

ORDER

set forth below, and consent to entry of this Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions ("Order").¹

III.

On the basis of Respondents' Offers, the Board finds that:

A. Respondents

1. L&L CPAs, PA (f/k/a L&L Associates, CPA, PA, f/k/a Bongiovanni & Associates, PA) is, and at all relevant times was, an accounting firm organized under Florida law, and headquartered in Cornelius, North Carolina. The Firm is registered with the Board pursuant to Section 102 of the Act and PCAOB rules, and is licensed under the laws of the states of Florida (license no. AD68932), Georgia (license no. ACF006317), Montana (license no. PAC-FIRM-LIC-19628), and North Carolina (license no. 33440). At all relevant times, the Firm was the external auditor for the issuers identified below.

2. Weixuan Luo, CPA (a/k/a Tracy Luo), age 44, is a certified public accountant licensed by the states of Florida (license no. AC44726) and North Carolina (license no. 39714). At all relevant times, Luo was the Firm's President and majority owner. Luo is, and at all relevant times 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).

B. Summary

3. This matter concerns Respondents' failure to comply with Auditing Standard No. 7, *Engagement Quality Review* ("AS 7"),² with respect to two issuer audit clients. Luo served as the engagement quality reviewer on the Firm's audits of the

¹ 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.

² All references to PCAOB standards are to the versions of those standards in effect at the time of the relevant audits. As of December 31, 2016, the PCAOB reorganized its auditing standards using a topical structure and a single, integrated numbering system. See *Reorganization of PCAOB Auditing Standards and Related Amendments to PCAOB Standards and Rules*, PCAOB Release No. 2015-002 (Mar. 31, 2015); see also *PCAOB Auditing Standards Reorganized and Pre Reorganized Numbering* (Jan. 2016), <https://pcaobus.org/Standards/Auditing/Documents/PrintableReferenceTable.pdf>.

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issuers' 2014 year-end financial statements, immediately after serving as the engagement partner on the audits of the issuers' 2013 year-end financial statements, without satisfying the mandatory two-year "cooling off" period for former engagement partners.³

C. Respondents Violated PCAOB Auditing Standards

4. 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.⁴

5. AS 7 requires that an engagement quality review be performed for each audit engagement and for each engagement to review interim financial information conducted pursuant to PCAOB standards.⁵ AS 7 also provides that: "[t]he person who served as the engagement partner during either of the two audits preceding the audit subject to the engagement quality review may not be the engagement quality reviewer."⁶

6. In addition, PCAOB rules prohibit an associated person of a registered public accounting firm from "tak[ing] or omit[ting] to take an action knowing, or recklessly not knowing, that the act or omission would directly and substantially contribute to a violation by that registered public accounting firm of the Act, rules of the Board, the provisions of the securities laws relating to the preparation and issuance of audit reports and the obligations and liabilities of accountants with respect thereto, including the rules of the [Securities and Exchange] Commission issued under the Act, or professional standards."⁷

³ See AS 7 ¶ 8; see also PCAOB Release 2009-004, *Auditing Standard No. 7 – Engagement Quality Review and Conforming Amendment to the Board's Interim Quality Control Standards*. At all relevant times, the Firm had five or more issuer clients and did not qualify for AS 7 ¶ 8's small firm exemption.

⁴ PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*.

⁵ See AS 7 ¶ 1.

⁶ *Id.* at ¶ 8.

⁷ See PCAOB Rule 3502, *Responsibility Not to Knowingly or Recklessly Contribute to Violations*.

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7. As described below, Respondents failed to comply with PCAOB rules and standards.

Audit of Worlds Inc.'s Financial Statements

8. At all relevant times, Worlds Inc. was a Delaware corporation headquartered in Brookline, Massachusetts. The company's public filings disclose that its business was to hold and acquire patents that it intended to "more aggressively enforce against alleged infringers." At all relevant times, Worlds Inc. was an "issuer" as defined in Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

9. The Firm audited Worlds Inc.'s December 31, 2013 year-end financial statements, which were filed with the U.S. Securities and Exchange Commission ("Commission"), and issued an audit report expressing an unqualified opinion on the financial statements. Luo served as the engagement partner for the audit of Worlds Inc.'s year-end 2013 financial statements.

10. The Firm also audited Worlds Inc.'s December 31, 2014 year-end financial statements, which were filed with the Commission, and issued an audit report expressing an unqualified opinion on the financial statements. After serving as the engagement partner on the 2013 audit, Luo immediately served as the engagement quality reviewer on the 2014 audit, violating AS 7's two-year "cooling-off" period for former engagement partners.

