

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

**ADMINISTRATIVE PROCEEDING**  
File No. 3-21298

In the Matter of

**JIA ROGER QIAN WANG,  
CPA, and WANG  
CERTIFIED PUBLIC  
ACCOUNTANT, P.C.**

**Respondents.**

**DIVISION OF ENFORCEMENT'S REPLY MEMORANDUM IN FURTHER  
SUPPORT OF MOTION FOR SUMMARY DISPOSITION**

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March 7, 2024

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Under Rule 250 of the Rules of Practice of the Securities and Exchange Commission (“Commission”), the Division of Enforcement (“Division”) respectfully submits this reply memorandum in further support of its motion for summary disposition and memorandum, dated, December 29, 2023 (“Enforce. Mem.”), against Respondents Jia Roger Qian Wang, CPA (“Wang”) and Wang Certified Public Accountant, P.C. “Wang CPA” or collectively “Respondents”). In their February 29, 2024 opposition papers (“Opposition”), the Respondents failed to submit any evidence, or cite any evidence that has been already submitted, to create any genuine issue about certain material facts. Nor do any legal arguments made by Respondents create any genuine issues about certain material facts. The Division is entitled to summary disposition on its claims against Respondents for violating these statutes, regulations, and rules thereunder: Section 13(a) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78m(a)], and Rule 13a-1 thereunder [C.F.R. 240.13a-1]; Rule 2-02(b)(1) of Regulation S-X; and accounting standards. It is in the public interest for Respondent Wang to pay a civil penalty (Wang CPA is defunct) and disgorge ill-gotten gains together with prejudgment interest, and for Wang and Wang CPA to be barred from appearing before the Commission.

Respondents’ opposition fails to submit evidence that shows that Respondents did comply with Public Company Accounting Oversight Board (“PCAOB”) auditing standards<sup>1</sup> in connection with their audits of three year-end financial statements of Future FinTech Group Inc. (“FTFT”), a public company trading in the United States while operating in the People’s Republic of China. Rather, Wang mainly argues that the acted in good faith, that the management of FTFT is responsible for any accounting issues, that Wang no longer audits public issuers and Wang CPA no longer exists, that he has no money, and that other Commission matters have been resolved for lesser civil penalties or less disgorgement, than the Division’s requested relief in this case. None of these arguments should

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<sup>1</sup> PCAOB auditing standards are called “AS”. Also, “Ex.” denotes an exhibit to the Declaration of Howard Kim In Support of Petitioner Division of Enforcement’s Summary Disposition Motion, dated December 29, 2023, which was filed together with the Division’s motion for summary disposition.

prevent the Commission from finding in summary disposition that Respondents violated Section 13(a) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78m(a)], and Rule 13a-1 thereunder [C.F.R. 240.13a-1]; Rule 2-02(b)(1) of Regulation S-X; and accounting standards.

**A. Respondents’ Opposition Fails To Address That In Violation of AS 1010, Respondents Did Not Have the Requisite Training and Proficiency To Audit FTFT.**

The Division’s motion, based on Wang’s testimony and the report of the Division’s expert, Harris Devor, CPA (“Devor Report”), evidence that Respondents did not have the requisite training and proficiency to audit FTFT, the first public company with any significant operations that Respondents had ever audited. (Enforce. Mem. at 5). Respondents had only audited two prior public companies that were blank check companies with no operations, while FTFT had 30 subsidiaries in different jurisdictions and the prior auditor told Respondents that FTFT was “risky”. (Enforce. Mem. at 5). Wang testified that besides two blank check companies in the past, FTFT was the first audit he had conducted (Enforce. Mem. at 5; Ex. 1 at 41-43). Moreover, Wang relied on accountants in China who were not registered with PCAOB to assist him. (Enforce. Mem. at 5). Respondents’ opposition does not deny those facts but rather just makes the self-serving statement unsupported by any detailed facts or exhibits, that prior to the FTFT audits, Respondents had “about 15 years work experience in corporate account and tax accounting fields, I also had about 7 years working experience in public accounting fields.” (Opposition Introduction). Respondents submit no expert testimony to oppose Expert Devor’s analysis that Respondents did not have the prior training and proficiency to audit FTFT that is required by AS 1010. (Enforce. Mem. at 5). As such, it is established that Respondents failed to comply with AS 1010.

