

ORDER

II.

In anticipation of institution of these proceedings, and pursuant to PCAOB Rule 5205, Respondents have each submitted an Offer of Settlement ("Offers") that the Board has determined to accept. Solely for purposes of these proceedings and any other proceedings brought by or on behalf of the Board, or to which the Board is a party, and without admitting or denying the findings herein, except as to the Board's jurisdiction over Respondents and the subject matter of these proceedings, which is admitted, Respondents consent to entry of this Order Instituting Disciplinary Proceedings, Making Findings and Imposing Sanctions ("Order") as set forth below.

III.

On the basis of Respondents' Offers and information obtained by the Board in this matter, the Board finds^{2/} that:

A. Respondents

1. Jaspers + Hall, PC is a public accounting firm with offices in Colorado Springs, Colorado and Denver, Colorado. Jaspers and Hall formed J+H in October 2003 and are its only partners. At all relevant times, J+H was licensed under the laws of the State of Colorado to engage in the practice of public accounting (license no. FRM-12673). J+H is registered with the Board pursuant to Section 102 of the Act and Board rules.

2. Jaspers, 54, of Denver, Colorado, is a certified public accountant licensed under the laws of the state of Colorado (license no. CPA-21617). At all relevant times,

^{2/} The findings herein are made pursuant to the Respondents' Offers and are not binding on any other person or entity in this or any other proceeding. The sanctions that the Board is imposing in this Order may be imposed only if a respondent's conduct meets one of the conditions set out in Section 105(c)(5) of the Act, 15 U.S.C. § 7215(c)(5). The Board finds that Respondents' conduct described in this Order meets the conditions set out in Section 105(c)(5), which provides that such sanctions may be imposed in the event of "(A) intentional or knowing conduct, including reckless conduct, that results in violation of the applicable statutory, regulatory, or professional standard; or (B) repeated instances of negligent conduct, each resulting in a violation of the applicable statutory, regulatory, or professional standard."

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he was a partner in J+H and was an associated person of J+H as that term is defined in Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(i).

3. Hall, 43, of Castle Rock, Colorado, is a certified public accountant licensed under the laws of the state of Colorado (license no. CPA-20449). At all relevant times, he was a partner in J+H and was an associated person of J+H as that term is defined in Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(i).

B. Summary

4. This matter involves numerous and repeated violations of PCAOB auditing standards by Respondents in the audits of the financial statements of four issuer clients from 2005 through 2007. As detailed below, during the course of these audits Respondents consistently failed to perform the most basic functions and procedures required to evaluate the financial statements of their issuer clients. Among other things, Respondents failed (1) to perform adequate, or sometimes any, audit procedures in areas such as cash, deferred revenue, business acquisition accounting, equity, income taxes, related party transactions, and using the work of specialists; (2) to plan the audits, prepare audit programs, and prepare audit completion documents; (3) to identify and appropriately address departures from Generally Accepted Accounting Principles ("GAAP") concerning contingencies; and (4) to retain audit documentation for the required period of time.

C. Respondents Violated PCAOB Auditing Standards

5. In connection with the preparation or issuance of an audit report, PCAOB Rules require that a registered public accounting firm and its associated persons comply with the Board's auditing and related professional practice standards.^{3/} An auditor may express an unqualified opinion on an issuer's financial statements only when the auditor has formed such an opinion on the basis of an audit performed in accordance with PCAOB standards.^{4/} Among other things, those standards require that an auditor exercise due professional care, exercise professional skepticism, obtain sufficient competent evidential matter to afford a reasonable basis for an opinion regarding the

^{3/} See PCAOB Rules 3100, 3200T.

^{4/} See AU § 508.07, Reports on Audited Financial Statements.

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financial statements, and prepare and maintain appropriate audit documentation.^{5/} As detailed below, Respondents failed to meet these standards.

(1) Audits of Fiscal Year 2004, 2005, and 2006 Financial Statements of Force Protection, Inc.

