

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

**SECURITIES ACT OF 1933**  
**Release No. 10632 / April 22, 2019**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 85702 / April 22, 2019**

**ACCOUNTING AND AUDITING ENFORCEMENT**  
**Release No. 4041 / April 22, 2019**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-19150**

**In the Matter of**

**DOV ZAIDMAN, CPA,  
AND  
ZBS GROUP LLP**

**Respondents.**

**ORDER INSTITUTING PUBLIC  
ADMINISTRATIVE AND CEASE-  
AND-DESIST PROCEEDINGS PURSUANT  
TO SECTION 8A OF THE SECURITIES ACT  
OF 1933, SECTIONS 4C AND 21C OF THE  
SECURITIES EXCHANGE ACT OF 1934  
AND RULE 102(e) OF THE COMMISSION'S  
RULES OF PRACTICE, MAKING  
FINDINGS, AND IMPOSING REMEDIAL  
SANCTIONS AND A CEASE-AND-DESIST  
ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate that public administrative and cease-and-desist proceedings be, and hereby are, instituted against Dov Zaidman, CPA (“Zaidman”) and ZBS Group LLP (“ZBS Group” or “the Firm”) (collectively “Respondents”) pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), Sections 4C<sup>1</sup> and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 102(e)(1)(ii) and 102(e)(1)(iii) of the Commission’s Rules of Practice.<sup>2</sup>

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<sup>1</sup> Section 4C 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

## II.

In anticipation of the institution of these proceedings, Respondents have 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 them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondents consent to the entry of this Order Instituting Public Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Sections 4C and 21C of the Securities Exchange Act of 1934 and Rule 102(e) of the Commission’s Rules of Practice, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

## III.

On the basis of this Order and Respondents’ Offer, the Commission finds<sup>3</sup> that:

### A. SUMMARY

These proceedings arise out of the role of Zaidman and his audit firm ZBS Group in a shell factory scheme orchestrated by an undisclosed team of “Control Persons.” The shell companies were undisclosed “blank check” companies (“Blank Check Companies”) and were created and

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person is found . . . (1) not to possess the requisite qualifications to represent others; (2) to be lacking in character or integrity, or to have engaged in unethical or improper professional conduct; 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.

<sup>2</sup> Rule 102(e)(1)(ii) provides, in pertinent part, that:

The Commission may . . . deny, temporarily or permanently, the privilege of appearing or practicing before it . . . to any person who is found . . . to have engaged in unethical or improper professional conduct.

Rule 102(e)(1)(iii) provides, in pertinent part, that:

The Commission may . . . deny, temporarily or permanently, the privilege of appearing or practicing before it . . . to any person who is found . . . to have willfully violated, or willfully aided and abetted the violation of any provision of the Federal securities laws or the rules and regulations thereunder.

<sup>3</sup> The findings herein are made pursuant to Respondents’ Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

designed to avoid the corresponding registration and reporting requirements applicable to blank check companies. The Control Persons' scheme was to create and sell the Blank Check Companies as public companies with operations, and register offerings of their securities, without disclosing to the public or the Commission the true purpose or control of the companies. ZBS Group performed the audits of the financial statements of eight of the Blank Check Companies and Zaidman authorized the issuance of the audit reports included in the corresponding Form S-1 registration statements and periodic reports.

Each Blank Check Company followed the same path to sale. The Control Persons incorporated the Blank Check Companies and recruited a sole officer, director, employee, and majority shareholder (the "sole officer") to act in name only. The Control Persons exclusively retained and maintained all communications with a small group of outside professionals including Zaidman and ZBS Group. The Blank Check Companies had no operations and no value other than (i) their registration status with the Commission, and (ii) a particular capital structure – for example, a control block of shares and float of purportedly free-trading shares solely for purposes of merger or acquisition. The Forms S-1 and subsequent Commission filings falsely depicted the Blank Check Companies as actively pursuing business plans, when the only plan from the onset was to be sold as public vehicles. In participating in the audits of the financial statements of four Blank Check Companies at issue, Zaidman and ZBS Group failed to obtain an understanding of the business of the issuer and the role of the Control Persons.

