



**ORDER**

audit reports, that disciplinary proceedings be, and hereby are, instituted pursuant to Section 105(c) of the Sarbanes-Oxley Act of 2002, as amended (the "Act"), and PCAOB Rule 5200(a)(1) against Respondents.

**II.**

In anticipation of institution of these proceedings, and pursuant to PCAOB Rule 5205, Respondents 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 are admitted, Respondents consent to entry of this Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions ("Order") as set forth below.<sup>3</sup>

**III.**

On the basis of Respondents' Offers, the Board finds that:<sup>4</sup>

**A. Respondents**

1. Zhang Hongling CPA, P.C. is a corporation organized under the laws of the state of New York with headquarters in Flushing, New York, and an additional office in Syosset, New York. On August 10, 2016, the Firm registered with the Board pursuant to Section 102 of the Act and PCAOB rules. The Firm is licensed to practice public accounting by the New York State Board for Public Accountancy (License No. 095908).

2. Hongling Zhang, age 47, is a certified public accountant licensed by the New York State Board for Public Accountancy (License No. 088065). She is the sole partner of the Firm and served as the Firm's engagement partner for the four audits discussed herein. Zhang is 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).

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

<sup>4</sup> The Board finds that Respondents' conduct described in this Order meets the condition set out in Section 105(c)(5)(A) of the Act, which provides that certain sanctions may be imposed in the event of intentional or knowing conduct, including reckless conduct, that results in a violation of the applicable statutory, regulatory, or professional standard.

**ORDER****B. Issuers**

3. Sino United Worldwide Consolidated Ltd. (formerly known as AJ Greentech Holdings, Ltd.) ("Sino United") is a Nevada corporation with a principal executive office in Flushing, New York. Sino United's public filings disclose that, during 2015 and 2016, Sino United was engaged in the business of providing electronic products and general cargo trading and related consulting services. Its common stock is registered under Section 12(g) of the Securities Exchange Act of 1934 ("Exchange Act") and is quoted on the OTC Pink Marketplace under the symbol "SUIC." At all relevant times, Sino United was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii). The Firm audited Sino United's financial statements for the fiscal years ended December 31, 2015 ("2015 Sino United Audit") and December 31, 2016 ("2016 Sino United Audit").

4. Shenzhen ZhongRong Morgan Investment Holding Group Co., Ltd. (formerly known as Malaysia Pro-Guardians Security Management Corporation) ("Shenzhen") is a Nevada corporation with a principal executive office in Flushing, New York. Shenzhen's public filings disclose that, during 2015 and 2016, Shenzhen was a shell company with no or nominal operations and assets that was seeking a merger with or acquisition by a larger entity. Shenzhen's common stock is registered under Section 12(g) of the Exchange Act and is quoted on the OTC Pink Marketplace under the symbol "ZRMG." At all relevant times, Shenzhen was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii). The Firm audited Shenzhen's financial statements for the fiscal years ended December 31, 2015 ("2015 Shenzhen Audit") and December 31, 2016 ("2016 Shenzhen Audit").

**C. Summary**

5. This matter concerns Respondents' violations of PCAOB rules and standards in connection with (1) the 2015 and 2016 Sino United Audits, (2) the Board's inspection of the 2015 Sino United Audit, and (3) the 2015 and 2016 Shenzhen Audits.

6. During the 2015 Sino United Audit, Respondents failed to obtain sufficient appropriate audit evidence and to exercise due professional care and professional skepticism. In particular, Respondents failed to perform any procedures to test the occurrence and valuation of certain related party transactions that the company asserted had occurred during the year under audit.<sup>5</sup>

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<sup>5</sup> All references to PCAOB rules and standards are to the versions of those rules and standards in effect at the time of the relevant conduct. 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*

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7. During a 2017 Board inspection of the 2015 Sino United Audit, Respondents violated PCAOB Rule 4006, *Duty to Cooperate With Inspectors*, by providing the inspection team with debt cancellation agreements that had been created during the 2017 inspection but backdated to 2015, without informing the inspection team of those facts.

8. In addition, the Firm failed to comply with AS 1220, *Engagement Quality Review* (formerly, Auditing Standard No. 7), by failing to obtain engagement quality reviews and concurring approvals of issuance in connection with audits for the two issuers discussed above.

9. With respect to the Firm's failure to obtain engagement quality reviews, Zhang took or omitted to take actions knowing, or recklessly not knowing, that her acts and omissions would directly and substantially contribute to the Firm's violations of AS 1220, in violation of PCAOB Rule 3502, *Responsibility Not to Knowingly or Recklessly Contribute to Violations*.

**D. Respondents Violated PCAOB Rules and Standards**

10. 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.<sup>6</sup> 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.<sup>7</sup> Among other things, those standards require that an auditor exercise due professional care and professional skepticism in planning and performing the audit.<sup>8</sup>

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*Pre-Reorganized Numbering* (Jan. 2017). The reorganization did not impose additional requirements on auditors or change substantively the requirements of PCAOB standards. While Respondents' conduct occurred both before and after the reorganization, the reorganized standards are cited herein for purposes of clarity.