6. Force Protection, Inc. ("Force Protection") is a Nevada corporation with principal offices in Ladson, South Carolina. At all relevant times, its common stock was registered under Section 12(b) of the Securities Exchange Act of 1934 ("Exchange Act") and was listed on the NASDAQ Stock Market. Force Protection's public filings disclose that it is a manufacturer of ballistic and blast protected vehicles. At all relevant times, Force Protection was an "issuer" as defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

7. J+H was engaged as Force Protection's independent auditor from 2005 to 2007.^{6/} During that time, J+H issued several audit reports on Force Protection's financial statements. Each report stated that the audit was conducted in accordance with PCAOB standards, expressed an unqualified audit opinion, and stated that, in J+H's opinion, the company's financial statements were fairly presented in all material respects in conformity with U.S. GAAP. The audit reports were dated April 8, 2005 (included in Force Protection's Form 10-KSB filed with the Securities and Exchange Commission ("Commission") on April 14, 2005), March 17, 2006 (included in Force Protection's Form 10-K filed with the Commission on April 13, 2006), March 2, 2007 (included in Force Protection's Form 10-K filed with the Commission on March 16, 2007), April 16, 2007 (a dual-dated reissue of the March 17, 2006 report, included in Force Protection's Form 10-K/A for FY 2005 filed with the Commission on June 27, 2007), and June 5, 2007 (a dual-dated reissue of the March 2, 2007 report, included in Force Protection's Form 10-K/A filed with the Commission on June 11, 2007). The financial statements opined on included financial statements, and restated financial

^{5/} See AU § 150.02, Generally Accepted Auditing Standards; AU § 230, Due Professional Care in the Performance of Work; AU § 326, Evidential Matter; Auditing Standard No. 3, Audit Documentation ("AS No. 3").

^{6/} On November 10, 2006, Force Protection dismissed J+H as its auditor effective upon the completion of the audit of Force Protection's FY 2006 financial statements.

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statements, for fiscal years (ending December 31) 2003,^{7/} 2004, 2005, and 2006. For each of the audits, Hall was the engagement partner who had final responsibility for the audit, and Jaspers served as the concurring review partner.

Audit of FY 2006 Financial Statements

8. J+H and Hall's audit of Force Protection's FY 2006 financial statements was deficient in several respects. First, they failed to perform sufficient procedures to verify the existence of approximately \$155 million of cash, which represented 57 percent of Force Protection's reported assets. J+H's work papers include copies of Force Protection bank statements accounting for approximately two-thirds of the reported cash, but when J+H received no reply to a confirmation request sent to the bank, J+H and Hall failed to perform alternative procedures to verify that Force Protection had the cash. They also failed to perform any procedures or obtain any audit evidence concerning the other one-third of the reported cash.

9. J+H and Hall also failed to perform procedures to evaluate whether reported deferred revenue, which represented 22.7 percent of Force Protection's total liabilities, included all appropriate amounts, was appropriately classified as deferred revenue, and was reported in the appropriate period. J+H and Hall failed to perform such procedures even though that same failure in an earlier Force Protection audit had been brought to their attention, as an auditing deficiency, by PCAOB inspectors.

10. In addition, J+H and Hall failed to perform any procedures or gather any audit evidence concerning a reported deferred tax benefit that represented 67.7 percent of Force Protection's net earnings, and Hall has acknowledged that he did not understand the accounting for the deferred tax benefit.^{8/}

^{7/} With regard to Force Protection's restated financial statements for the year ended December 31, 2003, J+H's audit report covered only the adjustments that Force Protection had made to its original financial statements. J+H opined that those adjustments were "appropriate" and "properly applied."

^{8/} PCAOB standards provide that "[t]he auditor with final responsibility for the engagement should know, at a minimum, the relevant professional accounting and auditing standards and should be knowledgeable about the client." AU § 230.06.

