

**PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD**

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In the Matter of *Chr. Mortensen-*  
*Revisionsfirma, statsautoriseret*  
*revisionsinteressentskab,*  
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Respondent.  
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PCAOB File No. 105-2015-008

**Notice of Finality of Initial Decision**

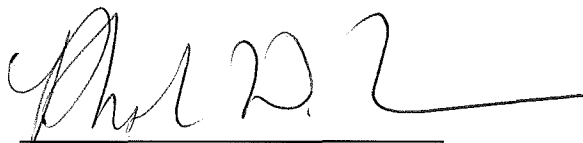
January 12, 2016

On November 17, 2015, the Chief Hearing Officer of the Public Company Accounting Oversight Board issued the attached Initial Decision pursuant to PCAOB Rule 5204(b) ordering, as sanctions, that the PCAOB registration of Chr. Mortensen-Revisionsfirma, statsautoriseret revisionsinteressentskab ("the Firm") be permanently revoked and that the Firm pay a civil money penalty in the amount of \$7,500. Additionally, the Chief Hearing Officer censured the Firm.

There having been no petition for Board review of the Initial Decision filed by any party pursuant to PCAOB Rule 5460(a) and no action by the Board to call the matter for review pursuant to PCAOB Rule 5460(b), the Initial Decision has today become final as to Chr. Mortensen-Revisionsfirma, statsautoriseret revisionsinteressentskab pursuant to PCAOB Rule 5204(d).

The Firm shall pay the civil money penalty by (a) wire transfer pursuant to instructions provided by Board staff; or (b) United States postal money order, certified check, bank cashier's check or bank money order; (c) made payable to the Public Company Accounting Oversight Board; (d) delivered to the Controller, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington D.C. 20006; and (e) submitted under a cover letter which identifies Chr. Mortensen-Revisionsfirma, statsautoriseret revisionsinteressentskab as a respondent in these proceedings, sets forth the title and PCAOB File Number of these proceedings, and states that payment is made pursuant to this Notice, a copy of which cover letter and money order or check shall be sent to Office of the Secretary, Attention: Phoebe W. Brown, Secretary, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington, D.C. 20006.

Effective Date of Sanctions: If the Firm does not file an application for review by the Securities and Exchange Commission ("Commission") and the Commission does not order review of sanctions ordered against the Firm on its own motion, the effective date of the sanctions shall be the later of the expiration of the time period for filing an application for Commission review or the expiration of the time period for the Commission to order review. If the Firm files an application for review by the Commission or the Commission orders review of sanctions ordered against the Firm, the effective date of the sanctions ordered against the Firm shall be the date the Commission lifts the stay imposed by Section 105(e) of the Sarbanes-Oxley Act of 2002.

A handwritten signature in black ink, appearing to read "Phoebe W. Brown", written over a horizontal line.

Phoebe W. Brown  
Secretary

January 12, 2016

In the Matter of Chr. Mortensen-  
Revisionsfirma, statsautoriseret  
revisionsinteressentskab,

Respondent.

PCAOB No. 105-2015-008

Hearing Officer – MBD

**INITIAL DECISION (DEFAULT)**

November 17, 2015

### *Summary*

***Respondent was held in default, pursuant to PCAOB Rule 5409(a), for failing to file an Answer in response to the Order Instituting Disciplinary Proceedings (“OIP”). The allegations in the OIP, which are deemed true and are also supported by evidence in the record, establish that Respondent failed to file annual reports for the years 2012, 2013 and 2014, as required by Section 102(d) of the Sarbanes-Oxley Act of 2002, as amended, 15 U.S.C. § 7201 et seq. (“Sarbanes-Oxley Act”), and PCAOB Rule 2200. For this violation, pursuant to Sections 105(c)(4) and 105(c)(5) of the Sarbanes-Oxley Act and PCAOB Rule 5300(a), Respondent is censured, Respondent’s registration with the PCAOB is permanently revoked, and Respondent is ordered to pay a civil money penalty in the amount of \$7,500.00.***

### *Appearances*

Noah A. Berlin, Esq., Washington, D.C., for the Division of Enforcement and Investigations.