During the course of ZBS Group's audits of four of the Blank Check Companies, Zaidman and ZBS Group engaged in improper professional conduct pursuant to Section 4C of the Exchange Act and Rules 102(e)(1) of the Commission's Rules of Practice. Specifically, during the course of the four engagements for the audits of the financial statements of FanSport, Inc. ("FanSport"), Big Clix Corp. ("Big Clix"), Mobile Vault, Inc. ("Mobile Vault"), and ShopEye, Inc. ("ShopEye") (collectively, the "Issuers"), Zaidman ignored numerous red flags. Among other things, Zaidman failed to inquire regarding facts that contradicted each issuer's presentation as an operating company owned and controlled by its sole officer.

ZBS Group issued and Zaidman authorized the issuance of the audit reports containing unqualified opinions for use in Commission filings by the Issuers, but the underlying audits failed to comply with the auditing standards of the Public Company Accounting Oversight Board ("PCAOB" or "Board"). Specifically, Zaidman and ZBS Group failed to comply with PCAOB requirements relating to: (1) client acceptance and continuance; (2) obtaining a sufficient understanding of the issuer; (3) performing sufficient procedures to identify the existence of related party transactions that should have been disclosed in the financial statements; and (4) maintaining sufficient audit documentation. Furthermore, ZBS Group, at the direction of Zaidman, issued audit reports for Big Clix without obtaining an engagement quality review and concurring approval of issuance. These audit reports allowed the Issuers to file numerous registration statements and periodic reports with the Commission that were materially false and misleading.

## B. RESPONDENTS

1. **Zaidman**, age 61, of Plainview, New York, holds an active CPA license in New York. Zaidman is a partner at ZBS Group. At all relevant times, Zaidman was the managing partner of ZBS Group, served as the engagement partner with ultimate authority to issue the audit reports on behalf of ZBS Group, and authorized the issuance of the audit reports for the Issuers.

2. **ZBS Group** is a New York limited liability partnership located in Plainview, New York. ZBS Group has been registered with the PCAOB since 2011. During all relevant times, ZBS Group issued the audit reports included in the registration statements and certain periodic reports filed with the Commission for the Issuers. ZBS Group currently has two partners with Zaidman serving as the managing partner and the partner with ultimate authority to issue audit reports on behalf of ZBS Group.

### Relevant Entities

3. **FanSport**, now known as Jade Global Holdings, Inc., was at the relevant time, a Florida corporation with its principal place of business in Placerville, California. On April 27, 2011, FanSport filed a Form S-1 registration statement (“Form S-1”) with the Commission which became effective on August 12, 2011.<sup>4</sup> During the relevant period, FanSport’s common stock was registered with the Commission pursuant to Section 12(g) of the Exchange Act and was quoted on the OTCBB (ticker: FPNC). ZBS Group served as FanSport’s auditor for the fiscal year ended on March 31, 2013, and Zaidman was the engagement partner for the audit.

4. **Big Clix**, now known as HydroPhi Technologies Group, Inc., was at the relevant time, a Florida corporation with its principal place of business in Fairfax, California. On July 29, 2010, Big Clix filed a Form S-1 with the Commission which became effective on December 7, 2010. During the relevant period, Big Clix’s common stock was registered with the Commission pursuant to 12(g) of the Exchange Act and was quoted on the OTC Link (f/k/a Pink Sheets) (ticker: BLES). ZBS Group served as Big Clix’s auditor for the fiscal years ended on June 30, 2012, and June 30, 2013, and Zaidman was the engagement partner for the audits.

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<sup>4</sup> Each Form S-1 described herein sought to register the offer and sale of 3,000,000 common shares in a \$30,000 public offering.

