

---

ORDER INSTITUTING DISCIPLINARY )  
PROCEEDINGS, MAKING FINDINGS, )  
AND IMPOSING SANCTIONS ) PCAOB Release No. 105-2020-004  
)  
*In the Matter of Ahmed & Associates CPA* ) April 21, 2020  
*P.C. and Rizwan Ahmed, CPA,* )  
)  
*Respondents.* )

---

By this Order, the Public Company Accounting Oversight Board (the "Board" or "PCAOB") is revoking Ahmed & Associates CPA P.C.'s ("Firm") registration,<sup>1</sup> barring Rizwan Ahmed, CPA ("Ahmed") from being an associated person for a registered public accounting firm,<sup>2</sup> and imposing a civil money penalty jointly and severally in the amount of \$10,000 upon the Firm and Ahmed (collectively, "Respondents"). The Board is imposing these sanctions on the basis of its findings that: (1) Respondents violated PCAOB rules and standards in connection with the Firm's audits of three issuer audit clients; and (2) Respondents violated PCAOB rules in connection with the Firm's failure to disclose reportable events to the Board on PCAOB Form 3, *Special Report*.

## I.

The Board deems it necessary and appropriate, for the protection of investors and to further the public interest in the preparation of informative, accurate, and independent 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 have each submitted an Offer of Settlement ("Offers") that the Board has determined to accept. Solely for purposes of these proceedings

---

<sup>1</sup> The Firm may reapply for registration after three (3) years from the date of this Order.

<sup>2</sup> Ahmed may file a petition for Board consent to associate with a registered public accounting firm after three (3) years from the date of this Order.

**ORDER**

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 them and the subject matter of these proceedings, which is admitted, Respondents consent to the 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<sup>4</sup> that:

**A. Respondents**

1. **Ahmed & Associates CPA P.C.** is, and at all relevant times was, a professional corporation organized under New York law, and headquartered in New Hyde Park, New York. The Firm is registered with the Board pursuant to Section 102 of the Act and PCAOB rules, and is licensed by the New York State Education Department (license no. 096353). At all relevant times, the Firm was the external auditor for the issuers identified below.

2. **Rizwan Ahmed, CPA** is, and at all relevant times was, a certified public accountant licensed by the New York State Education Department (license no. 099486). At all relevant times, Ahmed was the sole owner of the Firm and 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. Ahmed and the Firm violated PCAOB rules and standards with respect to the three audit engagements. Specifically, the Firm failed to comply with AS 1220, *Engagement Quality Review*,<sup>5</sup> with respect to three issuer audit clients

---

<sup>3</sup> 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.

<sup>4</sup> The Board finds that each Respondent's conduct described in this Order meets the conditions set out in Section 105(c)(5) of the Act, 15 U.S.C. §7215(c)(5), which provides that certain 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.

<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 audits.

**ORDER**

by failing to obtain an engagement quality review of each audit. Further, the Firm failed to disclose certain reportable events to the Board on Form 3 as required by PCAOB rules. Ahmed directly and substantially contributed to each of these violations.

**C. Respondents Violated PCAOB Rules and 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.<sup>6</sup>

5. AS 1220 requires that an engagement quality review be performed on audits and interim reviews conducted pursuant to PCAOB standards.<sup>7</sup> AS 1220 also provides that a firm may grant permission to a client to use the engagement report only after an engagement quality reviewer provides concurring approval of issuance.<sup>8</sup>

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, the 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 ["Commission"] issued under the Act, or professional standards."<sup>9</sup>

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

---

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

<sup>7</sup> See AS 1220.01.

<sup>8</sup> See *id.* at .13.

<sup>9</sup> PCAOB Rule 3502, *Responsibility Not to Knowingly or Recklessly Contribute to Violations*.

**ORDER***Audit of Issuer A's Financial Statements*

8. At all relevant times, Issuer A was a New York corporation headquartered in Flushing, New York, and an issuer as defined in Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

9. The Firm served as the auditor of Issuer A's financial statements for the year ended March 31, 2017. The Firm issued an audit report, dated June 22, 2017, which was included in Issuer A's Form 10-K filed with the Commission on June 27, 2017. The Firm improperly permitted the issuance of that report without obtaining an engagement quality review and concurring approval of issuance. As a result, the Firm violated AS 1220.<sup>10</sup>

*Audit of Issuer B's Financial Statements*

10. At all relevant times, Issuer B was a New York corporation headquartered in Flushing, New York, and an issuer as defined in Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

11. The Firm served as the auditor of Issuer B's financial statements for the year ended March 31, 2018. The Firm issued an audit report, dated June 30, 2018, which was included in Issuer B's Form 10-K filed with the Commission on June 29, 2018. The Firm improperly permitted the issuance of that report without obtaining an engagement quality review and concurring approval of issuance. As a result, the Firm violated AS 1220.<sup>11</sup>

*Audits of Issuer C's Financial Statements*

12. At all relevant times, Issuer C was a Delaware corporation headquartered in New York, New York, and an issuer as defined in Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

13. The Firm served as the auditor of Issuer C's financial statements for the years ended December 31, 2017 and December 31, 2018. The Firm issued two audit reports, both dated May 24, 2019, which were included in Issuer C's Form 10-Ks filed with the Commission on May 31, 2019 and June 3, 2019, respectively. The Firm improperly permitted the issuance of those reports without

---

<sup>10</sup> See AS 1220.13.