Audit of Omega Commercial Finance Corp.'s Financial Statements

11. At all relevant times, Omega Commercial Finance Corp. ("Omega") was a Wyoming corporation headquartered in Miami Beach, Florida. The company's public filings disclose that its business primarily consisted of "offering financing to the real estate markets in the United States." At all relevant times, Omega was an "issuer" as defined in Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

12. The Firm audited Omega's December 31, 2013 year-end financial statements, which were filed with the Commission, and issued an audit report expressing an unqualified opinion on the financial statements. Luo served as the engagement partner for the audit of Omega's year-end 2013 financial statements.

13. The Firm also audited Omega's December 31, 2014 year-end financial statements, which were filed with the Commission, and issued an audit report expressing an unqualified opinion on the financial statements. After serving as the engagement partner on the 2013 audit, Luo immediately served as the engagement

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quality reviewer on the 2014 audit, violating AS 7's two-year "cooling-off" period for former engagement partners.

Luo Contributed to the Firm's Violations
of PCAOB Rules and Standards

14. Luo served as the President of the Firm. She determined who served as the engagement quality reviewer on the 2014 audits of Worlds Inc. and Omega.

15. Luo knew, or was reckless in not knowing, that she was directly and substantially contributing to the Firm's violations when she improperly served as the engagement quality reviewer on the 2014 audits, violating AS 7's two-year "cooling-off" period for former engagement partners. As a result, Luo violated PCAOB Rule 3502.

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 Respondents' Offers.

Accordingly, it is hereby ORDERED that:

- A. Pursuant to Section 105(c)(4)(E) of the Act and PCAOB Rule 5300(a)(5), L&L CPAs, PA, and Weixuan Luo, CPA, are hereby censured;
- B. Pursuant to Section 105(c)(4)(D) of the Act and PCAOB Rule 5300(a)(4), a civil money penalty in the amount of \$5,000 is imposed upon L&L CPAs, PA. All funds collected by the Board as a result of the assessment of this civil money penalty will be used in accordance with Section 109(c)(2) of the Act. L&L CPAs, PA, shall pay this civil money penalty within 10 days of the issuance of this Order by (a) wire transfer in accordance with instructions furnished 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 L&L CPAs, PA, as a Respondent in these proceedings, sets forth the title and PCAOB Release Number of these proceedings, and states that payment is made pursuant to this Order, a copy of which cover letter and money order or check shall be sent to the Office of the Secretary, Attention: Phoebe Brown, Secretary, Public

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Company Accounting Oversight Board, 1666 K Street, N.W., Washington, D.C. 20006; and

C. Pursuant to Section 105(c)(4)(G) of the Act and PCAOB Rule 5300(a)(9), L&L CPAs, PA, is required:

1. within ninety (90) days from the date of this Order, to establish policies and procedures, or review and/or supplement existing policies and procedures, for the purpose of providing the Firm with reasonable assurance of compliance with Auditing Standard No. 7, *Engagement Quality Review*;

2. within ninety (90) days from the date of this Order, to establish a policy of ensuring training, whether internal or external, on an annual or more frequent basis, concerning Auditing Standard No. 7, of any Firm audit personnel who participate in any way in the planning or performing of any audit services (as defined in PCAOB Rule 1001(a)(vii));

3. within ninety (90) days from the date of this Order, and before the Firm's commencement of any audit services, to ensure training pursuant to the policy described in paragraph C(2) above on at least one occasion;

4. to provide a copy of this Order—

a. within (30) days from the date of this Order, to all audit personnel employed by, or associated with (as defined in PCAOB Rule 1001(p)(i)), the Firm as of the date of this Order;

b. within (30) days from the date of this Order, to any client of the Firm as of the date of this Order for which the Firm has performed or has been engaged to perform audit services;

c. before the commencement of any audit services, to any future client for which the Firm is engaged within three (3) years of the date of this Order to perform such audit services; and

5. to certify in writing to the Director of the Division of Enforcement and Investigations, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington D.C. 20006, the Firm's compliance with paragraphs C(1) through C(4)(b) above. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate

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compliance. The Firm shall submit such certification within one hundred twenty (120) days from the date of this Order. The Firm shall also submit such additional evidence of and information concerning compliance as the staff of the Division of Enforcement and Investigations may reasonably request.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

August 2, 2017