**B. Respondents Failed To Address That In Violation of AS 2710 and AS 2810, They Failed to Obtain Audit Evidence and Prepare Audit Documentation in Sufficient Detail.**

The Division’s motion, based on Wang’s testimony, FTFT’s Commission filings, lack of documents and data in Respondents’ workpapers, and the Devor Report, establish that Respondents

failed to reconcile FTFT's financial statements with other evidence in violation of AS 2710 and AS 2810. (Enforce. Mem. at 5-6 and n. 9; AS 2710 and AS 2810). For the fiscal years 2016 to 2018 audits, Respondents were faced with significant inconsistencies within FTFT's financial statements, notes to the financial statements, and statements in FTFT's Management, Discussion and Analysis ("MD&A"). These included the 2017 FTFT financial statement that recognized an impairment loss of \$4.5 million for Yingkou and Huludao Wonder assets, while note 4 to those financial statement stated the impairment loss was only \$3.2 million. (See Ex. 14 ¶¶ 47 and 48). Similarly, on two occasions in the 2017 FTFT Form 10-K, one in the MD&A section and the other in a note to the financial statement, it states the impairment loss of the Yidu Project was \$6.24 million but in two other sections, both in the MD&A section, states the loss was only \$0.62 million. (Ex. 14 ¶ 51; Enforce. Mem. at 5-6 and n. 9). Rather than explaining why their workpapers failed to show any memoranda or analysis noting, clarifying, or seeking to clarify these inconsistencies, as well as three other inconsistencies in FTFT's filings, Respondents argue that FTFT's management was responsible for drafting the MD&A section. (Opposition Statement of Facts Section 3). Whether or not FTFT's management was required to draft the MD&A section is not the issue, but rather that as an auditor the MD&A sections contain information that auditors have to take into account when auditing the financial statements. (Enforce. Mem. 5-6; AS 2710 and AS 2810). Respondents do not deny that their workpapers show no analysis of what they did to deal with those inconsistencies in FTFT's financial statements and MD&A sections. As such, Respondents failed to comply with AS 2710 and AS 2810 when auditing FTFT.

**C. Respondents' Opposition Fails To Address That In Violation of AS 2101 and 2110, Respondents Failed To Adequately and Appropriately Plan Audits Concerning Material Misstatements and Asset Impairments.**

The Division's motion, based on Wang's testimony, FTFT's Commission filings, lack of documents and data in Respondents' workpapers, and the Devor Report, establish that Respondents failed to adequately and appropriately plan audits concerning FTFT's material misstatements and asset

impairments. (Enforce. Mem. at 6-7; AS 2101 and 2110). Respondents' workpapers (or lack thereof) show they failed to identify FTFT's Property, Plant and Equipment ("PPE") and land use rights as significant areas that contain risks of material misstatements despite FTFT having reported in 2015 that those assets made up 40% of FTFT's assets, and FTFT reported in 2017 that those assets constituted 32% of its total assets. (Enforce. Mem. at 6-7; AS 2101 and AS 2110). Respondents' opposition fails to address their failure to follow AS 2101 and 2110 requirements and the Commission should conclude, therefore, that Respondents violated AS 2101 and AS 2110.

**D. Respondents' Opposition Fails to Address That in Violation of AS 1105 and AS 1215, Respondents Failed To Obtain Audit Evidence and Prepare Audit Documentation in Sufficient Detail.**

The Division's motion, based on Wang's testimony, FTFT's Commission filings, lack of documents and data in Respondents' workpapers, and the Devor Report, establish that Respondents in connection with four different assets – Huludao Wonder, Guo Wei Mei Subsidiary, Yingkou Subsidiary, and Suizhong Project – failed to obtain appropriate audit evidence in accordance with AS 1105 and prepare audit documentation in sufficient detail in accordance with AS 1215 concerning potential impairment of such assets. (Enforce. Mem. at 7-8; AS 1105 and AS 1215). While Respondents Opposition, at Statement of Facts #4, addresses Huludao Wonder, Respondents fail to address the problem with their audit concerning Huludao Wonder as stated in the Division's motion:

Because of a deterioration of that asset and a related lawsuit, FTFT's board of directors in March 2017 agreed to fully impair Huludao Wonder's equipment as of December 31, 2016 and the 2016 Form 10-K reported it recorded a \$2.4 million of impairment on Huludao Wonder's PP&E in 2016. (Ex 14 Report ¶ 92). Respondents' workpapers do not confirm that the \$2.4 million impairment related to Huludao Wonder was actually recorded in 2016, and FTFT's 2017 Form 10-K states there was no such impairment for 2016. (Ex 14 ¶ 93). Similarly, while in 2017 FTFT reported \$11.3 million of impairment and, in 2018, an additional \$1.1 million of impairment, concerning the Huludao Wonder asset, Respondents' workpapers failed to show any analysis of impairment or analysis of the value of that asset. (Ex 14 ¶¶ 99 to 101).