No appearance by or on behalf of Respondent Chr. Mortensen-Revisionsfirma, statsautoriseret revisionsinteressentskab.

## **INITIAL DECISION**

### **1. Factual Background**

On June 10, 2015, the Public Company Accounting Oversight Board (“PCAOB” or the “Board”) issued an Order Instituting Disciplinary Proceedings (“OIP”) against Respondent Chr. Mortensen-Revisionsfirma, statsautoriseret revisionsinteressentskab (“Respondent”) pursuant to Section 105(c) of the Sarbanes-Oxley Act of 2002, as amended, 15 U.S.C. § 7201 et seq. (“Sarbanes-Oxley Act”), and PCAOB Rule 5200(a)(1). The OIP alleges that Respondent, a partnership located in Copenhagen, Denmark, and registered with the Board since 2007, failed to file annual reports with the Board for the years 2012, 2013, and 2014 in violation of Section 102(d) of the Sarbanes-Oxley Act and PCAOB Rule 2200. The OIP directed that proceedings be held to determine whether the allegations were true, to afford Respondent an opportunity to establish any defenses to the allegations, and, if violations were found, to determine what sanctions were appropriate pursuant to Section 105(c)(4) of the Sarbanes-Oxley Act and PCAOB Rule 5300(a). The OIP further directed Respondent to file an Answer to the allegations contained in the OIP “within twenty (20) days after service of this Order,” and also provided

If the Respondent fails to file the directed Answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against that Respondent upon consideration of the record, including this Order, the allegations of which may be deemed to be true, as provided by PCAOB Rule 5409(a).

On June 22, 2015, the Office of the Secretary of the Board filed a Notice of Service stating that the OIP in this matter was served on Respondent by delivering the document by Federal Express on June 12, 2015 to the address used in Respondent’s registration application (“Registered Address”), as evidenced by a confirmation of receipt attached to the Notice of

Service. As the Notice of Service explained in footnote 1, while Denmark is a signatory to the Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters, Nov. 15, 1965, 20 U.S.T. 361, T.I.A.S. No. 6638 (1969) (the “Convention”), Denmark does not object to the method of service provided in Article 10(a) of the Convention. As a result, the Convention would not preclude sending judicial documents through postal channels directly to persons in Denmark pursuant to Article 10(a) of the Convention, and service by Federal Express and other private international couriers is treated as the equivalent of service through postal channels under the Convention. *See Zhang v. Baidu.com Inc.*, 932 F. Supp. 2d 561, 567 (S.D.N.Y. 2013); *Advanced Aerofoil Techs., AG v. Todaro*, 11 Civ. 9505 (ALC) (DCF), 2012 U.S. Dist. LEXIS 12383 at \*5 (S.D.N.Y. Jan. 31, 2012). Service of the OIP was accordingly effected in a manner consistent with the Convention.

Based on the foregoing, Respondent received actual notice of this proceeding through lawful service of the OIP.

Respondent failed to file an Answer to the OIP. On July 23, 2015, the Hearing Officer issued an Order directing Respondent to show cause why it should not be deemed to be in default pursuant to PCAOB Rule 5409(a)(2) (“Show Cause Order”). The Show Cause Order directed Respondent to file a response by August 24, 2015, and advised Respondent that if it failed to respond to the Show Cause Order within the time allowed, Respondent may be deemed to be in default, and a default decision may be issued finding that Respondent committed the violations alleged in the OIP and imposing sanctions. A copy of the Show Cause Order was sent to Respondent by the Office of the Hearing Officer by both email to the email address listed in Respondent’s registration application (“Email Address”) and FedEx International to Respondent’s Registered Address. A “read-receipt” message sent to the Hearing Office indicates

that Respondent received and read the email attaching the Show Cause Order on July 23, 2015, and a FedEx tracking receipt indicates that the package containing the Show Cause Order was delivered to Respondent on July 27, 2015.