<sup>11</sup> See id.

**ORDER**

obtaining engagement quality reviews and concurring approvals of issuance. As a result, the Firm violated AS 1220.<sup>12</sup>

*Ahmed Contributed to the Firm's Violations*

14. Ahmed, the sole owner of the Firm, was the engagement partner for each of the audits described above. Accordingly, Ahmed had overall responsibility for ensuring that the Firm complied with PCAOB rules and standards. Ahmed knew, or was reckless in not knowing, that he was directly and substantially contributing to the Firm's violations of AS 1220, as described above. As a result, he violated PCAOB Rule 3502.

*The Firm Failed to Disclose Reportable Events to the Board in Violation of PCAOB Rules and Ahmed Contributed to the Firm's Violation*

15. PCAOB Rule 2203 provides that a registered public accounting firm must file a special report on Form 3 to report any event specified in that form within thirty days of the event's occurrence.<sup>13</sup> One such specified event occurs when a firm "has become aware that a partner, shareholder, principal, owner, member, or *audit* manager of the Firm who provided at least ten hours of *audit services* for any *issuer, broker, or dealer* during the Firm's current fiscal year or its most recently completed fiscal year has become a defendant in a criminal proceeding prosecuted by a governmental criminal law enforcement authority and is charged with fraud, embezzlement, forgery, extortion, bribery, obstruction of justice, perjury, or false statements; or charged with any crime arising out of alleged conduct relating to accounting, auditing, securities, banking, commodities, taxation, consumer protection, or insurance" ("Item 2.6 Proceeding").<sup>14</sup>

16. On July 28, 2017, Ahmed was named as a defendant in a criminal proceeding prosecuted by the United States of America, and was charged with theft of government Medicare funds. On August 14, 2018, Ahmed pleaded guilty to the charge of theft of government Medicare funds. The Firm, owned by Ahmed,

---

<sup>12</sup> See id.

<sup>13</sup> See PCAOB Rule 2203, *Special Reports*. As the Board noted when adopting its rules on special reporting, "reportable events will sometimes occur, and the public interest, as well as the ability to consider whether prompt action is warranted by the Board's inspection staff or enforcement staff, will be served by contemporaneous reporting of the event." PCAOB Rel. No. 2008-004, at 17 (June 10, 2008).

<sup>14</sup> PCAOB Form 3, at Item 2.6 (italics in original).

**ORDER**

learned of these events at the time they occurred, but no later than August 14, 2018. These events constituted an Item 2.6 Proceeding.

17. In violation of Rule 2203, the Firm failed to file a Form 3 with respect to the Item 2.6 Proceeding.

18. Ahmed knew, or was reckless in not knowing, that he was directly and substantially contributing to the Firm's violation of Rule 2203, as described above. As a result, he 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)(B) of the Act and PCAOB Rule 5300(a)(2), Ahmed 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>15</sup>
- B. After three (3) years from the date of this Order, Ahmed may file a petition, pursuant to PCAOB Rule 5302(b), for Board consent to associate with a registered public accounting firm;
- C. Pursuant to Section 105(c)(4)(A) of the Act and PCAOB Rule 5300(a)(1), the registration of the Firm is revoked;
- D. After three (3) years from the date of this Order, the Firm may reapply for registration by filing an application pursuant to PCAOB Rule 2101; and

---

<sup>15</sup> As a consequence of the bar, the provisions of Section 105(c)(7)(B) of the Act will apply with respect to Ahmed. 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."

**ORDER**

- E. Pursuant to Section 105(c)(4)(D) of the Act and PCAOB Rule 5300(a)(4), a civil money penalty in the amount of \$10,000 is imposed jointly and severally upon the Firm and Ahmed. 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. Respondents 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 the Firm and Ahmed as Respondents 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 Company Accounting Oversight Board, 1666 K Street, N.W., Washington, D.C. 20006. ***Respondents understand that failure to pay the civil money penalty described above may alone be grounds to deny any petition, pursuant to PCAOB Rule 5302(b), for Board consent to associate with a registered public accounting firm, or any reapplication for registration pursuant to PCAOB Rule 2101.***

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

---

Phoebe W. Brown  
Secretary

April 21, 2020