5. **Mobile Vault**, was at the relevant time, a Florida corporation with its principal place of business in Cameron Park, California. On June 27, 2011, Mobile Vault filed a Form S-1 registration statement with the Commission which became effective on January 25, 2012. Mobile Vault subsequently deregistered those shares. On July 3, 2013, Mobile Vault filed a new Form S-1 which did not become effective because on April 22, 2014, the Commission issued a stop order suspending the effectiveness of Mobile Vault's Form S-1 pursuant to Section 8(d) of the Securities Act. In re the Registration Statement of Mobile Vault, Inc., Securities Act Rel. No. 9576 (Apr. 22, 2014) (Settled Order). ZBS Group served as Mobile Vault's auditor for the fiscal years ended on May 31, 2012, and May 31, 2013, and Zaidman was the engagement partner for the audits.

6. **ShopEye**, was at the relevant time a Florida corporation with its principal place of business in Foster City, California. On August 5, 2011, ShopEye filed a Form S-1 which became effective on November 1, 2011. ShopEye subsequently deregistered those shares. On June 20, 2013, ShopEye filed a new Form S-1 which became effective on September 26, 2013. On July 28, 2014, the Commission, by delegated authority, issued a stop order suspending the effectiveness of ShopEye's Form S-1 pursuant to Section 8(d) of the Securities Act. In re the Registration Statement of ShopEye, Inc., Initial Decision Rel. No. 615 (June 16, 2014), final as of July 28, 2014, Securities Act Rel. No. 9624 (July 28, 2014). ZBS Group served as ShopEye's auditor for the year ended on May 31, 2013, and Zaidman was the engagement partner for the audit.

## C. FACTS

### (1) Background

7. From January 2011 to October 2013, ZBS Group audited the financial statements the Control Persons used in the Forms S-1 and periodic reports filed with the Commission for at least eight of the Blank Check Companies, four of which were the Issuers. Zaidman served as the engagement partner for the Firm's audits of the eight Blank Check Companies, including the Issuers.

8. The Control Persons were the exclusive contacts between ZBS Group and the Issuers. Zaidman knew that the Control Persons created the Issuers' financial statements, provided ZBS Group with the supporting evidence for the audits, and responded to ZBS Group's questions about the Issuers. Furthermore, the Control Persons were the sole points of contact for Zaidman and ZBS Group obtaining engagement letters, management representations letters, and payment for audit invoices.

9. Zaidman failed meaningfully to understand the business of the Issuers and the role of the Control Persons and the sole officers. In obtaining an understanding of the Issuers, Zaidman did not question: (1) the dominant roles by the Control Persons with respect to the Issuers and relied solely on the Control Persons' oral representations that they were authorized to act on behalf of the Issuers; (2) why the Issuers' Forms S-1 or periodic reports were so similar as to appear template driven even though the companies were portrayed as operating companies pursuing

different business plans; and (3) why none of the Issuers made any significant progress toward advancing their purported business plan since its incorporation, notwithstanding that the Commission filings represented that the respective sole officer spent 25-35 hours per week pursuing it. In failing sufficiently to understand the Issuers' business, Zaidman failed to: (1) identify factors that contradicted each company's presentation as an operating company owned and controlled by its sole officer; (2) identify risks of material misstatement related to the integrity of the individuals involved and the company being an undisclosed blank check company; and (3) sufficiently identify related party transactions and relevant disclosures.

10. ZBS Group performed the Issuers' audits described above and Zaidman authorized the issuance of and consented to the incorporation of these audit reports in each of the Issuers' Forms S-1 and Forms 10-K filed with the Commission. The Issuers' audit reports stated that the audits had been conducted "in accordance with the standards of the Public Company Accounting Oversight Board" and that the financial statements were presented fairly, in all material respects "in conformity with accounting principles generally accepted in the United States of America." As described below, however, the Issuers' audits were not conducted in accordance with PCAOB standards and were so deficient that they amounted to no audits at all.

