u>	<u>Anticipated Filing Date</u>	<u>Period End Date</u>
7.	10-Q	09/27/2018	06/30/2017
8.	10-Q	10/05/2018	09/30/2017
9.	10-K	10/15/2018	12/31/2017
10.	10-Q	10/25/2018	03/31/2018
11.	10-Q	11/05/2018	06/30/2018
12.	10-Q	11/15/2018	09/30/2018

7. The Company's shareholders invested \$330,000 into the Company in November 2017 and \$410,000 in February 2018 to further the Company's business plan and become current in its SEC filings.

8. The Company has expended significant cash and resources in its efforts to become current. The Company has paid Fruci and SD Law Group approximately \$48,195 since their engagement in the Company's efforts to become current.

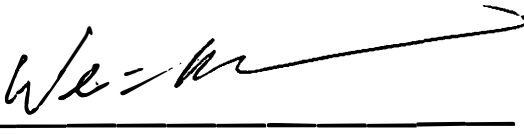
9. While the Company understands the suspension of trading of the Company's shares until such time as it becomes current in its filings may be necessary, the Company does not believe that revocation of the registration of its securities is in the best interests of its shareholders. The Company believes it is in the best interests of

its shareholders that the Company be provided the opportunity to restore its fully reporting status and to carry on with its business plan.

10. The Company respectfully requests a Hearing with the Commission in which the Company and its officers and directors will be available, in person or by telephone or videoconference, to discuss the matters set forth in this answer and any other questions of the Commission regarding the Company's delinquent filing status. The Company's officers and directors reside in Taiwan and will fly to Washington, D.C. or such other site of the Hearing if appropriate. The Company and its officers and directors look forward to the opportunity to discuss these matters further in the Hearing with the Commission.

Submitted as of September 26, 2018.

ColorStars Group

By: 

Wei-Rur Chen,  
President, Chief Executive Officer  
and Chairman of the Board

Cc: Steven J. Davis, SD Law Group APC  
Kory Kolterman, Fruci & Associates II, PLLC

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