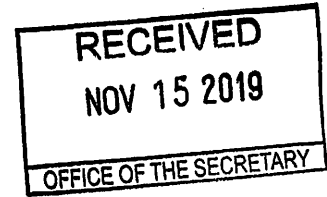


UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-19564



In the Matter of

**SCHULMAN LOBEL ZAND
KATZEN WILLIAMS &
BLACKMAN, LLP A/K/A
SCHULMAN LOBEL LLP,**

Respondent.

**RESPONDENT SCHULMAN LOBEL
ZAND KATZEN WILLIAMS &
BLACKMAN, LLP'S ANSWER TO
ORDER INSTITUTING PUBLIC
ADMINISTRATIVE AND CEASE-AND-
DESIST PROCEEDINGS**

Respondent Schulman Lobel Zand Katzen Williams & Blackman, LLP A/K/A Schulman Lobel LLP ("Schulman Lobel"), by and through its attorneys, Wilson, Elser, Moskowitz, Edelman & Dicker, LLP, and for its Answer pursuant to Rule 220 of the U.S. Securities & Exchange Commission Rules of Practice (the "Commission's Rules of Practice") to the Order Instituting Public Administrative And Cease-And-Desist Proceedings pursuant to Sections 4c and 21c of The Securities Exchange Act Of 1934 and Rule 102(E) of the Commission's Rules of Practice and Notice of Hearing dated September 30, 2019 (the "OIP"), states as follows:

1. Schulman Lobel denies the allegations set forth in paragraph 1 of the OIP, except that it admits that (a) it audited the financial statements of Quadrant 4 System Corp. ("QFOR") for the years ended December 31, 2013 and 2014, which were included in a Form 10-K filed with the Commission on August 21, 2015, (b) it reviewed QFOR's interim financial statements for the quarter ended June 30, 2016, which was included in a Form 10-Q filed on August 15, 2016, and (c) it audited QFOR's amended financial statements for the year

ended December 31, 2015, which were included in a Form 10-K/A filed on September 22, 2016.

2. Schulman Lobel denies the allegations set forth in paragraph 2 of the OIP.
3. Schulman Lobel admits the allegations set forth in paragraph 3 of the OIP.
4. Schulman Lobel admits upon information and belief the allegations set forth in paragraph 4 of the OIP, except that Schulman Lobel denies having knowledge or information sufficient to form a belief regarding the allegation that “[a]ll equity interests in QFOR, including its common stock, were extinguished on September 13, 2018.”
5. Schulman Lobel admits the allegations set forth in paragraph 5 of the OIP.
6. Schulman Lobel admits the allegations set forth in paragraph 6 of the OIP.
7. Schulman Lobel admits the allegations set forth in paragraph 7 of the OIP.
8. Schulman Lobel denies having knowledge or information sufficient to form a belief regarding the allegations set forth in paragraph 8 of the OIP.
9. Schulman Lobel admits that it was engaged to audit QFOR’s 2014 financial statements in April 2015 after QFOR’s previous auditor resigned and that it was engaged to reaudit QFOR’s 2013 financial statements in June 2015 after being informed that QFOR’s previous auditor refused to reissue its audit report with respect to those financial statements. Schulman Lobel denies that it was engaged to perform the audit of QFOR’s 2014 financial statements the day after the previous auditor resigned, and denies having knowledge or information sufficient to form a belief regarding the allegations set forth in paragraph 9 of the OIP.
10. Schulman Lobel admits the allegations set forth in paragraph 10 of the OIP.

11. Schulman Lobel admits that Manowitz served as engagement principal and that Gralak served as EQR with respect to the review of QFOR's interim financial statements as of June 30, 2016 and consented to the inclusion of those reviewed financial statements in QFOR's Form 10-Q for the period ended June 30, 2016, and denies the remaining allegations set forth in paragraph 11 of the OIP.
12. Schulman Lobel admits the allegations set forth in paragraph 12 of the OIP, except that Schulman Lobel denies the allegation that "[o]n September 6, 2016, [Schulman Lobel] was engaged to audit the amended financial statements in the 2015 Form 10-K/A" and avers instead that Schulman Lobel was engaged at that time to perform certain additional procedures relating to note disclosures to QFOR's 2015 financial statements regarding certain related party transactions.
13. Schulman Lobel admits that it resigned as QFOR's auditor on or about October 21, 2016, citing concerns about its ability to rely on management's representations, and admits upon information and belief the remaining allegations set forth in paragraph 13 of the OIP.
14. Schulman Lobel neither admits nor denies the allegations set forth in paragraph 14 of the OIP, which purports to set forth a summary of law; Schulman Lobel instead respectfully refers the tribunal to the cited statute and the relevant interpretive literature for the true meaning and interpretation thereof.
15. Schulman Lobel neither admits nor denies the allegations set forth in paragraph 15 of the OIP, which purports to set forth a summary of PCAOB audit standards; Schulman Lobel instead respectfully refers the tribunal to the cited standards and the relevant interpretive literature for the true meaning and interpretation thereof.