Respondent did not respond to the Show Cause Order. On September 11, 2015, the Hearing Officer issued an Order deeming Respondent to be in default pursuant to PCAOB Rule 5409(a)(2) (the “Default Order”). The Default Order directed the Division of Enforcement and Investigations (“Division”) to file a motion for issuance of a default decision with supporting materials by October 21, 2015, addressing Respondent’s violations and the appropriate sanctions for the violations. A copy of the Default Order was sent to Respondent by the Office of the Hearing Officer to Respondent’s Email Address and to Respondent’s Registered Address by FedEx International. A “read-receipt” message sent to the Hearing Office indicates that Respondent received and read the email attaching the Default Order on September 11, 2015, and a FedEx tracking receipt indicates that the package containing the Default Order was delivered to Respondent on September 14, 2015.

On October 20, 2015, the Division filed a Motion for Issuance of a Default Decision (“Default Motion”), together with supporting evidentiary materials, seeking the censure of Respondent, the revocation of Respondent’s registration, and the imposition of a civil money penalty of \$7,500.00. To date, Respondent has not filed any response to the Default Motion or otherwise participated in this proceeding.

For the reasons set forth below, the Division’s Default Motion is **GRANTED**. Respondent is censured, Respondent’s registration with the PCAOB is permanently revoked, and Respondent is ordered to pay a civil money penalty of \$7,500.00.

## 2. Violations

The factual allegations in the OIP are deemed true pursuant to PCAOB Rule 5409(a). Additionally, a review of the evidentiary materials filed by the Division in support of its Default Motion supports a determination that the OIP's factual allegations are true.<sup>1</sup>

Respondent is a partnership located in Copenhagen, Denmark, and is licensed to engage in the practice of public accounting by the Danish Commerce and Companies Agency. *See* Exhibit E-1 attached to the Declaration of Heather S. Howard ("Howard Decl.") filed October 20, 2015 in support of the Default Motion at PCAOB-CHRMORTENSEN-0002, 0004. Respondent became registered with the Board on October 16, 2007, pursuant to Section 102 of the Sarbanes-Oxley Act and Board Rules. *See* Exhibit E-17 to the Howard Decl.

Pursuant to Section 102(d) of the Sarbanes-Oxley Act and PCAOB Rules 2200 and 2201, each registered public accounting firm is required to submit an annual report to the Board on Form 2 by June 30 of each year. According to the PCAOB's electronic registration database, Respondent has failed to file an annual report in 2012, 2013 and 2014.<sup>2</sup> *See* Exhibit E-17 to the Howard Decl. The materials submitted by the Division in support of its Default Motion

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<sup>1</sup> When making findings, the Board should not rely solely on the allegations of the OIP, but should review the evidence submitted by its staff and determine whether the evidence adequately supports the findings requested. *See Paul Gaynes*, PCAOB File No. 105-2011-006 at 2 and 2 n.1 (Initial Decision Nov. 10, 2011; Notice of Finality Jan. 3, 2012). As the SEC noted in approving the imposition of sanctions by the NASD following a default in *James M. Russen, Jr.*, Exch. Act Rel. No. 32895, 51 S.E.C. 675, 678 n.12 (Sept. 14, 1993), "The [NASD] did not base its conclusion simply on the complaint's allegations; rather, it reviewed the record evidence presented by its staff and determined that the evidence supported a finding of violation. This approach affords this Commission a basis for discharging its review function under Section 19 of the Securities Exchange Act."

<sup>2</sup> The Division includes in its Default Motion evidence that Respondent failed to file its annual report for 2015, due on June 30, 2015. *See* Howard Decl. ¶20; *see* Default Motion at 2 n.3, 4, 10. This allegation was not included in the OIP when the OIP was issued on June 10, 2015, as it had not yet occurred, but may be considered in connection with the imposition of sanctions. *See Davis Accounting Group, P.C.*, PCAOB File No. 105-2009-004 at 15-16 n.20 (Mar. 29, 2011).

additionally demonstrate that Respondent issued four audit reports for issuer clients over a span of four years while delinquent. *See* Default Motion at 1 and Exhibits E-6, E-9, E-13, and E-16 to the Howard Decl.