(Enforce. Mem. at 7-8). In their opposition, Respondents ignore the multi-year failures to substantiate impairments and instead argue that FTFT's management did record the Huludao

Wonder related impairment loss of \$2.4 million in the 2016 financial statement under the category of General and Administrative (“G&A”) expenses. Respondents failed to address that their workpapers do not show any such analysis for that impairment loss and they also failed to have any analysis in their workpapers for the Huludao Wonder impairment in 2017 and 2018 financial statements.

Significantly, Respondents’ opposition fails to address their audit problems with FTFT’s assets concerning Guo Wei Mei Subsidiary, Yingkou Subsidiary, and Suizhong Project. (Enforce. Mem. at 7-8; AS 1105 and AS 1215). As such, Respondents violated AS 1105 and AS 1215.

**E. Wang Fails To Address That He Made Admissions to PCAOB Concerning His Admitted Violations of AS 1215, AS 2110, AS 2301 and AS 2810.**

In its moving papers (Enforce. Mem. at 9 and Exs. 10 and 11), the Division cited various admissions that Wang made to the PCAOB inspections that states he failed to comply with AS 1215, AS 2110, AS 2301 and AS 2810. Rather than address those admissions, Wang argues that PCAOB never brought a case against him, and suggesting the Commission should then ignore Respondents various admissions to PCAOB that are on the inspection reports. (Exs. 10 and 11). There is no court decision or Commission order that Respondents can cite that holds that admissions before the PCAOB cannot be used if the PCAOB does not bring a case. As such, the admissions that Respondents made to PCAOB are a basis to grant summary disposition on the Commission’s motion.

**F. Respondents’ Opposition Fails to Address That Respondents Did Not Exercise Due Professional Care Consistent With AS 1015.**

As addressed in the Division’s motion, Respondents’ violations of multiple PCAOB AS over three years of auditing FTFT’s financial statements demonstrate that Respondents violated PCAOB AS 1015, which defines due professional care as “...what the independent auditor does and how well he or she does it.” (AS 1015.04). Respondents’ audit failures involved facial inconsistencies in FTFT’s filings or obvious issues that were ignored or not addressed. Wang’s testimony and deposition admissions and his workpapers confirm that during Respondents’ audits of FTFT they



failed to apply required due professional care and professional skepticism in accordance with AS 1015. (Enforce. Mem. at 9 and Ex. 14 ¶ 41). Respondents' opposition, other than Wang's self-serving general denials, fails to submit evidence that Respondents did not violate their responsibilities under AS 1015. Indeed, Wang comes close to acknowledging his failures when he states, "I acknowledge that in focusing intently on the integrity of the main body and the numbers within the audited financial statements — areas of paramount importance to financial accuracy and investor trust — inadvertent oversights occurred in the scrutiny of the footnotes." (Opposition Argument 3). As such, Respondents violated AS 1015.

**G. Regardless of What Type of Entity Wang CPA Is or Is Not, Wang Should Be Held Jointly and Severally Responsible for Disgorgement and Prejudgment Interest With Wang CPA.**

In his opposition, Wang makes various factual arguments about Wang CPA, such as that it is now deregistered, Wang CPA was a professional corporation and while he was the "sole owner" it is somehow wrong to refer to Wang as the "sole proprietor" of Wang CPA. (Opposition Statement of Facts #1 and #2). Regardless of what type of entity Wang CPA is or was (if it still exists), the facts are confirmed that Wang owned and controlled Wang CPA during the relevant period when Respondents audited FTFT during fiscal years 2016, 2017 and 2018 and certified FTFT's 10-K's for those fiscal years, and thus he is fully responsible together with Wang CPA for the disgorgement and prejudgment interest based on the ill-gotten gains both respondents obtained through their violation. (They obtained gross revenue of \$430,000 in fees that netted to \$268,000 after expenses deducted.) (Enforce. Mem. at 14-15).