16. Schulman Lobel neither admits nor denies the allegations set forth in paragraph 16 of the OIP, which purports to set forth a summary of PCAOB audit standards; Schulman Lobel instead respectfully refers the tribunal to the cited standards and the relevant interpretive literature for the true meaning and interpretation thereof.
17. Schulman Lobel neither admits nor denies the allegations set forth in paragraph 17 of the OIP, which purports to set forth a summary of PCAOB audit standards; Schulman Lobel instead respectfully refers the tribunal to the cited standards and the relevant interpretive literature for the true meaning and interpretation thereof.
18. Schulman Lobel neither admits nor denies the allegations set forth in paragraph 18 of the OIP, which purports to set forth a summary of PCAOB audit standards; Schulman Lobel instead respectfully refers the tribunal to the cited standards and the relevant interpretive literature for the true meaning and interpretation thereof.
19. Schulman Lobel neither admits nor denies the allegations set forth in paragraph 19 of the OIP, which purports to set forth a summary of PCAOB audit standards; Schulman Lobel instead respectfully refers the tribunal to the cited standards and the relevant interpretive literature for the true meaning and interpretation thereof.
20. Schulman Lobel neither admits nor denies the allegations set forth in paragraph 20 of the OIP, which purports to set forth a summary of PCAOB audit standards; Schulman Lobel instead respectfully refers the tribunal to the cited standards and the relevant interpretive literature for the true meaning and interpretation thereof.
21. Schulman Lobel denies the allegation that it did not perform sufficient procedures designed to identify related party transactions in connection with its audits of QFOR's 2013 and 2015 financial statements, and denies having knowledge or information

sufficient to form a belief regarding the remaining allegations set forth in paragraph 21 of the OIP.

22. Schulman Lobel admits that Stonegate and an affiliated entity were identified as related parties to QFOR in documents prepared and/or reviewed by the Schulman Lobel audit engagement team and that the 2014 Form 10-K did not disclose any related party transactions, and denies the remaining allegations set forth in paragraph 22 of the OIP.
23. Schulman Lobel denies the allegations set forth in paragraph 23 of the OIP.
24. Schulman Lobel admits upon information and belief the allegations set forth in paragraph 24 of the OIP.
25. Schulman Lobel admits that it requested documentation from QFOR in connection with the procedures it performed with respect to the 2015 Form 10-K/A and was informed that the requested documentation does not exist, and denies the remaining allegations set forth in paragraph 25 of the OIP.
26. Schulman Lobel denies the allegations set forth in paragraph 26 of the OIP.
27. Schulman Lobel denies the allegations set forth in paragraph 27 of the OIP.
28. Schulman Lobel denies the allegations set forth in paragraph 28 of the OIP.
29. Schulman Lobel neither admits nor denies the allegations set forth in paragraph 29 of the OIP, which purports to set forth a summary of PCAOB audit standards; Schulman Lobel instead respectfully refers the tribunal to the cited standards and the relevant interpretive literature for the true meaning and interpretation thereof.
30. Schulman Lobel neither admits nor denies the allegations set forth in paragraph 30 of the OIP, which purports to set forth a summary of PCAOB audit standards; Schulman Lobel

instead respectfully refers the tribunal to the cited standards and the relevant interpretive literature for the true meaning and interpretation thereof.

31. Schulman Lobel neither admits nor denies the allegations set forth in paragraph 31 of the OIP, which purports to set forth a summary of PCAOB audit standards; Schulman Lobel instead respectfully refers the tribunal to the cited standards and the relevant interpretive literature for the true meaning and interpretation thereof.

32. Schulman Lobel neither admits nor denies the allegations set forth in paragraph 32 of the OIP, which purports to set forth a summary of PCAOB audit standards; Schulman Lobel instead respectfully refers the tribunal to the cited standards and the relevant interpretive literature for the true meaning and interpretation thereof.