These facts establish that Respondent violated Section 102(d) of the Sarbanes-Oxley Act and PCAOB Rule 2200, as alleged in the OIP.

### **3. Sanctions**

The remaining issue is what sanctions should be imposed for Respondent's violations. In determining sanctions, the so-called "*Steadman* factors" should be taken into account in determining whether any sanctions at all are in the public interest, and the factors listed in Section 21B(c) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), provide guidance in considering whether to impose civil money penalties. The *Steadman* factors are "the egregiousness of the defendant's actions, the isolated or recurrent nature of the infraction, the degree of scienter involved, the sincerity of the defendant's assurances against future violations, the defendant's recognition of the wrongful nature of his conduct, and the likelihood that the defendant's occupation will present opportunities for future violations." *Steadman v. SEC*, 603 F.2d 1126, 1140 (5<sup>th</sup> Cir. 1979), *aff'd on other grounds*, 450 U.S. 91 (1981). The Exchange Act Section 21B(c) factors include:

(1) whether the conduct for which a penalty is assessed involved fraud, deceit, manipulation, or deliberate or reckless disregard of a regulatory requirement; (2) harm to other persons resulting directly or indirectly from the conduct; (3) the extent to which any person was unjustly enriched; (4) whether the person against whom a penalty is assessed has previously been found by the Commission, another appropriate regulatory agency, or self-regulatory organization ("SRO") to have violated federal securities laws, state securities laws, or SRO rules, or has been enjoined from such violations or convicted of certain offenses; (5) the need to deter such person and other persons from such conduct; and (6) such other matters as justice may require.



Section 21B does not require that all of these factors be present as a condition to imposing a penalty, but sets them out as factors to be considered.

*Larry O'Donnell, CPA, P.C. and Larry O'Donnell, CPA*, PCAOB File No. 105-2010-002 (Oct. 19, 2010), at 9-10. The SEC has confirmed that “[a]n analysis based on Section 21B is ... sufficiently flexible to be used in this context.” *R.E. Bassie & Co.*, Accounting and Auditing Enforcement Rel. No. 3354, 2012 SEC LEXIS 89 at \*47 (Jan. 10, 2012).

The Division requests that Respondent be censured, that Respondent’s registration be permanently revoked and that a civil money penalty of \$7,500.00 be imposed upon Respondent. *See* Default Motion at 1, 3, 10.

**A. An Analysis of the *Steadman* Factors Supports Censure and Revocation of Respondent’s Registration**

The materials submitted by the Division in support of its Default Motion establish that, prior to the institution of these proceedings, both staff from the PCAOB’s Division of Registration and Inspections (“Registration Staff”) and the Division made numerous attempts to notify Respondent of its failure to file annual reports and gave Respondent multiple opportunities to withdraw from PCAOB registration without penalty, and that each time Respondent failed to respond while continuing to issue audit reports for issuer clients:

1. On September 6, 2012, Registration Staff sent a letter to Respondent at Respondent’s Registered Address by FedEx International, concerning Respondent’s failure to timely file its annual report for 2012, and also providing instructions for filing a Form 1-WD to withdraw from PCAOB registration if Respondent no longer wished to be registered. *See* Exhibit E-5 to the Howard Decl. at PCAOB-CHRMORTENSEN-0026-0027. The September 6, 2012 letter was delivered and signed for on September 10, 2012. *Id.* at 0028.

2. On or about September 28, 2012, Respondent issued an audit report for issuer client Advanced Oxygen Technologies, Inc., filed with the Securities and Exchange Commission (“Commission”) on October 1, 2012. *See* Exhibit E-6 to the Howard Decl.
3. On October 16, 2012, Registration Staff sent a “Second Notice” to Respondent at the Registered Address by FedEx International, reminding Respondent of its failure to timely file its 2012 annual report. This letter also provided instructions for filing a Form 1-WD to withdraw from PCAOB registration. The letter warned Respondent that:

The failure to act may result in the referral of this matter to the PCAOB Division of Enforcement and Investigations for further action, including a potential disciplinary proceeding recommendation to the Board. Board disciplinary proceedings may result in significant sanctions, including civil money penalties and the revocation of a public accounting firm’s registration with the Board.