**(2) ZBS Group Performed Deficient Audits for the 2013 Year-End FanSport Audit, the 2012 and 2013 Year-End Big Clix Audits, the 2012 and 2013 Year-End Mobile Vault Audits, and the 2013 Year-End ShopEye Audit**

**(a) Zaidman and ZBS Group Failed to Evaluate Information Obtained During the Client Acceptance and Retention Process that was Relevant to Identifying Risks of Material Misstatement (AS No. 12, AS No. 13, and AU 230)**

11. PCAOB Auditing Standard No. 12, *Identifying and Assessing Risks of Material Misstatement*, ("AS No. 12") requires that the auditor evaluate whether information obtained from the client acceptance and retention evaluation process or audit planning activities is relevant to identifying risks of material misstatement.<sup>5</sup> Risks of material misstatement identified during those activities should be assessed in accordance with AS No. 12. (AS No. 12 at ¶ 41).

12. PCAOB Auditing Standard No. 13, *The Auditor's Responses to the Risks of Material Misstatement*, ("AS No. 13") requires the auditor when responding to the assessed risks of material misstatement, particularly fraud risks, to apply professional skepticism in gathering and evaluating audit evidence. Examples include: (a) modifying the planned audit procedures to obtain more reliable evidence regarding relevant assertions, and (b) obtaining sufficient appropriate evidence to corroborate management's explanations or representations concerning important matters. (AS No. 13 at ¶ 7).

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<sup>5</sup> References to PCAOB auditing standards refer to the standards in effect at the relevant time.

13. PCAOB Auditing Standard AU Section 230, *Due Professional Care in the Performance of Work*, (“AU 230”) states that due professional care requires the auditor to exercise professional skepticism. Professional skepticism is an attitude that includes a questioning mind and a critical assessment of audit evidence. AU 230 requires that the auditor neither assumes that management is dishonest nor assumes unquestioned honesty. In exercising professional skepticism, the auditor should not be satisfied with less than persuasive evidence because of a belief that management is honest. The engagement partner should be knowledgeable about the client. (AU 230 at ¶¶ .06, .07, .09). This standard is also applicable in Sections C.(2)(b) and C.(2)(c) below.

14. ZBS Group’s client acceptance and continuance policies at the time of the Issuers’ audits required: (1) completing an engagement acceptance form for prospective clients; (2) annual reviews by the managing partner to reevaluate the acceptability of each client and engagement; and (3) at least annually, a review of the Firm’s acceptance and continuance policies by the managing partner to determine if they were appropriate and operating effectively. ZBS Group’s procedures involved speaking to referral sources about the integrity of the client, conducting internet searches for public information, and speaking to the chief executive officer (“CEO”) of the company. For the Issuers’ audits, however, Zaidman did not speak to the companies’ CEOs even though statements in Commission filings indicated that the sole officer was the only employee and that he or she dedicated 25 to 35 hours per week to the business.

15. As part of ZBS Group’s annual reviews to reevaluate the acceptability of the Issuers, Zaidman disregarded various circumstances concerning management’s integrity that Zaidman should have considered and followed-up on as part of the audits. For example, the sole officer and founder of ShopEye resigned about one year after the incorporation of the company and was replaced within a very short time period and without any compensation for the sale of his shares. Further, there were numerous similarities between the Issuers, including that all were startup companies with minimal resources, where the Control Persons were the only contacts for day-to-day audit interaction but were not mentioned in any Commission filings and were not receiving any observable compensation. Although presented with these circumstances for the Issuers, Zaidman and ZBS Group did not consider whether there were risks of material misstatement related to management’s integrity and subsequently did not determine an appropriate audit response.

16. For the above reasons, Zaidman and ZBS Group failed to exercise due care and professional skepticism when evaluating information obtained during the client acceptance and retention process that was relevant to identifying risks of material misstatement and thus, failed to comply with AS No. 12, AS No. 13, and AU 230.

**(b) Zaidman and ZBS Group Failed to Obtain a Sufficient Understanding of the Company (AS No. 12 and AU 230)**

17. AS No. 12 requires that the auditor obtain an understanding of the company and its environment. This should include, among other things, obtaining an understanding of the company's organizational structure, management personnel, the sources of funding of the company's operations, and the company's operating characteristics. In addition, the auditor is required to make certain inquiries regarding fraud risks to personnel within the company and when necessary, corroborate responses or address inconsistencies. (AS No. 12 at ¶¶ 7, 10, 56, 58).

