



ORDER

denying the findings herein, except as to the Board's jurisdiction over Respondent and the subject matter of these proceedings, which is admitted, Respondent consents to the entry of this Order Making Findings and Imposing Sanctions ("Order") as set forth below.^{2/}

III.

On the basis of Respondent's Offer, the Board finds^{3/} that:

A. Respondent

1. Rehan Saeed, 50, of Walnut, California, is a certified public accountant licensed by the California Board of Accountancy (license no. 59167). At all relevant times, Saeed was an employee of, or independent contractor with, registered public accounting firm Kabani & Company, Inc. ("Firm"), was based in the Firm's Los Angeles, California office, and was 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)(i). Saeed's work with the Firm was part-time, on a project basis, and included the performance of concurring reviews on audits for issuer clients of the Firm. In 2009, Saeed decided not to perform further Firm-assigned work, and has not since worked at or with the Firm. Saeed has a law degree and has been a member of the State Bar of California since 2006.

B. Summary

2. Saeed violated PCAOB standards requiring the exercise of due professional care in the performance of concurring partner reviews for two issuer audits.

^{2/} The findings herein are made pursuant to the Respondent's Offer and are not binding on any other person or entity in this or any other proceeding.

^{3/} The sanctions that the Board is imposing on Respondent 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 Respondent's conduct described in this Order meets the condition 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 a 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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Although Saeed had been assigned to perform concurring partner reviews for those audits and was aware that he needed to perform those reviews before the Firm released its audit reports, Saeed failed to perform his concurring review procedures until after the Firm had released its audit reports and the issuers had filed their financial statements with the Securities and Exchange Commission ("Commission"). He then backdated certain documents to make it appear that he had performed those procedures before the release of the audit reports. With respect to one of those audits, Saeed's backdating also violated PCAOB Auditing Standard No. 3, *Audit Documentation* ("AS3").

C. Respondent Violated PCAOB Rules and Auditing Standards

3. PCAOB rules require that an associated person of a registered public accounting firm comply with the Board's auditing standards.^{4/} Among other things, PCAOB auditing standards provide that "[d]ue professional care is to be exercised in the performance of the audit and the preparation of the report."^{5/} In particular, PCAOB standards require all auditors, including concurring partners, to perform their work with "reasonable care and diligence."^{6/} PCAOB auditing standards also require that audit documentation contain sufficient information to enable an experienced auditor, having no previous connection with an engagement, to determine who performed the work that has been documented, the date the work was completed, who reviewed that work, and the date of the review.^{7/}

4. As described below, Saeed violated PCAOB due care standards by failing to perform two concurring partner review assignments until after the Firm had released its audit reports and after the issuers had filed their financial statements with the Commission and then backdating certain documents to make it appear that he had performed those procedures before the release of the audit reports. In one of the audits, Saeed's backdating of a work paper to make it appear that he had performed a

^{4/} PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*.

^{5/} AU § 150.02, *Generally Accepted Auditing Standards*; AU § 230.01, *Due Professional Care in the Performance of Work*; see PCAOB Rule 3200T.

^{6/} AU § 230.01, .05.

^{7/} See AS3 ¶ 6.b, *Audit Documentation*.



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timely concurring partner review also violated PCAOB auditing standards relating to audit documentation.

5. The Firm was a member of the SEC Practice Section of the AICPA ("SECPS") prior to and as of April 16, 2003. At all relevant times, PCAOB rules required that registered public accounting firms that were members of the SECPS as of April 16, 2003 obtain timely concurring partner reviews of issuer audit reports for fiscal years beginning before December 15, 2009.^{8/}

Harcourt Audit

6. The Firm served as the auditor of the May 31, 2008 financial statements of The Hartcourt Companies, Inc ("Harcourt"). On September 2, 2008, Hartcourt filed with the Commission a Form 10-K for its fiscal year ending May 31, 2008. Included in that filing was an audit report signed by the Firm dated June 17, 2008. The audit report release date for the Hartcourt audit was August 29, 2008.

7. Saeed was assigned to perform the concurring partner review for the Hartcourt audit and was aware that he needed to perform his review before the Firm issued its audit report. Saeed was also aware that Hartcourt planned to file its Form 10-K on or around September 2, 2008. Saeed failed, however, to perform his concurring partner review procedures until after the date of the Firm's audit report, after the report release date, and after Hartcourt filed its Form 10-K.

8. Specifically, although Saeed ultimately sent concurring partner review comments to Firm staff, he did not do so until September 23, 2008, three weeks after Hartcourt had filed its 2008 Form 10-K.

9. Saeed's comments concerned significant omissions and deficiencies in the Hartcourt work papers related to basic planning and substantive audit procedures. Saeed backdated his comments to August 29, 2008, to make it appear that he had performed concurring partner review procedures before the Firm had released its audit report on Hartcourt's 2008 financial statements.

10. As a result of the conduct described above, Saeed violated PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*, and Rule

^{8/} PCAOB Rule 3400T; SECPS § 1000.08(f), *Concurring Partner Review of the Audit Report and the Financial Statements of Commission Registrants*; SECPS § 1000.39, Appendix E, *Concurring Partner Review*.



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3200T, *Interim Auditing Standards*, by failing to comply with AU § 150, *Generally Accepted Auditing Standards*, and AU § 230, *Due Professional Care in the Performance of Work*.

NetSol Audit

11. The Firm served as the auditor of the June 30, 2008 financial statements of NetSol Technologies, Inc ("NetSol"). On September 19, 2008, NetSol filed with the Commission a Form 10-KSB for its fiscal year ending June 30, 2008. Included in that filing was an audit report signed by the Firm dated September 12, 2008. The audit report release date for the NetSol audit was September 18, 2008.

12. Saeed was assigned to perform a concurring partner review on the NetSol audit and was aware that he needed to perform his review before the Firm issued its audit report. Saeed was also aware that NetSol planned to file its Form 10-KSB on or around September 19, 2008. Saeed, however, did not perform his review until after the September 18, 2008 report release date and after the September 19, 2008 date on which NetSol filed its Form 10-KSB.

13. On October 3, 2008, Saeed provided to Firm staff his concurring partner review comments on the NetSol audit. Saeed backdated his comments to September 15, 2008. That same day, Saeed also sent the Firm a signed "PX-14: Supervision, Review, and Approval Form" work paper indicating that he had completed his concurring partner review by September 15, 2008. Saeed backdated both his comments and the PX-14 work paper to make it appear as if he had completed the concurring partner review before the Firm had released its audit report on NetSol's 2008 financial statements.

14. As a result of the conduct described above, Saeed violated PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*, and Rule 3200T, *Interim Auditing Standards*, by failing to comply with AU § 150, *Generally Accepted Auditing Standards*, and AU § 230, *Due Professional Care in the Performance of Work*. Saeed also violated PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*, by failing to comply with AS3.



ORDER

IV.

In view of the foregoing, and to protect the interests of investors and further the public interest in the preparation of informative, accurate, and independent audit reports, the Board determines it appropriate to impose the sanctions agreed to in Respondent's Offer.

Accordingly, it is hereby ORDERED that:

- A. Pursuant to Section 105(c)(4)(E) of the Act and PCAOB Rule 5300(a)(5), Rehan Saeed, CPA is censured;
- B. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), Rehan Saeed, CPA 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)(i); and
- C. After eighteen (18) months from the date of this Order, Rehan Saeed, CPA may file a petition, pursuant to PCAOB Rule 5302(b), for Board consent to associate with a registered public accounting firm.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

May 21, 2013