<sup>6</sup> PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*; PCAOB Rule 3200, *Auditing Standards*.

<sup>7</sup> AU 5AS 3101.07, *Reports on Audited Financial Statements* (formerly, AU § 508).

<sup>8</sup> See AS 1015, *Due Professional Care in the Performance of Work* (formerly, AU § 230).

**ORDER**Respondents Violated PCAOB Standards During the 2015 Sino United Audit

11. On September 15, 2016, the Firm issued its audit report on Sino United's December 31, 2015 financial statements, and Sino United included the audit report in a Form 10-K filing with the U.S. Securities and Exchange Commission (the "Commission").

12. PCAOB standards require the auditor to plan and perform audit procedures to obtain sufficient appropriate audit evidence to provide a reasonable basis for his or her opinion.<sup>9</sup> The auditor also is required to evaluate whether related party transactions have been accounted for and disclosed appropriately in the financial statements.<sup>10</sup> For each related party transaction that is either required to be disclosed in the financial statements or is determined to be a significant risk, the auditor should, among other things, read the underlying documentation and evaluate whether the terms are consistent with explanations from inquiries and other audit evidence about the business purpose (or the lack thereof) of the transaction.<sup>11</sup>

13. Sino United's December 31, 2015 financial statements disclosed that, during 2015, the company had issued 57.5 million shares of common stock in exchange for the cancellation of debt owed to shareholders. Respondents understood at the time that the shares had been issued to Sino United's sole director and her relatives.

14. Although Respondents obtained board resolutions authorizing the share issuances, this audit procedure was not sufficient because the procedure failed to provide a reasonable basis to determine whether the shares were actually issued to the related parties and whether the debt had been forgiven by those related parties. Respondents failed to perform any other procedures, such as reading the underlying documentation and evaluating whether the terms and other information about the transactions were consistent with other audit evidence.<sup>12</sup> As a result, Respondents failed to obtain sufficient appropriate evidence to determine whether the transactions with related parties had occurred, were recorded in the proper period, and were properly valued.

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<sup>9</sup> AS 1105.04, *Audit Evidence* (formerly, Auditing Standard No. 15).

<sup>10</sup> AS 2410.17, *Related Parties* (formerly Auditing Standard No. 18).

<sup>11</sup> AS 2410.12.

<sup>12</sup> See AS 1105.04; AS 2410.12.

**ORDER**Respondents Failed to Cooperate With a Board Inspection

15. In June 2017, the Board's Division of Registration and Inspections ("Inspections") inspected the Firm's 2015 Sino United Audit.

16. PCAOB rules require that registered public accounting firms and their associated persons "shall cooperate with the Board in the performance of any Board inspection."<sup>13</sup> This cooperation obligation includes an obligation not to provide misleading documents or information in connection with, or otherwise to interfere in, the Board's inspection processes.<sup>14</sup>

17. During the inspection, the Board's Inspections staff asked Zhang if Sino United had executed debt cancellation agreements in connection with the 57.5 million share issuance in 2015. After Zhang replied that such agreements existed but that she had not obtained them during the audit, the Inspections staff requested copies of the agreements. Zhang subsequently provided the Inspections staff with thirteen debt cancellation agreements, all dated July 8, 2015. However, as Zhang knew, Sino United had created the debt cancellation agreements during the 2017 inspection, not in July 2015.

18. In response to the Inspection staff's request, Zhang initially requested that Sino United send her debt cancellation agreements in June 2017. Following her June 2017 request, Zhang received an email in which Sino United personnel stated that they were preparing the agreements using a sample format provided by an agent of the company. Zhang also received several emails in which Sino United personnel questioned what the contents of the agreements should be. For example, they asked who the parties should be, what the par value of the issued shares should be, and what the amount of the cancelled debt should be.

19. Accordingly, Respondents were aware that Sino United had created the debt cancellation agreements in June 2017 and that the agreements had not existed during the 2015 Sino United Audit. Yet Respondents failed to disclose those facts when

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<sup>13</sup> PCAOB Rule 4006.

<sup>14</sup> See, e.g., *Kabani & Company, Inc.*, SEC Release No. 34-80201, at 14 (Mar. 10, 2017) (sustaining Board finding that respondents failed to cooperate with inspection where improper work paper alterations "interfered with the PCAOB's ability to fulfill its regulatory function of ensuring that auditors comply with their professional responsibilities"); *Dale Arnold Hotz, CPA, Jyothi Nuthulaganti Manohar, CPA, and Michael Jared Fadner, CPA*, PCAOB Release No. 105-2012-008, ¶ 7 (Nov. 13, 2012) (PCAOB Rule 4006 "includes an obligation not to provide misleading documents or information in connection with the Board's inspection processes." (internal quotation omitted)).