*See* Exhibit E-7 to the Howard Decl. at PCAOB-CHRMORTENSEN-0029-0030.

The October 16, 2012 letter was delivered and signed for on October 18, 2012.

*Id.* at 0031.

4. On September 9, 2013, Registration Staff sent a letter to Respondent at an alternate address by FedEx International, reminding Respondent of its failure to timely file its 2013 annual report. This letter also provided instructions for filing a Form 1-WD to withdraw from PCAOB registration. *See* Exhibit E-8 to the Howard Decl. at PCAOB-CHRMORTENSEN-0033-0034. The September 9, 2013 letter was delivered and signed for on September 11, 2013. *Id.* at 0035.

5. On or about September 28, 2013, Respondent issued an audit report for issuer client Advanced Oxygen Technologies, Inc., filed with the Commission on October 10, 2013. *See* Exhibit E-9 to the Howard Decl.
6. On September 5, 2014, Registration Staff sent a letter to Respondent at the Registered Address by FedEx International, reminding Respondent of its failure to timely file its 2014 annual report. This letter also provided instructions for filing a Form 1-WD to withdraw from PCAOB registration. *See* Exhibit E-11 to the Howard Decl. at PCAOB-CHRMORTENSEN-0038-0039. The September 5, 2014 letter was delivered and signed for on September 8, 2014. *Id.* at 0040.
7. On or about October 1, 2014, Respondent issued an audit report for issuer client Advanced Oxygen Technologies, Inc., filed with the Commission on October 3, 2014. *See* Exhibit E-13 to the Howard Decl.
8. On October 17, 2014, Registration Staff sent a “Second Notice” to Respondent at the Registered Address by FedEx International, reminding Respondent of its failure to timely file its 2014 annual report. This letter also provided instructions for filing a Form 1-WD to withdraw from PCAOB registration, and warned Respondent that:

The failure to act may result in the referral of this matter to the PCAOB Division of Enforcement and Investigations for further action, including a potential disciplinary proceeding recommendation to the Board. The Board has permanently revoked the registration of, and ordered civil money penalties against, firms that failed to file annual reports and pay annual fees.

*See* Exhibit E-12 to the Howard Decl. at PCAOB-CHRMORTENSEN-0042-0043. The October 17, 2014 letter was delivered and signed for on October 20, 2014. *Id.* at 0044.

9. On February 2, 2015, the Division sent Respondent a charging letter (“Charging Letter”) by FedEx International to Respondent’s Registered Address concerning Respondent’s failure to timely file its 2014 annual report. The Charging Letter described the basis for possible disciplinary proceedings against Respondent as a result of its delinquencies, and offered Respondent three options: become compliant by filing an annual report for 2014, submit a Form 1-WD pursuant to PCAOB Rule 2107 to withdraw from Board registration, or submit a statement of position as to why the [Respondent] should not be charged in a disciplinary proceeding. The Charging Letter also stated that the Division would not recommend that the Board institute disciplinary proceedings if Respondent completed either of the first two options by February 23, 2015. *See* Exhibit E-14 to the Howard Decl. at PCAOB-CHRMORTENSEN-0128-0130. The Charging Letter was delivered and signed for on February 9, 2015. *Id.* at 0132.
10. The Board instituted this disciplinary proceeding on June 10, 2015.
11. Despite service of the OIP, Respondent has failed to file an Answer, and despite delivery of the Show Cause Order and the Default Order by both email and FedEx International courier service, Respondent has failed to participate in this proceeding.
12. On or about October 1, 2015, Respondent issued an audit report for issuer client Advanced Oxygen Technologies, Inc., filed with the Commission on September 29, 2015. *See* Exhibit E-16 to the Howard Decl.
13. As of the date of the Division’s October 20, 2015 Default Motion, Respondent has not filed its annual reports for the years 2012, 2013, 2014, or 2015, and has

not filed a Form 1-WD to withdraw from PCAOB registration.