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11. The audit was deficient in various other respects as well. Specifically, J+H and Hall failed to comply with PCAOB standards that require an auditor (1) to obtain written representations from management concerning certain matters, including a representation concerning management's belief that the financial statements are fairly presented in conformity with GAAP;^{9/} (2) to establish and document an understanding with the client regarding the services to be performed for each engagement;^{10/} and (3) to prepare an engagement completion document identifying all significant findings or issues.^{11/}

Audits of FY 2005, 2004, and 2003 Restated Financial Statements

12. J+H and Hall's audit of Force Protection's restated FY 2005, 2004, and 2003 financial statements also failed to comply with PCAOB standards. In particular, J+H and Hall used the work of a valuation specialist in performing that audit but, in violation of PCAOB standards (1) failed to evaluate the professional qualifications of the specialist, to determine whether he had the necessary skill or knowledge to perform the valuations in question; (2) failed to test in any respect the data provided to the specialist by Force Protection; and (3) failed to obtain an understanding of the assumptions used by the specialist in its valuations.^{12/}

Audits of FY 2005 and 2004 Financial Statements and Retention of Certain Work Papers

13. J+H and Hall also violated PCAOB audit documentation retention requirements with respect to documentation for the FY 2005 and 2004 audits of Force Protection's financial statements. PCAOB standards require an auditor to "retain audit documentation for 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

^{9/} See AU § 333.05-.06, Management Representations.

^{10/} See AU § 310.05, Appointment of the Independent Auditor.

^{11/} See AS No. 3, ¶ 13.

^{12/} These procedures are required by AU § 336, *Using the Work of a Specialist*, paragraphs .08 and .12.

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(report release date), unless a longer period of time is required by law."^{13/} J+H and Hall, however, failed to retain significant portions of their documentation for the required period (having transmitted the documentation to Force Protection, without retaining a copy, in connection with Force Protection's work on the restatement), and were unable to provide the documentation in response to demands made in a PCAOB investigation.

(2) Audit of FY 2005 Financial Statements of Bio-Warm Corporation (f/k/a Rapid Bio Tests Corp.)

14. Bio-Warm Corporation (f/k/a Rapid Bio Tests Corp.) ("Bio-Warm") was a Nevada corporation with principal offices in Huntington Beach, California. At all times relevant to this Order, Bio-Warm's common stock was registered under Section 12(g) of the Exchange Act and was quoted on the OTC Bulletin Board. Bio-Warm's public filings disclose that it was a development stage company pursuing the manufacturing and marketing of infrared conductive textile products. At all times relevant to this Order, Bio-Warm was an "issuer" as defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

15. J+H was engaged as Bio-Warm's independent auditor in 2005 and issued an audit report dated July 11, 2005 that was included in Bio-Warm's Form 10-KSB filed with the Commission on July 18, 2005. The report expressed an unqualified audit opinion on Bio-Warm's financial statements for the year ended February 28, 2005, and stated that, in J+H's opinion, the company's financial statements were fairly presented in all material respects in conformity with U.S. GAAP. The audit report also stated that J+H's audit was conducted in accordance with PCAOB standards. For the audit related to that audit report, Jaspers was the engagement partner, and Hall served as the concurring review partner.

16. In its FY 2005 financial statements, Bio-Warm reported that, during FY 2005, it had acquired another entity, Mirae Tech, Ltd. ("Mirae Tech"), pursuant to a stock purchase agreement and accounted for the acquisition under the purchase method. According to Bio-Warm's FY 2005 financial statements, the tangible assets acquired in the transaction represented 99.9 percent of Bio-Warm's total assets at the end of FY 2005. Bio-Warm initially recorded \$1,293,028 of goodwill in the Mirae Tech transaction. Three months later, however, Bio-Warm management determined to write

^{13/} AS No. 3, ¶ 14.

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off the goodwill, an expense that represented approximately 18 percent of Bio-Warm's net loss for 2005.

17. Other than obtaining a copy of the stock purchase agreement, J+H and Jaspers failed to perform any audit procedures with respect to the Mirae Tech transaction. Among other failures, J+H and Jaspers (1) failed to perform any procedures to test the values Bio-Warm assigned to the tangible assets acquired and the liabilities assumed in the business combination; (2) failed to perform any procedures concerning Bio-Warm's reported acquisition expenses, which accounted for 74.9 percent of Bio-Warm's net loss for FY 2005; (3) failed to resolve a material inconsistency between the number of shares that the stock purchase agreement stated Bio-Warm would issue in the transaction and the number of shares Bio-Warm actually reported issuing; and (4) failed to test in any way management's representation that Bio-Warm was the acquiring entity in the business combination.

