
ORDER INSTITUTING DISCIPLINARY
PROCEEDINGS, MAKING FINDINGS, AND
IMPOSING SANCTIONS

*In the Matter of Harris F Rattray CPA, PL, and
Harris F. Rattray, CPA,*

Respondents.

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) PCAOB Release No. 105-2013-009
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) November 21, 2013
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By this Order, the Public Company Accounting Oversight Board ("Board" or "PCAOB") is censuring Harris F Rattray CPA, PL (the "Firm"), and Harris F. Rattray, CPA ("Rattray"), revoking the registration of the Firm, and barring Rattray from being an associated person of a registered public accounting firm. The Board is imposing these sanctions on the Firm and Rattray (collectively, "Respondents") on the basis of its findings that Respondents violated Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder, Section 10A(a) of the Exchange Act, and PCAOB rules and auditing standards in connection with (a) audits of the financial statements of four issuer clients and (b) audits of the internal control over financial reporting ("ICFR") of one of those issuer clients.

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 ("Act"), and PCAOB Rule 5200(a)(1) against the Firm and Rattray.

II.

In anticipation of the institution of these proceedings, and pursuant to PCAOB Rule 5205, Respondents have each submitted an Offer of Settlement (collectively, "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 them and the subject matter of these proceedings,

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which are admitted, Respondents consent to entry of this Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions ("Order") as set forth below.^{1/}

III.

On the basis of Respondents' Offers, the Board finds^{2/} that:

A. Respondents

1. Harris F Rattray CPA, PL, is a public accounting firm located in Miramar, Florida.^{3/} The Firm has been registered with the Board pursuant to Section 102 of the Act and PCAOB rules since 2006.

2. Harris F. Rattray, CPA, 59, of Miramar, Florida, is a certified public accountant licensed by the State of Florida (license no. AC36976). He is the sole owner and associated person of the Firm, had final responsibility for all of the audits discussed herein, and authorized the issuance of all audit reports discussed herein. Rattray 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).

^{1/} 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.

^{2/} The sanctions that the Board is imposing on Respondents 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 Respondents' 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 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.

^{3/} The Firm originally registered and issued the audit reports discussed herein under the name of "Harris F. Rattray CPA." In its 2011 and 2012 Forms 2 filed with the Board, the Firm identified itself as "Rattray & Associates CPA, LLC."



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B. Summary

3. This matter concerns Respondents' numerous and repeated violations of the Exchange Act and PCAOB rules and auditing standards in connection with the issuance of audit reports for four issuers: Patient Portal Technologies, Inc. ("Patient Portal"); AvWorks Aviation Corp. ("AvWorks"); Caribbean Pacific Marketing, Inc. ("CPM"); and Urban Ag. Corp ("Urban Ag."). As detailed below, Respondents issued reports containing unqualified audit opinions concerning the financial statements of CPM and Urban Ag. and representing that the audits had been conducted in accordance with PCAOB standards, under circumstances in which Respondents knew, or were reckless in not knowing, that these representations were false. Respondents also issued reports containing unqualified audit opinions concerning Patient Portal's ICFR and representing that the audits had been conducted in accordance with PCAOB standards, under circumstances in which Respondents knew, or were reckless in not knowing, that these representations were false. Respondents' conduct with regard to these reports violated Exchange Act Section 10(b) and Rule 10b-5 thereunder.

4. Furthermore, during the audits of Patient Portal's financial statements for the years ended December 31, 2008 and 2009, the audits of AvWorks's financial statements for the years ended December 31, 2010 and 2011, and the audit of Urban Ag.'s financial statements for the year ended December 31, 2011, Respondents violated PCAOB auditing standards by failing, among other things, to plan and sufficiently perform audit work on critical aspects of the audits. Additionally, during their audit of AvWorks's financial statements for the year ended December 31, 2011, Respondents violated Exchange Act Section 10A(a) by failing to include procedures designed to provide reasonable assurance of detecting illegal acts that would have a direct and material effect on the determination of financial statement amounts.

