

ADMINISTRATIVE PROCEEDING

File No. 3-18197

SEC Charges Auditing Firm and Two Partners in Connection with Audits of Business Development Company

September 21, 2017 – The Securities and Exchange Commission today announced charges against New Jersey-based certified public accounting firm Paritz & Co., P.A., and two of its partners, Lester S. Albert, CPA and Brian A. Serotta, CPA, for improper professional conduct relating to their audits and reviews of INVENT Ventures, Inc., a public business development company. The SEC [previously instituted a settled action against INVENT and its president](#) for material misrepresentations in connection with INVENT overstating the values of two portfolio companies.

According to the SEC’s order, between 2011 and 2014, Paritz issued audit reports containing unqualified opinions stating, among other things, that its audits of INVENT’s financial statements were conducted in accordance certain audit standards, when they were not. Paritz and the engagement partner, Lester Albert, failed to comply with numerous audit standards, including those relating to fair value measurements and disclosures, obtaining sufficient audit evidence, and preparing required audit documentation, among other things. Brian Serotta also failed to provide adequate engagement quality reviews.

The SEC’s order finds that Paritz willfully violated, and Albert willfully aided and abetted and caused Paritz’ violations of Rule 2-02(b)(1) of Regulation S-X, and that each of them and Serotta engaged in improper professional conduct within the meaning of Section 4C(a) of the Exchange Act and Rule 102(e)(1) of the Commission’s Rules of Practice.

Without admitting or denying the findings in the SEC’s order, Paritz agreed to pay disgorgement and prejudgment interest of \$72,049 and a civil penalty of \$60,000, and Albert agreed to pay a civil penalty of \$15,000. Paritz has also agreed to complete undertakings including a review of certain of its audit procedures. Albert and Serotta agreed to be suspended from appearing or practicing before the SEC as accountants, which includes not participating in the financial reporting or audits of public companies. The SEC’s order permits Albert and Serotta to apply for reinstatement after two years and one year, respectively.

The SEC’s investigation was conducted by Payam Danialypour and Sara Kalin of the Enforcement Division’s Asset Management Unit, as well as Nina Yamamoto and Rhoda Chang of the Los Angeles Regional Office.

See also: [Order – Paritz, Albert, and Serotta](#)