**H. The Cases Respondents Cite For Relief In This Matter Are Inapposite.**

To counter the relief the Division is seeking, Respondents rely on Commission settlements that are inapposite and not a basis for not giving the remedy against the Respondents that the Division motion is seeking.

Respondents argue that the conduct in *James L. Thompson, CPA*, Exchange Act Release No. 90008 (September 25, 2020), and *Lam D. Ha, CPA*, Exchange Act Release No.90010 (September 25, 2020) and *Brian Dee Matlock, CPA*, Exchange Act Release No. 89552 (August 13, 2020), had worse audit violations than Respondents' conduct in this matter, suggesting that the same remedy or less should be given to the Respondent here based on the remedies in that case. (Opposition ¶ 7). Auditors Thomson and Ha each consented to suspensions from appearing or practicing before the Commission with the right to request restatement after two years. Auditor Matlock agreed to a suspension with the right to request restatement after one year. Significantly, Messrs. Thompson's, Ha's and Matlock's conduct occurred during only one fiscal year audit, and they did not obtain any ill-gotten gains from their violations. Moreover, Messrs. Thompson, Ha and Matlock accepted their improper conduct by settling the enforcement matters.<sup>2</sup> In contrast, Respondents' violations happened over more than three years of financial audits, Respondents made \$268,000 in net ill-gotten gains and they refused to accept responsibility for their improper conduct. Respondents also argue they made less income than the auditors in *CohnReznick, LLP*, Exchange Act Release No. 95066 (June 8, 2022), and *Stephen M. Wjss, CPA, et al*, Exchange Act Release No. 4310 June 8, 2022), who settled for civil penalties ranging between \$20,000 and \$30,000 and suspensions with right to request restatement after one year and three years. (Opposition ¶ 6). In those auditing matters that settled, there was no finding of what the incomes were for those auditors so there is no basis for the Respondents to claim they made less than those two individual auditors.

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<sup>2</sup> Respondents rely on a settled action brought by PCAOB against auditor *Bo Shiang Lien, CPA*, PCAOB Release No. 105-2022-009 (May 24, 2022), in which that auditor was given a 2-year suspension and \$25,000 civil penalty. (Opposition ¶ 8). Even if it were persuasive authority, it is not relevant because the PCAOB settled matter is not controlling in this administrative case.

**I. Respondents Failed To Submit A Financial Disclosure Statement Consistent With Rule 201.630.**

In opposing the disgorgement and civil penalty that the Division is seeking, Wang argues his inability to pay financial remedies in this matter if he loses. (Opposition ¶ 9). Significantly, Wang has not submitted with his opposition any fully complete sworn financial statement or financial exhibits consistent with Rule 201.630. As such, the Commission should not take in regard his claim that he cannot pay the disgorgement, prejudgment interest and civil penalty in this matter. From their failed audits of FTFT for three years, Respondents made gross revenue of \$430,000 in fees that netted to \$268,000 after expenses deducted. Respondents should disgorge those ill-gotten gains together with the Pre-Order interest and a \$65,000 civil penalty.

**CONCLUSION**

Based on the above Reply, and the papers and exhibits in the Division's Motion for Summary Disposition, the Commission should impose the requested relief against the Respondents: a cease-and-desist order against Wang and Wang CPA, disgorgement of \$268,000 and Pre-Order interest of \$47,034.07 for Wang and Wang CPA, a \$65,000 civil penalty against Wang, and Rule 102(e) suspensions for Wang and Wang CPA without the right to apply for reinstatement.

Dated: March 7, 2024  
New York, N.Y.

Respectfully submitted,  
/s/ Alexander Vasilescu  
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**CERTIFICATE OF SERVICE**

I, Howard Kim, hereby certify that, on March 7, 2024, I caused a copy of the foregoing to DIVISION OF ENFORCEMENT'S REPLY MEMORANDUM IN FURTHER SUPPORT FOR ITS MOTION FOR SUMMARY DISPOSITION to be sent by email to Respondents Jia Roger Qian Wang, CPA and Wang Certified Public Accountant, P.C. at rogerwangcpa@gmail.com.

/s/ Howard Kim

Howard Kim

Senior Counsel

Division of Enforcement