C. Background

5. At the time Respondents began to perform audits of the financial statements and ICFR of issuer clients in early 2008, Rattray had never been involved in an audit conducted in accordance with PCAOB auditing standards. He attended college, was certified as a Chartered Accountant, and was trained as an auditor in Kingston, Jamaica. From 1973 until 1983, Rattray worked at the Jamaican affiliate of a global accounting network, rising to the level of manager, and audited, under British auditing standards, the financial statements of companies that used British accounting standards. From 1985 to 1995, Rattray was chief financial officer of a privately held company in Kingston, Jamaica. In addition, from 1983 until 2003, he managed a business college in Kingston, Jamaica, that provided accounting training, also with reference to British accounting standards.

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6. Rattray took courses in bookkeeping and obtained a master's degree in accounting in the United States in 2005. Rattray became licensed as a certified public accountant in the State of Florida in June 2004. From 2004 to 2007, Rattray worked on the accounting staff of a Board of County Commissioners in Florida.

7. At the time he began performing public audits in 2008, Rattray had not performed audits for twenty-five years. Rattray had no work experience in the United States relating to U.S. GAAP or auditing under PCAOB auditing standards. Yet prior to issuing unqualified audit opinions for his audit clients as discussed in this Order, Rattray did not educate himself about current PCAOB auditing standards.

D. Respondents' Violations of the Exchange Act and PCAOB Rules and Auditing Standards

8. Section 10(b) of the Exchange Act and Rule 10b-5 thereunder prohibit a person, in connection with the purchase or sale of a security, from making an untrue statement of a material fact or from omitting to state a material fact necessary to make statements made, in light of the circumstances under which they were made, not misleading.^{4/} To violate Section 10(b) or Rule 10b-5, a respondent must act with scienter,^{5/} which the Supreme Court has defined as "a mental state embracing intent to deceive, manipulate, or defraud."^{6/} Scienter encompasses knowing or intentional conduct, or recklessness.^{7/} An auditor violates Section 10(b) of the Exchange Act and Rule 10b-5 thereunder by issuing an audit report stating that the audit has been performed in accordance with PCAOB standards when he or she knows, or is reckless in not knowing, that the statement is false.^{8/}

^{4/} See 15 U.S.C. § 78j(b); 17 C.F.R. § 240.10b-5.

^{5/} See *Aaron v. SEC*, 446 U.S. 680, 695, 701-02 (1980).

^{6/} *Ernst & Ernst v. Hochfelder*, 425 U.S. 185, 193 n.12 (1976).

^{7/} See, e.g., *IIT v. Cornfeld*, 619 F.2d 909, 923 (2d Cir. 1980).

^{8/} See *P. Parikh & Associates, Ashok B. Rajagiri, CA, Sandeep P. Parikh, CA, and Sundee P S G Nair, CA*, PCAOB Release No. 105-2013-002 (Apr. 24, 2013); *Lawrence H. Wolfe, CPA*, PCAOB Release No. 105-2012-005, at *5 (Sept. 7, 2012); *The Blackwing Group, LLC and Sara L. Jenkins, CPA*, PCAOB Release No. 105-2009-007, at *9-10 (Dec. 22, 2009); *Moore & Associates, Chartered and Michael J. Moore, CPA*, PCAOB Release No. 105-2009-006, at *16 (Aug. 27, 2009); *In re Richard P.*

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9. Section 10A(a) of the Exchange Act requires, among other things, that every audit of an issuer must include, among other things, "procedures designed to provide reasonable assurance of detecting illegal acts that would have a direct and material effect on the determination of financial statement amounts."^{9/}

10. In connection with the preparation or issuance of any audit report, PCAOB rules require that a registered public accounting firm and its associated persons comply with the Board's auditing standards.^{10/} 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.^{11/} Among other things, those standards require that an auditor exercise due professional care.^{12/} For audits of fiscal years beginning before December 15, 2010, those standards required that the auditor obtain sufficient competent evidence to afford a reasonable basis for an opinion regarding the financial statements.^{13/} For audits of fiscal years beginning on or after December 15, 2010, those standards require that the auditor plan and perform audit procedures to obtain sufficient appropriate audit evidence to provide a reasonable basis for his opinion.^{14/} Among the elements of due professional care is professional skepticism, "an attitude that includes a questioning mind and a critical assessment of audit evidence."^{15/} An auditor acting with professional skepticism "should not be satisfied with less than persuasive evidence because of a belief that management is honest."^{16/}

Scalzo, CPA, Exchange Act Release No. 48328, 2003 SEC LEXIS 1915 (Aug. 13, 2003).