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they provided the debt cancellation agreements to the Board's Inspections staff. This conduct violated Rule 4006.

The Firm Failed to Obtain Engagement Quality Reviews

20. An auditor is required to obtain an engagement quality review and concurring approval of issuance for audits conducted pursuant to PCAOB standards.<sup>15</sup> The auditor may not grant its client permission to use its audit report until after an engagement quality reviewer provides concurring approval of issuance.<sup>16</sup>

21. The Firm failed to obtain an engagement quality review or concurring approval of issuance in connection with its 2015 Sino United Audit. As noted above, the Firm nonetheless issued its audit report on September 15, 2016.

22. On May 15, 2017, the Firm issued its audit report on Sino United's December 31, 2016 financial statements, and Sino United included the audit report in a Form 10-K filing with the Commission. On June 16, 2017, the Firm issued its audit report on Shenzhen's December 31, 2015 financial statements and its audit report on Shenzhen's December 31, 2016 financial statements, and Shenzhen included the audit reports in Form 10-K filings with the Commission.

23. Although the Firm engaged an engagement quality reviewer for the 2016 Sino United Audit, the 2015 Shenzhen Audit, and the 2016 Shenzhen Audit during the course of those audits, no engagement quality review was performed before the Firm issued its audit reports. Instead, the Firm improperly issued its audit reports for each of those three audits without first obtaining an engagement quality review and concurring approval of issuance. The engagement quality reviewer did not perform a review and provide a concurring approval of issuance until after the Firm had already issued its audit reports.

24. As a result, the Firm violated AS 1220 in connection with the 2015 and 2016 Sino United Audits and the 2015 and 2016 Shenzhen Audits.

Zhang Contributed to the Firm's Violations

25. PCAOB rules prohibit an associated person of a registered public accounting firm from taking or omitting to take an action knowing, or recklessly not

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<sup>15</sup> AS 1220.01.

<sup>16</sup> AS 1220.13.

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knowing, that the act or omission would directly and substantially contribute to the firm's violation of PCAOB rules or professional standards.<sup>17</sup>

26. Zhang, the sole partner of the Firm, had overall responsibility for ensuring that the Firm complied with PCAOB rules and standards. Zhang knew, or was reckless in not knowing, that she was directly and substantially contributing to the Firm's violations of AS 1220. As a result, Zhang violated 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), Zhang Hongling CPA, P.C. and Hongling Zhang, CPA are hereby censured;
- B. Pursuant to Section 105(c)(4)(A) of the Act and PCAOB Rule 5300(a)(1), the registration of Zhang Hongling CPA, P.C. is revoked;
- C. After two (2) years from the date of this Order, Zhang Hongling CPA, P.C. may reapply for registration by filing an application pursuant to PCAOB Rule 2101;
- D. Pursuant to Section 105(c)(4)(D) of the Act and PCAOB Rule 5300(a)(4), a civil money penalty in the amount of \$15,000 is imposed upon Zhang Hongling CPA, P.C. 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. Zhang Hongling CPA, P.C. shall pay this civil money penalty within ten (10) days of the issuance of this Order by (1) wire transfer in accordance with instructions furnished by Board staff; or (2) United States Postal Service money order, bank money order, certified check, or bank cashier's check (a) made payable to the Public Company Accounting Oversight Board, (b) delivered to the Controller, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington D.C. 20006, and (c) submitted under a cover letter, which identifies the Firm 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 Office of the Secretary, Attention:

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<sup>17</sup> PCAOB Rule 3502.

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Phoebe W. Brown, Secretary, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington D.C. 20006;

- E. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), Hongling Zhang, 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);<sup>18</sup>
- F. After two (2) years from the date of this Order, Hongling Zhang, CPA may file a petition, pursuant to PCAOB Rule 5302(b), for Board consent to associate with a registered public accounting firm; and
- G. Pursuant to Section 105(c)(4)(F) of the Act and PCAOB Rule 5300(a)(6), Hongling Zhang, CPA is required to complete, before filing any petition for Board consent to associate with a registered public accounting firm, fifty (50) hours of continuing professional education in subjects that are directly related to the audits of issuer financial statements under PCAOB standards (such hours shall be in addition to, and shall not be counted in, the continuing professional education she is required to obtain in connection with any professional license).

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

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Phoebe W. Brown  
Secretary

October 2, 2018

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<sup>18</sup> As a consequence of the bar, the provisions of Section 105(c)(7)(B) of the Act will apply with respect to Zhang. Section 105(c)(7)(B) of the Act provides that "[i]t shall be unlawful for any person that is suspended or barred from being associated with a registered public accounting firm under this subsection willfully to become or remain associated with any issuer, broker, or dealer in an accountancy or a financial management capacity, and for any issuer, broker, or dealer that knew, or in the exercise of reasonable care should have known, of such suspension or bar, to permit such an association, without the consent of the Board or the Commission."