33. Schulman Lobel denies the allegations set forth in paragraph 33 of the OIP.

34. Schulman Lobel denies the allegations set forth in paragraph 34 of the OIP.

35. Schulman Lobel denies the allegations set forth in paragraph 35 of the OIP.

36. Schulman Lobel denies the allegations set forth in paragraph 36 of the OIP.

37. Schulman Lobel denies having knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 37 of the OIP.

38. Schulman Lobel denies the allegations set forth in paragraph 38 of the OIP.

39. Schulman Lobel denies the allegations set forth in paragraph 39 of the OIP.

40. Schulman Lobel denies the allegations set forth in paragraph 40 of the OIP.

41. Schulman Lobel denies the allegations set forth in paragraph 41 of the OIP.

42. Schulman Lobel denies the allegations set forth in paragraph 42 of the OIP.

43. Schulman Lobel neither admits nor denies the allegations set forth in paragraph 43 of the OIP, which purports to set forth a summary of PCAOB audit standards; Schulman Lobel

instead respectfully refers the tribunal to the cited standards and the relevant interpretive literature for the true meaning and interpretation thereof.

44. Schulman Lobel neither admits nor denies the allegations set forth in paragraph 44 of the OIP, which purports to set forth a summary of PCAOB audit standards; Schulman Lobel instead respectfully refers the tribunal to the cited standards and the relevant interpretive literature for the true meaning and interpretation thereof.

45. Schulman Lobel denies the allegations set forth in paragraph 45 of the OIP.

46. Schulman Lobel neither admits nor denies the allegations set forth in the first sentence of paragraph 46 of the OIP, which purports to set forth a summary of PCAOB audit standards; Schulman Lobel instead respectfully refers the tribunal to the cited standards and the relevant interpretive literature for the true meaning and interpretation thereof. Schulman Lobel admits that the engagement team identified management override of controls as a significant risk in planning the 2014 and 2013 Audits, and denies the remaining allegations set forth in paragraph 46 of the OIP.

47. Schulman Lobel denies the allegations set forth in paragraph 47 of the OIP.

48. Schulman Lobel denies the allegations set forth in paragraph 48 of the OIP.

49. Schulman Lobel neither admits nor denies the allegations set forth in paragraph 49 of the OIP, which purports to set forth a summary of PCAOB audit standards; Schulman Lobel instead respectfully refers the tribunal to the cited standards and the relevant interpretive literature for the true meaning and interpretation thereof.

50. Schulman Lobel admits that it was provided with a memorandum by QFOR in connection its review of QFOR's June 30, 2016 financial statements, and respectfully refers the tribunal for the true content of that memorandum. Schulman Lobel also admits

that it was informed that QFOR during planning for the review that it had cancelled shares previously issued to Stonegate, and denies the remaining allegations set forth in paragraph 50 of the OIP.

51. Schulman Lobel denies the allegations set forth in paragraph 51 of the OIP.
52. Schulman Lobel neither admits nor denies the allegations set forth in paragraph 52 of the OIP, which purports to set forth a summary of PCAOB audit standards; Schulman Lobel instead respectfully refers the tribunal to the cited standards and the relevant interpretive literature for the true meaning and interpretation thereof.
53. Schulman Lobel denies the allegations set forth in paragraph 53 of the OIP.
54. Schulman Lobel neither admits nor denies the allegations set forth in paragraph 54 of the OIP, which purports to set forth a summary of PCAOB audit standards; Schulman Lobel instead respectfully refers the tribunal to the cited standards and the relevant interpretive literature for the true meaning and interpretation thereof.
55. Schulman Lobel neither admits nor denies the allegations set forth in paragraph 55 of the OIP, which purports to set forth a summary of PCAOB audit standards; Schulman Lobel instead respectfully refers the tribunal to the cited standards and the relevant interpretive literature for the true meaning and interpretation thereof.
56. Schulman Lobel neither admits nor denies the allegations set forth in paragraph 56 of the OIP, which purports to set forth a summary of PCAOB audit standards; Schulman Lobel instead respectfully refers the tribunal to the cited standards and the relevant interpretive literature for the true meaning and interpretation thereof.
57. Schulman Lobel denies the allegations set forth in paragraph 57 of the OIP.