The Division has submitted ample evidence to establish that Respondent should be censured and that Respondent's registration should be suspended or revoked pursuant to Sections 105(c)(4)(A) and 105(c)(5) of the Sarbanes-Oxley Act.<sup>3</sup> When Respondent voluntarily registered with the Board, it accepted the responsibility of every registered accounting firm to file annual reports. Respondent's failure to file an annual report for four consecutive years reflects, at a minimum, repeated instances of negligent conduct, each of which constitutes a violation of the Sarbanes-Oxley Act and the Board's Rules.

The record also establishes that PCAOB Registration Staff made repeated attempts to contact and remind Respondent of its delinquencies, and repeatedly warned about the consequences of failure to take action. Respondent could have taken action in response to the Division's Charging Letter to avoid these proceedings by simply filing a Form 1-WD (or by filing its Annual Reports), but despite receiving notices sent by the Registration Staff and the Division advising Respondent of its options that would have allowed Respondent to avoid disciplinary action, Respondent did not avail itself of these options and elected instead to do nothing, while also continuing to issue audit reports for issuer clients.

In light of these facts, a censure and the permanent revocation of Respondent's registration are appropriate. Respondent's violations continued for several years, even after Respondent was given options for curing them. Moreover, Respondent's failure to participate in

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<sup>3</sup> Pursuant to Sections 105(c)(4)(A) and 105(c)(5) of the Sarbanes-Oxley Act, to warrant a temporary suspension or permanent revocation of registration, a respondent's conduct must have involved "intentional or knowing conduct, including reckless conduct," or "repeated instances of negligent conduct, each resulting in a violation of the applicable statutory, regulatory, or professional standard."

this proceeding suggests that Respondent may lack the intent or ability to conform to the Board's requirements.

**B. An Analysis of the 21B(c) Factors Supports Imposition of a Civil Monetary Penalty of \$7,500.00**

Sections 105(c)(4)(D)(ii) and 105(c)(5) of the Sarbanes-Oxley Act specify maximum civil monetary penalty amounts, and these specified amounts are subject to periodic penalty inflation adjustments as published in the Code of Federal Regulations as required by the Debt Collection Improvement Act of 1996. For conduct occurring after March 3, 2009, the Sarbanes-Oxley Act penalty provisions, as adjusted, authorize the Board to impose a civil money penalty of up to \$900,000 for a natural person and up to \$17,800,000 for other persons if a violation was committed intentionally or knowingly, including recklessly, or included repeated acts of negligent conduct. *See* 17 C.F.R. § 201.1004 Table IV; *Larry O'Donnell, CPA, P.C.*, PCAOB File No. 105-2010-002 (Oct. 19, 2010), at 14. For violations after March 5, 2013, the comparable maximum adjusted amounts are \$950,000 for a natural person and \$18,925,000 for other persons. *See* 17 C.F.R. § 201.1005 Table V. For violations after March 3, 2009, that do not involve intentional or knowing (including reckless) conduct or repeated instances of negligence, the Board may impose a maximum civil money penalty of \$120,000 for a natural person and \$2,375,000 for other persons (*see* 17 C.F.R. § 201.1004 Table IV); for violations after March 5, 2013, the comparable maximum adjusted amounts are \$130,000 for a natural person and \$2,525,000 for other persons. *See* 17 C.F.R. § 201.1005 Table V; *see also Stan Jeong-Ha Lee*, PCAOB No. 105-2012-001, at 21 (May 9, 2013) (“[A] civil money penalty may be imposed without such a finding [of intentional or knowing conduct, including reckless conduct, or multiple acts of negligence], so long as the penalty does not exceed the amount set forth in Section 105(c)(4)(D)(i) of the Act, as adjusted”).

In determining whether a civil money penalty is an appropriate sanction and, if so, the amount of the penalty, the Board has stated that it is “guided by the statutorily prescribed objectives of any exercise of [its] sanctioning authority: the protection of investors and the public interest.” *Larry O’Donnell, CPA, P.C.*, at 9 (citations omitted). The Board has also stated that it will consider the factors set forth in Exchange Act Section 21B(c).

