

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**  
September 13, 2007

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-12793**

**In the Matter of**

**JAY J. SHAPIRO, CPA, P.C.**  
**and JAY J. SHAPIRO, CPA,**

**Respondents.**

**ORDER INSTITUTING**  
**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**

**I.**

The Securities and Exchange Commission ("Commission") deems it appropriate that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 4C and 21C of the Securities Exchange Act of 1934 ("Exchange Act"), and Rule 102(e) of the Commission's Rules of Practice against Jay J. Shapiro, CPA, P.C. ("Shapiro PC") and Jay J. Shapiro, CPA ("Shapiro") (collectively "Respondents").

**II.**

After an investigation, the Division of Enforcement alleges that:

**A. RESPONDENTS**

1. **Jay J. Shapiro, CPA, P.C.** is a California corporation and public accounting firm headquartered in Los Angeles, California. Shapiro PC prepared and issued an audit report dated January 12, 2004, in connection with its audit of Daleco Resources Corp. ("Daleco").

2. **Jay J. Shapiro, CPA**, 57, of Los Angeles, California, is a certified public accountant licensed in the states of Wisconsin and California since 1973 and 1978, respectively. As engagement partner on the Daleco engagement, Shapiro participated in the preparation and issuance of the January 12, 2004 Daleco audit report.

## **B. OTHER RELEVANT ENTITY**

1. Daleco is a Nevada corporation based in West Chester, Pennsylvania. Daleco's common stock trades on the OTC Bulletin Board and is registered with the Commission pursuant to Section 12(g) of the Exchange Act. Daleco reported \$1.5 million of revenues and total assets of \$25 million for fiscal year ended September 30, 2003. Daleco has at all relevant times been an issuer as defined by the Sarbanes-Oxley Act of 2002 (the "Act").

## **C. FAILURE TO REGISTER WITH THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD**

1. Section 102(a) of the Sarbanes-Oxley Act of 2002 (the "Act") prohibits any person that is not a registered public accounting firm with the Public Company Accounting Oversight Board ("PCAOB" or "Board") from preparing or issuing, or participating in the preparation or issuance of, any audit report with respect to any public reporting company after October 22, 2003.

2. Though Respondents were aware of the PCAOB registration requirement, at no time did Shapiro PC register with the PCAOB as a public accounting firm.

3. Shapiro PC audited Daleco's 2003 financial statements included in Daleco's annual report for fiscal year ended September 30, 2003 on Form 10-K, filed with the Commission on January 14, 2004.

4. Shapiro PC prepared and issued an audit report dated January 12, 2004, which was included in Daleco's Form 10-K.

5. Shapiro participated in auditing the 2003 financial statements included in Daleco's annual report for fiscal year ended September 30, 2003 on Form 10-K, filed with the Commission on January 14, 2004.

6. Shapiro participated in the preparation and issuance of an audit report dated January 12, 2004 which was included in Daleco's Form 10-K.

7. Respondents were aware of the registration requirement and the October 22, 2003 deadline for registration with the Board when Shapiro PC issued the January 12, 2004 audit report.

8. Shapiro PC received \$40,000 for conducting an audit of the financial statements of Daleco and for issuing an audit report on those statements.

## **D. VIOLATIONS**

1. Section 4C(a) of the Exchange Act provides, in relevant part, that the Commission "may censure any person, or deny, temporarily or permanently, to any person the privilege of appearing or practicing before the Commission in any way, if that person is found by the Commission ... (1) not to possess the requisite qualifications to represent others ... or (3) to have

willfully violated, or willfully aided and abetted the violation of, any provision of the securities laws or the rules and regulations issued thereunder.”

2. Rule 102(e)(1) of the Commission’s Rules of Practice provides that the Commission “may censure a person or deny, temporarily or permanently, the privilege of appearing or practicing before it in any way to any person who is found by the Commission ... (i) not to possess the requisite qualifications to represent others ... or (iii) to have willfully violated ... any provision of the Federal securities laws or the rules and regulations thereunder.”

3. Section 102(a) of the Act provides that “it shall be unlawful for any person that is not a registered public accounting firm to prepare or issue, or to participate in the preparation or issuance of, any audit report with respect to any issuer.”

4. Because Shapiro PC had not registered with the PCAOB, it lacked “the requisite qualifications” to issue an audit report dated January 12, 2004.

5. By participating in the preparation and issuance of an audit report after October 22, 2003 by an audit firm that was not registered with the PCAOB, Shapiro lacked “the requisite qualifications to represent others.”

6. In violation of Section 102(a) of the Act, Shapiro PC prepared and issued an audit report on the financial statements of a reporting company after October 22, 2003 without first registering with the Board. Shapiro PC thus also willfully violated the federal securities laws.

### **III.**

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate that public administrative and cease-and-desist proceedings be instituted to determine:

A. Whether the allegations set forth in Section II are true and, in connection therewith, to afford Respondents an opportunity to establish any defenses to such allegations;

B. Whether, pursuant to Sections 4C(a)(1) and 4C(a)(3) of the Exchange Act and Rules 102(e)(1)(i) and 102(e)(1)(iii) of the Commission’s Rules of Practice, Shapiro PC should be censured by the Commission or temporarily or permanently denied the privilege of appearing or practicing before the Commission; and

C. Whether, pursuant to Section 4C(a)(1) of the Exchange Act and Rule 102(e)(1)(i) of the Commission’s Rules of Practice, Shapiro should be censured by the Commission or temporarily or permanently denied the privilege of appearing or practicing before the Commission; and

D. Whether, pursuant to Section 21C of the Exchange Act, Shapiro PC and Shapiro should be ordered to cease and desist from committing or causing violations of and any future violations of Section 102(a) of the Act, and whether Shapiro PC and Shapiro jointly and severally

should be ordered to pay disgorgement and prejudgment interest, and make an accounting pursuant to Section 21C(e) of the Exchange Act.

#### IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened not earlier than 30 days and not later than 60 days from service of this Order at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondents shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondents fail to file the directed answer, or fail to appear at a hearing after being duly notified, the Respondents may be deemed in default and the proceedings may be determined against them upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondents personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Nancy M. Morris  
Secretary