^{9/} 15 U.S.C. § 78j-1(a)(1).

^{10/} See PCAOB Rules 3100, 3200T.

^{11/} See AU § 508.07, *Reports on Audited Financial Statements*.

^{12/} See AU § 150.02, *Generally Accepted Auditing Standards*; AU § 230, *Due Professional Care in the Performance of Work*

^{13/} See AU § 326, *Evidential Matter*.

^{14/} See Auditing Standard No. 15, *Audit Evidence* ("AS 15").

^{15/} AU § 230.07.

^{16/} AU § 230.09.



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11. For audits of financial statements for years beginning on or after December 15, 2009, PCAOB standards require that auditors obtain an engagement quality review for each audit and interim review engagement conducted pursuant to the standards of the Board.^{17/}

12. As detailed below, Respondents failed to comply with the aforementioned laws, rules, and standards, among others, in connection with certain of their audits of Patient Portal, AvWorks, CPM, and Urban Ag.

Integrated Audits of Patient Portal's Financial Statements and ICFR

13. Patient Portal was, at all relevant times, a Delaware corporation with its principal executive offices in Baldwinsville, New York. According to its public filings, Patient Portal delivered technology services to healthcare institutions through its Patient Portal Connect, Inc. ("PPC"), and TB&A Hospital Television, Inc. ("TB&A"), operating subsidiaries. At all relevant times, Patient Portal's common stock was registered under Section 12(g) of the Exchange Act and was traded on the OTC Bulletin Board. Patient Portal was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii). On October 12, 2010, Patient Portal submitted a Form 15 to the Securities and Exchange Commission ("Commission") to terminate its registration.

2008 Audit of Patient Portal

14. In an audit report dated April 10, 2009, Respondents expressed an unqualified opinion on Patient Portal's 2008 financial statements that was included in Patient Portal's Form 10-K filed with the Commission on April 14, 2009. In the report, Respondents stated that they had audited Patient Portal's financial statements in accordance with PCAOB standards and that Patient Portal's financial statements presented fairly, in all material respects, the company's financial position as of December 31, 2008 and its results of operations for the year ended December 31, 2008. The report also stated that Respondents had audited Patient Portal's ICFR in accordance with PCAOB standards, and expressed an unqualified opinion concerning the effectiveness of the company's ICFR as of December 31, 2008. Respondents' unqualified opinion concerning Patient Portal's ICFR was also provided in a separate report contained in the same Form 10-K, which stated that the ICFR audit had been conducted in accordance with PCAOB standards.

^{17/} See Auditing Standard No. 7, *Engagement Quality Review* ("AS 7").



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15. At the time of Respondents' audit of Patient Portal for the year ended December 31, 2008, Rattray was not aware of PCAOB Auditing Standard No. 5, *An Audit of Internal Control Over Financial Reporting That Is Integrated with An Audit of Financial Statements* ("AS 5"). Respondents took no steps to learn what procedures were required to perform an ICFR audit in accordance with PCAOB standards, and Respondents performed no ICFR procedures in connection with the audit.

16. Respondents violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder by their issuance of an audit report that falsely stated that the audit of Patient Portal's ICFR as of December 31, 2008 had been conducted in accordance with PCAOB standards, when Respondents knew, or were reckless in not knowing, that they had failed to perform any ICFR audit procedures in connection with the issuance of their ICFR opinion.

17. Respondents also violated PCAOB rules and auditing standards in conducting their audit of Patient Portal's financial statements for the year ended December 31, 2008. Among other things, Respondents failed to plan the audit by failing to: develop an overall strategy for the expected conduct and scope of the audit; determine the nature, extent, and timing of the work to be performed; and prepare a written audit program setting forth the audit procedures they believed were necessary to accomplish the objectives of the audit.^{18/}

18. Respondents failed to exercise due care and obtain sufficient competent evidential matter concerning significant balances and transactions in Patient Portal's financial statements.^{19/} For example, Patient Portal's consolidated financial statements reflected the operations of its two subsidiaries, PPC and TB&A. Respondents' audit work papers indicated that PPC represented 58% of the assets and 73% of the liabilities of the consolidated company and had incurred a loss equal to 160% of the consolidated company's net loss for the year. Respondents performed no audit procedures related to PPC's financial statements.