In this case, the Division seeks a monetary penalty of \$7,500.00. In support, the Division cites several of the factors listed in *O’Donnell*. First, the Division states that Respondent’s repeated failures to adhere to Section 102(d) of the Act and PCAOB Rule 2200 show deliberate or reckless disregard for these regulatory requirements, particularly given its failure to comply for several years and its issuance of four audit reports during the period of delinquency. *See* Default Motion at 6. Second, the Division argues that “Investors and the Board were indirectly harmed here by the lack of access to information about the Respondent that it should have self-reported annually in 2012, 2013, 2014, and 2015.” Default Motion at 7. Third, the Division notes that Respondent has been unjustly enriched through the potential opportunities and reputational benefits of being a PCAOB registrant, including continuing to issue audit reports, without complying with the Board’s annual reporting requirements. *Id.* at 8. Finally, the Division emphasizes that there is a need to deter not only Respondent but also other registered accounting firms from engaging in similar conduct in order to protect investors and the public interest. *Id.*

Taking all of the relevant circumstances into consideration, I agree with the Division that a civil money penalty of \$7,500.00 should be imposed. Respondent was repeatedly warned of its failure to timely file its annual reports and was given several opportunities to cure its deficiencies. Despite these repeated warnings, Respondent elected to do nothing while

continuing to issue audit reports for issuer clients. Respondent's conduct involved repeated instances of at least negligent disregard of its obligations as a registered accounting firm for an extended period of time.<sup>4</sup> Finally, there is a need to deter not only Respondent but also other registered accounting firms from engaging in similar conduct in order to protect investors and the public interest.

Taking all of the relevant circumstances into consideration, I conclude that the \$7,500.00 civil money penalty sought by the Division is appropriate to accomplish the Board's remedial objectives in this proceeding. While this is well below the maximum penalty that could be imposed, it nonetheless reflects the seriousness of the violations to deter other registered accounting firms from engaging in similar conduct in the future.

#### 4. Order

For the foregoing reasons, **IT IS ORDERED**, pursuant to Sections 105(c)(4) and 105(c)(5) of the Sarbanes-Oxley Act and Rule 5300(a), that for violating Section 102(d) of the Sarbanes-Oxley Act and PCAOB Rule 2200 by failing to file annual reports for 2012, 2013 and 2014 as charged in the OIP, and for failing to file an annual report for 2015 for purposes of assessing sanctions, Respondent Chr. Mortensen-Revisionsfirma, statsautoriseret revisionsinteressentskab is censured, the registration of Respondent Chr. Mortensen-Revisionsfirma, statsautoriseret revisionsinteressentskab is permanently revoked, and Respondent Chr. Mortensen-Revisionsfirma, statsautoriseret revisionsinteressentskab shall pay a

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<sup>4</sup> There is insufficient evidence to conclude that Respondent's conduct was "intentional" or "reckless," as opposed to negligent. "[R]ecklessness is a lesser form of intent rather than a greater degree of negligence," and "reckless conduct may be defined as a highly unreasonable omission, involving not merely simple, or even inexcusable negligence, but an extreme departure from the standards of ordinary care...." *Hollinger v. Titan Capital Corp.*, 914 F.2d 1564, 1569 (9<sup>th</sup> Cir. 1990), *cert. denied*, 499 U.S. 976 (1991) (quoting *Sundstrand Corp. v. Sun Chem. Corp.*, 553 F.2d 1033, 1044-45 (7<sup>th</sup> Cir.), *cert. denied*, 434 U.S. 875 (1977)).



civil money penalty in the amount of \$7,500.00.

This Initial Decision will become final in accordance with PCAOB Rule 5204(d)(1) upon issuance of a notice of finality by the Secretary. Any party may obtain Board review of this Initial Decision by filing a petition for review in accordance with PCAOB Rule 5460(a), or the Board may, on its own initiative, order review, in which case this Initial Decision will not become final.

Dated: November 17, 2015

  
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Marc B. Dorfman  
Chief Hearing Officer