18. Zaidman and ZBS Group failed to comply with AS No. 12 and AU 230 as they failed to obtain a sufficient understanding of the Issuers and failed to exercise professional skepticism. In obtaining an understanding of the Issuers, Zaidman and ZBS Group failed to identify and/or address various red flags that arose during the course of the audits. For example:

- a. Zaidman and ZBS Group failed to obtain an understanding of the compensation arrangement with the Control Persons, which could have revealed that the company was not an operating company owned and controlled by the sole officer as presented and instead was an undisclosed blank check company owned and controlled by the Control Persons;
- b. Zaidman and ZBS Group never communicated directly with the sole officers or confirmed with them that the Control Persons were authorized to represent the Issuers on their behalf. Zaidman's communications throughout the audits were with one or more of the Control Persons; and,
- c. Zaidman and ZBS Group failed to question why there were numerous similarities between the Issuers, including that all were startup companies with minimal resources, where the Control Persons were the only contacts for day-to-day audit interaction but were not mentioned in any Commission filings and were not receiving any observable compensation. Further, all four Issuers also had notes payable with one of the Control Persons.

19. Zaidman and ZBS Group also failed to perform sufficient inquiries as part of risk assessment by not speaking with the sole officers or obtaining an understanding as to the lack of any expenses to advance the stated business plan.

**(c) Zaidman and ZBS Group Failed to Perform Sufficient Procedures over Related Parties and Failed to Include Procedures Designed to Identify Related-Party Transactions (AU 334 and AU 230)**

20. PCAOB Auditing Standard AU Section 334, *Related Parties*, ("AU 334") provides auditor requirements for identifying and testing related party transactions. AU 334 states that certain transactions may be indicative of the existence of related parties, including: (a) borrowing or lending on an interest-free basis or at a rate of interest significantly above or below market rates prevailing at the time of the transaction, (b) making loans with no scheduled terms for when or

how the funds will be repaid, and (c) transactions that are occurring, but are not being given accounting recognition, such as receiving or providing accounting, management or other services at no charge. Sufficient appropriate procedures over related parties should extend beyond inquiry of management. For each material related party transaction, the auditor should consider whether he has obtained sufficient appropriate evidential matter to understand the relationship of the parties and the effects of the transaction on the financial statements. The auditor should then evaluate all the information available to determine whether it is adequately disclosed in the financial statements. (AU 334 at ¶¶ .03, .08, .09, .11).

21. Zaidman and ZBS Group failed to comply with AU 334 as they failed to identify or evaluate whether material related party transactions were adequately and accurately presented and disclosed in the Issuers' financial statements. Zaidman and ZBS Group failed to comply with AU 230 by not exercising due care and professional skepticism when identifying or evaluating related party transactions.

22. First, the work papers relating to the ShopEye audits included discussion of a note for \$3,000 with an issue date of November 1, 2012, payable to a Florida limited liability company ("LLC") controlled by one of the Control Persons. Zaidman read the note which was signed by the Control Person and listed the Control Person's title as "Partner" of the LLC. The note did not indicate a specific due date, was due on demand, and listed 5% as the annual interest rate. The note, however was not listed or disclosed in the financial statements included in Commission filings as a related party transaction. Zaidman should have known that this note should have been disclosed in the financial statements as a related party transaction as it was entered into with an entity controlled by one of the Control Persons who also performed services for ShopEye. Similar notes payable were issued by FanSport, Big Clix, and Mobile Vault to the same LLC but were not accurately described in the financial statements. These notes payable were disclosed as issued to one investor even though neither the LLC nor the Control Person was a shareholder of the respective issuer. Also, the filings with the Commission for all the Issuers contained inaccurate statements that there were no related party transactions.