18. J+H and Jaspers also failed to perform any audit procedures with respect to the goodwill that Bio-Warm initially recorded, upon consummating the business combination, but then completely wrote off only three months later. In particular, J+H and Jaspers did not review any impairment test on the goodwill prepared by Bio-Warm management, were not aware of any events or changes in circumstances that led Bio-Warm to write off the goodwill three months after recording it, and failed to perform any procedures to test management's conclusion that the goodwill should be written off.

(3) Audits of FY 2005 and 2006 Financial Statements of Siena Technologies, Inc. (f/k/a Network Installation Corp.)

19. Siena Technologies, Inc. (f/k/a Network Installation Corp.) ("Siena") is a Nevada corporation with principal offices in Las Vegas, Nevada. Its common stock is registered under Section 12(g) of the Exchange Act and is quoted on the OTC Bulletin Board. Siena's public filings disclose that it specializes in the design, development, and integration of automated system networks for the gaming, entertainment, and luxury residential markets. At all relevant times, Siena was an "issuer" as defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

20. J+H was engaged as Siena's independent auditor in 2005.^{14/} J+H issued an audit report dated April 12, 2006 that was included in Siena's Form 10-KSB filed with

^{14/} On July 10, 2008, Siena dismissed J+H as its auditor.

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the Commission on April 18, 2006. The report expressed an unqualified audit opinion on Siena's financial statements for the year ended December 31, 2005. J+H also issued an audit report dated May 15, 2007 that was included in Siena's Form 10-KSB filed with the Commission on May 18, 2007, which also included restated financial statements for the year ended December 31, 2005. The report expressed an unqualified audit opinion on Siena's financial statements for the years ended December 31, 2006 and 2005 (as restated). The reports stated that, in J+H's opinion, the company's financial statements were fairly presented in all material respects in conformity with U.S. GAAP. Those audit reports also stated that J+H's audits were conducted in accordance with PCAOB standards. For the audits related to those audit reports, Hall was the engagement partner, and Jaspers served as the concurring review partner.

21. J+H and Hall's audit of Siena's FY 2005 financial statements exhibited many of the same deficiencies that existed in the audit of Bio-Warm's FY 2005 financial statements. This occurred even though similar deficiencies in the Bio-Warm audit had been brought to the attention of Respondents by PCAOB inspectors before J+H and Hall began the Siena FY 2005 audit.

22. Specifically, J+H and Hall failed during the FY 2005 Siena audit to perform any procedures to test the values assigned to the assets acquired and the liabilities assumed in a significant business combination that Siena had undertaken in FY 2005.^{15/} In addition, J+H and Hall failed to evaluate the appropriateness of Siena's almost immediate write-off of \$3.8 million of the \$11.1 million of goodwill Siena initially recorded in connection with the business combination.^{16/}

23. During the FY 2006 Siena audit, J+H and Hall again failed to perform procedures concerning goodwill. As of the end of FY 2006, the goodwill remaining on Siena's balance sheet accounted for more than 67 percent of Siena's assets. Siena did not write off any additional goodwill during FY 2006. According to an analysis J+H had obtained from Siena during FY 2005, part of the reason Siena wrote off \$3.8 million of

^{15/} Siena disclosed that it acquired net assets of \$10.2 million in the business combination, nearly ten times the total assets Siena had reported at the end of the prior fiscal year.

^{16/} The goodwill write-off accounted for approximately 24.5 percent of the net loss that Siena reported in its initially-filed FY 2005 financial statements.

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goodwill in FY 2005 was a decline in Siena's stock price. Although Siena's stock price continued to decline during FY 2006, and Siena did not write off any additional goodwill, J+H and Hall failed to perform any procedures or obtain any audit evidence concerning the value of Siena's goodwill during the FY 2006 audit.