58. Schulman Lobel neither admits nor denies the allegations set forth in paragraph 58 of the OIP, which purports to set forth a summary of PCAOB audit standards; Schulman Lobel instead respectfully refers the tribunal to the cited standards and the relevant interpretive literature for the true meaning and interpretation thereof.
59. Schulman Lobel neither admits nor denies the allegations set forth in paragraph 59 of the OIP, which purports to set forth a summary of PCAOB audit standards; Schulman Lobel instead respectfully refers the tribunal to the cited standards and the relevant interpretive literature for the true meaning and interpretation thereof.
60. Schulman Lobel denies the allegations set forth in paragraph 60 of the OIP.
61. Schulman Lobel denies the allegations set forth in paragraph 61 of the OIP.
62. Schulman Lobel denies the allegations set forth in paragraph 62 of the OIP.
63. Schulman Lobel neither admits nor denies the allegations set forth in paragraph 63 of the OIP, which purports to set forth a summary of PCAOB audit standards; Schulman Lobel instead respectfully refers the tribunal to the cited standards and the relevant interpretive literature for the true meaning and interpretation thereof.
64. Schulman Lobel denies the allegations set forth in paragraph 64 of the OIP.
65. Schulman Lobel denies the allegations set forth in paragraph 65 of the OIP.
66. Schulman Lobel neither admits nor denies the allegations set forth in paragraph 66 of the OIP, which purports to set forth a summary of PCAOB audit standards; Schulman Lobel instead respectfully refers the tribunal to the cited standards and the relevant interpretive literature for the true meaning and interpretation thereof.
67. Schulman Lobel admits the allegations set forth in paragraph 67 of the OIP, except denies the allegation that Gralak and Schulman Lobel's Managing Partner lacked the experience

and expertise necessary to provide reasonable assurance that Schulman Lobel complied with PCAOB Standard QC Section 20.

68. Schulman Lobel denies the allegations set forth in paragraph 68 of the OIP.

69. Schulman Lobel denies the allegations set forth in paragraph 69 of the OIP.

70. Schulman Lobel denies the allegations set forth in paragraph 70 of the OIP.

71. Schulman Lobel denies the allegations set forth in paragraph 71 of the OIP.

72. Schulman Lobel admits that Gralak reviewed and maintained documents for audit engagements documenting the approval by engagement partners and principals of their approval to release audit reports, but denies the remaining allegations and innuendo set forth in paragraph 72 of the OIP.

73. Schulman Lobel neither admits nor denies the allegations set forth in the first two sentences of paragraph 73 of the OIP, which purports to set forth a summary of law; Schulman Lobel instead respectfully refers the tribunal to the cited statute and the relevant interpretive literature for the true meaning and interpretation thereof. Schulman Lobel denies the remaining allegations set forth in paragraph 73 of the OIP.

74. Schulman Lobel neither admits nor denies the allegations set forth in the first two sentences of paragraph 74 of the OIP, which purports to set forth a summary of regulations; Schulman Lobel instead respectfully refers the tribunal to the cited regulations and the relevant interpretive literature for the true meaning and interpretation thereof. Schulman Lobel denies the remaining allegations set forth in paragraph 74 of the OIP.

75. Schulman Lobel neither admits nor denies the allegations set forth in the first sentence of paragraph 75 of the OIP, which purports to set forth a summary of law and regulations; Schulman Lobel instead respectfully refers the tribunal to the cited statute and regulation,

and the relevant interpretive literature, for the true meaning and interpretation thereof.

Schulman Lobel denies the remaining allegations set forth in paragraph 75 of the OIP.

76. Schulman Lobel neither admits nor denies the allegations set forth in the first three sentences of paragraph 76 of the OIP, which purports to set forth a summary of law and regulations; Schulman Lobel instead respectfully refers the tribunal to the cited statute and regulation, and the relevant interpretive literature, for the true meaning and interpretation thereof. Schulman Lobel denies the remaining allegations set forth in paragraph 76 of the OIP.

77. Schulman Lobel respectfully submits that it also was a victim of the fraud and deceit perpetrated by QFOR and its management; that QFOR and its management repeatedly provided false and misleading information and documentation to Schulman Lobel; and that, except with the benefit of hindsight, no auditor exercising the standard of care ordinarily expected under the circumstances could have or would have detected the fraud perpetrated by QFOR and its management.

78. Schulman Lobel respectfully submits, in response to Section III of the OIP, that no relief is warranted against Schulman Lobel pursuant to Sections 21C or 4C of the Exchange Act, or pursuant to Section 102(e) of the Commission's Rules of Practice.

WHEREFORE, Respondent Schulman Lobel respectfully prays for an Order dismissing the OIP.

Dated: White Plains, New York
November 14, 2019

Respectfully submitted,

Wilson Elser Moskowitz Edelman & Dicker LLP

By: 

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