23. Second, documents evidence that the Control Persons provided accounting and management services for the Issuers. However, there is no supporting documentation to establish whether these services were paid or unpaid and whether they should have been disclosed as related party transactions. In addition, these services, whether paid or unpaid, were not given accounting recognition or disclosure in any of the filings with the Commission.

24. Zaidman and ZBS Group's audits lacked adequate procedures to evaluate whether these related party transactions should have been disclosed by the Issuers in the financial statements included in Commission filings and failed to appropriately design procedures to identify the Issuers' related party transactions.

**(d) Zaidman and ZBS Group Failed to Maintain Sufficient Audit Documentation (AS No. 3)**

25. PCAOB Auditing Standard No. 3, *Audit Documentation*, (“AS No. 3”) requires that the auditor prepare audit documentation in connection with each engagement conducted pursuant to the standards of the PCAOB. Audit documentation must contain sufficient information to enable an experienced auditor, having no previous connection with the engagement to: (a) understand the nature, timing, extent, and results of the procedures performed, evidence obtained, and conclusions reached, and (b) determine who performed the work and the date such work was completed as well as the person who reviewed the work and the date of such review. The auditor must retain audit documentation for at least seven years from the date the auditor grants permission to use the auditor’s report in connection with the issuance of the company’s financial statements. (AS No. 3 at ¶¶ 4, 6, 14).

26. Zaidman and ZBS Group failed to comply with AS No. 3 for the Issuers’ audits as certain audit work papers did not evidence who performed and reviewed the work and the dates such work was completed and reviewed. Furthermore, for the FanSport, Big Clix, and 2012 Mobile Vault audits, Zaidman and ZBS Group failed to retain certain audit work papers for at least seven years, including documentation over obtaining an understanding of the company and required risk inquiries, and the Supervision, Review and Approval Form.

**(e) ZBS Group Failed to Execute Engagement Quality Reviews (AS No. 7)**

27. PCAOB Auditing Standard No. 7, *Engagement Quality Review*, (“AS No. 7”) requires an engagement quality review and concurring approval of issuance for certain engagements conducted pursuant to the standards of the PCAOB. In an audit, the engagement quality reviewer may provide concurring approval of issuance only if, after performing with due professional care the review required by AS No. 7, he or she is not aware of a significant engagement deficiency. Furthermore, the firm may grant permission to the client to use the engagement report only after the engagement quality reviewer provides concurring approval of issuance. (AS No. 7 at ¶¶ 1, 12, 13).

28. ZBS Group did not obtain engagement quality reviews for the 2012 and 2013 Big Clix audits (including obtaining concurring approval of issuance). Zaidman was the engagement partner for these Big Clix audits and authorized the filing of and consented to the incorporation of these audit reports in Big Clix’s Commission filings.

**D. VIOLATIONS**

29. Section 17(a) of the Securities Act prohibits, in the offer or sale of securities, (1) employing any device, scheme or artifice to defraud, (2) obtaining money or property by means of any material misrepresentation or omission, or (3) engaging in any transaction, practice or course of business that operates or would operate as a fraud or deceit upon the purchaser. Section 10(b) of the Exchange Act and Rule 10b-5 thereunder prohibit, in connection with the purchase or sale of securities, (a) employing any device, scheme, or artifice to defraud, (b)

making any material misrepresentation or omission, or (c) engaging in any act, practice, or course of business that operates as a fraud or deceit upon any person. As a result of the actions described above, Zaidman and ZBS Group willfully violated Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder by performing and authorizing audit reports filed with the Commission that were so deficient that they amounted to no audits at all and that falsely stated that such audits were conducted in accordance with PCAOB standards.

30. Rule 2-02(b)(1) of Regulation S-X requires an accountant to state “whether the audit was made in accordance with generally accepted auditing standards.” As used with respect to Regulation S-X in relation to audits of issuers, the phrase “generally accepted auditing standards” means the “the standards of the PCAOB plus any applicable rules of the Commission.” SEC Release No. 34-49708 (May 14, 2004). As a result of the conduct described above for the Issuers’ audits, ZBS Group willfully violated Rule 2-02(b)(1) of Regulation S-X and Zaidman willfully aided and abetted and caused ZBS Group’s violations of Rule 2-02(b)(1) of Regulation S-X.