24. J+H and Hall's audit of Siena's restated FY 2005 financial statements also failed to comply with PCAOB standards. As they had in the audit of Force Protection's restated financial statements, J+H and Hall used the work of a valuation specialist in performing the audit of Siena's restated FY 2005 financial statements. In performing that Siena audit, J+H and Hall again failed to test, in any respect, the data upon which the specialist's valuations were based and again failed to obtain an understanding of either the specialist's methodology or the assumptions used in the specialist's valuations.^{17/}

(4) Audits of FY 2005 and 2006 Financial Statements of GeneThera, Inc.

25. GeneThera, Inc. ("GeneThera") is a Florida corporation with principal offices in Wheat Ridge, Colorado. Its common stock is registered under Section 12(g) of the Exchange Act and is quoted on the OTC Bulletin Board. GeneThera's public filings disclose that it is a development stage company engaged in the ongoing development of technology to detect the presence of infectious disease from the blood of live animals. At all relevant times, GeneThera was an "issuer" as defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

26. J+H was engaged as GeneThera's independent auditor on or about March 15, 2006. J+H issued an audit report dated May 22, 2006 that was included in an amended Form 10-KSB that GeneThera filed with the Commission on August 1, 2006. The report expressed an unqualified audit opinion on GeneThera's financial statements for the year ended December 31, 2005. J+H subsequently issued an audit report dated April 18, 2007 that was included in an amended Form 10-KSB GeneThera filed with the Commission on May 2, 2007. The report expressed an unqualified audit opinion on GeneThera's financial statements for the years ended December 31, 2006 and 2005. The reports stated that, in J+H's opinion, the company's financial statements were fairly presented in all material respects in conformity with U.S. GAAP. Those reports also

^{17/} These procedures are required by AU § 336.12.



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stated that J+H's audits were conducted in accordance with PCAOB standards. For the audits related to those audit reports, Jaspers was the engagement partner.

27. J+H and Jaspers' audits of GeneThera's FY 2005 and 2006 financial statements were also deficient in numerous respects. First, in violation of PCAOB standards,^{18/} J+H and Jaspers did not perform any planning procedures for either audit – indeed, they did not even prepare a written audit program.

28. Second, J+H and Jaspers failed to adequately evaluate GeneThera's reporting of a \$101,000 "contingency liability" (representing approximately 7 percent of GeneThera's total liabilities) as of December 31, 2006 and GeneThera's simultaneous disclosure that it was "confident that the amount is currently not owed."^{19/} Under GAAP, the reported liability and the disclosure could not both be appropriate.^{20/} J+H and Jaspers failed to identify and appropriately address this inconsistency.^{21/} Moreover,

^{18/} PCAOB standards require that audit field work "be adequately planned." AU § 311.01, *Planning and Supervision*. In planning an audit, "the auditor should consider the nature, extent, and timing of work to be performed and should prepare a written audit program (or set of written audit programs) for every audit." AU § 311.05.

^{19/} See GeneThera December 31, 2006 Form 10-KSB/A, filed May 2, 2007, at F-13.

^{20/} Under GAAP, an estimated loss from a contingency should be recorded only if "[i]nformation available prior to issuance of the financial statements indicates that it is probable that . . . a liability had been incurred at the date of the financial statements" and "the amount of loss can be reasonably estimated." See Statement of Financial Accounting Standards ("SFAS") No. 5, ¶ 8, *Accounting For Contingencies* (emphasis added).

^{21/} An auditor's opinion that an issuer's financial statements are presented in conformity with GAAP must be based on an audit performed in accordance with PCAOB standards. PCAOB standards require an auditor to perform audit procedures sufficient to evaluate the issuer's adherence to GAAP. This Order's description of audit failures relating to GAAP departures in an issuer's financial statements necessarily reflects the Board's judgment concerning the proper application of GAAP. Any such description of GAAP departures, however, should not be understood as an indication that the

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other than obtaining representations from management, J+H and Jaspers did nothing to evaluate either GeneThera's contention that the "contingency liability" was "not owed" or the reasonableness of GeneThera's estimate as to the amount of the "contingency liability."

