

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 69945 / July 8, 2013

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3472 / July 8, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15370

In the Matter of

AICHUN LI, CPA

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO RULE
102(e) OF THE COMMISSION’S RULES OF
PRACTICE, MAKING FINDINGS AND
IMPOSING REMEDIAL SANCTIONS**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted against Aichun Li (“Respondent” or “Li”) pursuant to Rule 102(e)(3)(i) of the Commission’s Rules of Practice.¹

¹ Rule 102(e)(3)(i) provides, in relevant part, that:

The Commission, with due regard to the public interest and without preliminary hearing, may, by order, . . . suspend from appearing or practicing before it any . . . accountant . . . who has been by name . . . permanently enjoined by any court of competent jurisdiction, by reason of his or her misconduct in an action brought by the Commission, from violating or aiding and abetting the violation of any provision of the Federal securities laws or of the rules and regulations thereunder.

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over her and the subject matter of these proceedings, and the findings contained in Section III.B.3 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Rule 102(e) of the Commission’s Rules of Practice, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

1. Li, age 39, is and has been a certified public accountant licensed to practice in the State of North Carolina. She served as Chief Financial Officer of Keyuan Petrochemicals, Inc. (“Keyuan”) from May 2010 until her resignation in October 2011.

2. Keyuan was, at all relevant times, a Nevada corporation with its principal place of business in Ningbo, China. Keyuan is a manufacturer and supplier of petrochemical products. At all relevant times, Keyuan’s common stock was registered with the Commission pursuant to Section 12(g) of the Securities Exchange Act of 1934 (“Exchange Act”), and traded on the NASDAQ Stock Market LLC.

3. On February 28, 2013, the Commission filed a complaint against Li in SEC v. Keyuan Petrochemicals, Inc., Civil Action No. 13-cv-00263 (D.D.C.). On July 2, 2013, the court entered an order permanently enjoining Li, by consent, from future violations of Section 13(b)(5) of the Exchange Act and from aiding and abetting violations of Section 13(a) and 13(b)(2)(A) of the Exchange Act and Exchange Act Rules 12b-20 and 13a-13 thereunder. Li was also ordered to pay a \$25,000 civil money penalty.

4. The Commission’s complaint alleged, among other things, that between May 2010 and January 2011, Keyuan failed to disclose material related party transactions between and among the company and its chief executive officer and controlling shareholders as well as entities controlled by or affiliated with those persons. The related party transactions took the form of loan guarantees, purchases of raw materials, sales of products, and short term cash transfers for financing purposes. Li, who was hired to ensure the company’s compliance with U.S. GAAP and oversee the SEC reporting process, received information indicating that the company was engaged in certain related party transactions in the form of loan guarantees. Li also encountered red flags that should have alerted her that the company was not properly identifying or disclosing certain related party transactions. Despite such knowledge, Li signed off on registration statements and periodic reports filed between May 2010 and January 2011 that

failed to disclose material related party transactions, as required by U.S. GAAP and/or Commission regulations.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanction agreed to in Respondent's Offer.

Accordingly, it is hereby ORDERED, effective immediately, that:

A. Pursuant to Rule 102(e) of the Commission's Rules of Practice, Li is suspended from appearing or practicing before the Commission as an accountant.

B. After two years from the date of this order, Respondent may request that the Commission consider her reinstatement by submitting an application (attention: Office of the Chief Accountant) to resume appearing or practicing before the Commission as:

1. a preparer or reviewer, or a person responsible for the preparation or review, of any public company's financial statements that are filed with the Commission. Such an application must satisfy the Commission that Respondent's work in her practice before the Commission will be reviewed either by the independent audit committee of the public company for which she works or in some other acceptable manner, as long as she practices before the Commission in this capacity; and/or

2. an independent accountant. Such an application must satisfy the Commission that:

(a) Respondent, or the public accounting firm with which she is associated, is registered with the Public Company Accounting Oversight Board ("Board") in accordance with the Sarbanes-Oxley Act of 2002, and such registration continues to be effective;

(b) Respondent, or the registered public accounting firm with which she is associated, has been inspected by the Board and that inspection did not identify any criticisms of or potential defects in the respondent's or the firm's quality control system that would indicate that the respondent will not receive appropriate supervision;

(c) Respondent has resolved all disciplinary issues with the Board, and has complied with all terms and conditions of any sanctions imposed by the Board (other than reinstatement by the Commission); and

(d) Respondent acknowledges her responsibility, as long as Respondent appears or practices before the Commission as an independent accountant, to comply with all requirements of the Commission and the Board, including, but not limited to, all requirements relating to registration, inspections, concurring partner reviews and quality control standards.

C. The Commission will consider an application by Respondent to resume appearing or practicing before the Commission provided that her state CPA license is current and she has resolved all other disciplinary issues with the applicable state boards of accountancy. However, if state licensure is dependent on reinstatement by the Commission, the Commission will consider an application on its other merits. The Commission's review may include consideration of, in addition to the matters referenced above, any other matters relating to Respondent's character, integrity, professional conduct, or qualifications to appear or practice before the Commission.

By the Commission.

Elizabeth M. Murphy
Secretary