31. Rule 2-06 of Regulation S-X requires accountants to retain for seven years “records relevant to the audit or review, including work papers and other documents that form the basis of the audit or review.” As a result of the conduct described above for the FanSport, Big Clix, and 2012 Mobile Vault audits, ZBS Group willfully violated Rule 2-06 of Regulation S-X and Zaidman willfully aided and abetted and caused ZBS Group’s violations of Rule 2-06 of Regulation S-X.

32. Section 10A(a)(2) of the Exchange Act requires each audit of an issuer conducted by a registered public accounting firm to include “procedures designed to identify related party transactions that are material to the financial statements or otherwise require disclosure therein.” As a result of the conduct described above, ZBS Group and Zaidman, as the engagement partner on each of the Issuer’s audits, willfully violated Section 10A(a)(2) of the Exchange Act.

## **E. FINDINGS**

33. Based on the foregoing, the Commission finds that Zaidman willfully violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Section 10A(a)(2) of the Exchange Act, and willfully aided and abetted and caused ZBS Group’s violations of Rule 2-02(b)(1) and Rule 2-06 of Regulation S-X.

34. Based on the foregoing, the Commission finds that by willfully violating Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Section 10A(a)(2) of the Exchange Act, and willfully aiding and abetting ZBS Group’s violations of Rule 2-02(b)(1) and Rule 2-06 of Regulation S-X, Zaidman engaged in conduct subject to Section 4C(a)(3) of the Exchange Act and Rule 102(e)(1)(iii) of the Commission’s Rules of Practice.

35. Based on the foregoing, the Commission finds that ZBS Group willfully violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, Section 10A(a)(2) of the Exchange Act, and Rule 2-02(b)(1) and Rule 2-06 of Regulation S-X.

36. Based on the foregoing, the Commission finds that by willfully violating Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, Section 10A(a)(2) of the Exchange Act, and Rule 2-02(b)(1) and Rule 2-06 of Regulation S-X, ZBS Group engaged in conduct subject to Section 4C(a)(3) of the Exchange Act and Rule 102(e)(1)(iii) of the Commission's Rules of Practice.

37. Based on the foregoing, the Commission finds that Zaidman and ZBS Group engaged in improper professional conduct pursuant to Section 4C(a)(2) of the Exchange Act and Rule 102(e)(1)(ii) of the Commission's Rules of Practice.

#### IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondents Zaidman's and ZBS Group's Offer.

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

A. Zaidman and ZBS Group shall cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, Section 10A(a)(2) of the Exchange Act, and Rule 2-02(b)(1) and Rule 2-06 of Regulation S-X.

B. Zaidman is denied the privilege of appearing or practicing before the Commission as an accountant.

C. After five years from the date of this order, Zaidman may request that the Commission consider his 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 (other than as a member of an audit committee, as that term is defined in Section 3(a)(58) of the Securities Exchange Act of 1934). Such an application must satisfy the Commission that Zaidman's work in his practice before the Commission as an accountant will be reviewed either by the independent audit committee of the public company for which he works or in some other acceptable manner, as long as he practices before the Commission in this capacity; and/or

2. 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 as a member of an audit committee, as that term is defined in Section 3(a)(58) of the Securities Exchange Act of 1934. Such an application will be considered on a facts and circumstances basis with respect to such membership, and the applicant's burden of demonstrating good cause for reinstatement will be particularly high given the role of the audit committee in financial and accounting matters; and/or
3. an independent accountant.

Such an application must satisfy the Commission that:

- (a) Zaidman, or the public accounting firm with which he is associated, is registered with the Board in accordance with the Sarbanes-Oxley Act of 2002, and such registration continues to be effective;
- (b) Zaidman, or the registered public accounting firm with which he 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 Zaidman will not receive appropriate supervision;
- (c) Zaidman 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) Zaidman acknowledges his responsibility, as long as he 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, engagement quality reviews and quality control standards.