29. Third, J+H and Jaspers failed to obtain any audit evidence concerning at least 30 equity transactions into which GeneThera represented that it had entered during FY 2006. J+H and Jaspers failed to perform any audit procedures concerning those transactions even though (1) the transactions accounted for at least 30 percent of GeneThera's reported net loss for FY 2006; and (2) there were indications in J+H's work papers that one of the transactions was a material, undisclosed, related-party transaction.^{22/}

30. Finally, during the FY 2005 audit of GeneThera's financial statements, J+H and Jaspers failed to adequately consider the risk of fraud. PCAOB standards concerning fraud risk require an auditor to "gain an understanding of the business rationale" for "transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual given the auditor's understanding of the entity and its environment."^{23/} In violation of those standards, J+H and Jaspers failed to ascertain the business purpose of several unusual expenses reflected on GeneThera's FY 2005 credit card statements, including \$9,000 in expenses GeneThera incurred at an art gallery, \$1,000 in expenses GeneThera incurred for diamond earrings, and expenses GeneThera incurred for the purchase of what appear to be household groceries.^{24/} In addition, J+H and Jaspers failed to evaluate whether those unusual expenses were individually, or in the aggregate, qualitatively material to GeneThera's financial statements.

Commission has considered or made any determination concerning the issuer's compliance with GAAP.

^{22/} GAAP provides that "[f]inancial statements shall include disclosures of material related party transactions" SFAS No. 57, ¶ 2, *Related Party Disclosures*.

^{23/} AU § 316.66, Consideration of Fraud in a Financial Statement Audit.

^{24/} Jaspers acknowledged that he reviewed the relevant credit card statements during the FY 2005 GeneThera audit.

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(5) Jaspers' Violations of AS No. 3

31. AS No. 3 provides, in part, that "Audit documentation must contain sufficient information to enable an experienced auditor, having no previous connection with the engagement: . . . To 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."^{25/} In violation of this requirement and despite PCAOB inspectors having previously informed Jaspers of deficiencies in his audit documentation, Jaspers made it his practice, until at least May 21, 2007, not to sign, date, or initial work papers he prepared or reviewed in performing audits for issuer clients, including in the audits of Bio-Warm and GeneThera.

IV.

In view of the foregoing, and to protect the interests of investors and further the public interest in the preparation of informative, fair, and independent audit reports, the Board determines it appropriate to impose the sanctions agreed to in Respondents' Offers. Accordingly, it is hereby ORDERED that:

- A. Pursuant to Section 105(c)(4)(A) of the Act and PCAOB Rule 5300(a)(1), the registration of Jaspers + Hall, PC is revoked;
- B. After five (5) years from the date of this Order, Jaspers + Hall, PC may reapply for registration by filing an application pursuant to PCAOB Rule 2101;
- C. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), Thomas M. Jaspers is barred from being an associated person of a registered public accounting firm, as that term is defined in Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(1);

^{25/} AS No. 3, ¶ 6.b.

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- D. After five (5) years from the date of this Order, Jaspers may file a petition, pursuant to PCAOB Rule 5302(b), for Board consent to associate with a registered public accounting firm;^{26/}
- E. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), Patrick A. Hall is barred from being an associated person of a registered public accounting firm, as that term is defined in Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(1);
- F. After five (5) years from the date of this Order, Hall may file a petition, pursuant to PCAOB Rule 5302(b), for Board consent to associate with a registered public accounting firm.^{27/}

ISSUED BY THE BOARD.

/s/ J. Gordon Seymour

J. Gordon Seymour
Secretary

October 21, 2008

^{26/} In considering any such petition, the Board will assess all of the factors described in PCAOB Rule 5302(b) and, among other things, will give weight to whether Jaspers has, in the period after the date of this Order, completed at least 300 hours of continuing professional education directly related to the audit of financial statements of issuers.

^{27/} In considering any such petition, the Board will assess all of the factors described in PCAOB Rule 5302(b) and, among other things, will give weight to whether Hall has, in the period after the date of this Order, completed at least 300 hours of continuing professional education directly related to the audit of financial statements of issuers.