D. The Commission will consider an application by Zaidman to resume appearing or practicing before the Commission provided that his state CPA license is current and he 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 Zaidman's character, integrity, professional conduct, or qualifications to appear or practice before the Commission as an accountant. Whether an application demonstrates good cause will be considered on a facts

and circumstances basis with due regard for protecting the integrity of the Commission's processes.

E. ZBS Group is denied the privilege of appearing or practicing before the Commission as an independent accountant.

F. After five years from the date of this order, ZBS Group may request that the Commission consider its reinstatement by submitting an application (attention: Office of the Chief Accountant) to resume appearing or practicing before the Commission as an independent account. Such an application must satisfy the Commission that:

- (a) ZBS Group is registered with the Board in accordance with the Sarbanes-Oxley Act of 2002, and such registration continues to be effective. However, if registration with the Board is dependent upon reinstatement by the Commission, the Commission will consider the application on its other merits;
- (b) ZBS Group hired an independent CPA consultant ("consultant") who is not unacceptable to the staff of the Commission and is affiliated with a public accounting firm registered with the Board, that has conducted a review of ZBS Group's quality control system and submitted to the staff of the Commission a report that describes the review conducted and procedures performed, and represents that the review did not identify any criticisms of or potential defects in the Firm's quality control system that would indicate that any of ZBS Group's employees will not receive appropriate supervision. ZBS Group agrees to require the consultant, if and when retained, to enter into an agreement that provides that for the period of review and for a period of two years from completion of the review, the consultant shall not enter into any employment, consultant, attorney-client, auditing or other professional relationship with ZBS Group, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity. The agreement will also provide that the consultant will require that any firm with which he/she is affiliated or of which he/she is a member, and any person engaged to assist the consultant in performance of his/her duties under this Order shall not, without prior consent of the staff, enter into any employment, consultant, attorney-client, auditing or other professional relationship with ZBS Group, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such for the period of the review and for a period of two years after the review;

- (c) ZBS Group 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) ZBS Group acknowledges its responsibility, as long as it 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, engagement quality reviews and quality control standards.

G. The Commission will consider an application by ZBS Group to resume appearing or practicing before the Commission provided that its state CPA license is current and it 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 ZBS Group's character, integrity, professional conduct, or qualifications to appear or practice before the Commission as an accountant. Whether an application demonstrates good cause will be considered on a facts and circumstances basis with due regard for protecting the integrity of the Commission's processes.

H. Respondents Zaidman and ZBS Group shall pay, jointly and severally, disgorgement of \$19,500.00, prejudgment interest of \$3,961.90 and civil penalties of \$25,000.00, to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). Payment shall be made in the following installments:

- 1) \$8,076.98 within 10 days of the entry of the Order;
- 2) \$8,076.98 within 45 days of the entry of the Order;
- 3) \$8,076.98 within 80 days of the entry of the Order;
- 4) \$8,076.98 within 115 days of the entry of the Order;
- 5) \$8,076.98 within 150 days of the entry of the Order;
- 6) \$8,077.00 within 180 days of the entry of the Order;

Payments shall be applied first to post order interest, which accrues pursuant to SEC Rule of Practice 600 and pursuant to 31 U.S.C. 3717. Prior to making the final payment set forth herein, Respondents shall contact the staff of the Commission for the amount due. If Respondents fail to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Order, including post-order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission.

Payment must be made in one of the following ways:

- (1) Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondents may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondents may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Dov Zaidman and ZBS Group LLP as Respondents in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Glenn S. Gordon, Associate Regional Director, Division of Enforcement, Securities and Exchange Commission, 801 Brickell Avenue, Suite 1800, Miami, FL 33131.

I. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondents' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents agree that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against one or both Respondents by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent Zaidman, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent Zaidman under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent Zaidman of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Vanessa A. Countryman  
Acting Secretary