19. In addition, Respondents understood that TB&A's revenue represented approximately 75% of Patient Portal's consolidated revenue, and its cost of sales represented approximately 78% of the company's consolidated cost of sales. Respondents failed to perform any audit procedures to test the existence or valuation

^{18/} See AU § 311, *Planning and Supervision*. References to PCAOB auditing standards in connection with each audit are to the versions of those standards in effect for that audit.

^{19/} See AU § 230; AU § 326.

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of TB&A's revenues. Respondents also failed to test the cost of sales related to those revenues.

2009 Audit of Patient Portal

20. On March 15, 2010, Respondents expressed an unqualified opinion on Patient Portal's 2009 financial statements in an audit report that was included in Patient Portal's Form 10-K filed with the Commission on March 29, 2010. The report stated that Respondents had audited Patient Portal's financial statements in accordance with PCAOB standards and that Patient Portal's financial statements presented fairly, in all material respects, the company's financial position as of December 31, 2009 and its results of operations for the year ended December 31, 2009. The report also stated that Respondents had audited Patient Portal's ICFR in accordance with PCAOB standards, and expressed an unqualified opinion concerning the effectiveness of the company's ICFR as of December 31, 2009. Respondents' unqualified opinion concerning Patient Portal's ICFR was also provided in a separate report contained in the same Form 10-K, which stated that the ICFR audit had been conducted in accordance with PCAOB standards.

21. At the time of Respondents' December 31, 2009 audit of Patient Portal, Rattray was still not aware of AS 5. Respondents again took no steps to learn what procedures were required to perform an ICFR audit in accordance with PCAOB standards, and again failed to perform any required ICFR procedures in connection with the audit.

22. Respondents violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder by their issuance of an audit report that falsely stated that the audits of Patient Portal's ICFR as of December 31, 2009 had been conducted in accordance with PCAOB standards, when Respondents knew, or were reckless in not knowing, that they had performed no ICFR audit procedures in connection with the issuance of their audit report containing an ICFR opinion.

23. Respondents also violated PCAOB rules and auditing standards in performing their audit of Patient Portal's financial statements for the year ended December 31, 2009. Respondents again failed to plan the audit, including by failing to: develop an overall strategy for the expected conduct and scope of the audit; determine the nature, extent, and timing of the work to be performed; and prepare a written audit program setting forth the audit procedures they believed were necessary to accomplish the objectives of the audit.^{20/}

^{20/} See AU § 311.

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24. Respondents failed to exercise due care and obtain sufficient competent evidential matter concerning significant balances and transactions in Patient Portal's financial statements.^{21/} For the year ended December 31, 2009, Patient Portal reported approximately \$16 million in revenue and \$9 million in cost of sales. Other than relying on management's representations regarding revenue and cost of sales, Respondents failed to perform any audit procedures to test the existence or valuation of Patient Portal's revenue or related cost of sales.^{22/}

25. In its 2009 financial statements, Patient Portal reported net accounts receivable of approximately \$1.7 million, representing over 11% of Patient Portal's assets as of December 31, 2009. Respondents failed to perform any audit procedures to test the existence or valuation of the accounts receivable balance, including the reasonableness of the company's estimate of the allowance for doubtful accounts.

Audits of AvWorks's Financial Statements

26. AvWorks was, at all relevant times, a Nevada corporation with its principal executive offices in Sunrise, Florida. AvWorks's public filings disclosed that it supplied replacement airplane parts and supply-chain services to airlines and maintenance organizations. AvWorks's common stock was registered under Section 12(g) of the Exchange Act and was traded on the OTC Bulletin Board. At all relevant times, AvWorks was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

27. In November 2011, AvWorks engaged the Firm as its auditor for its 2010 and 2011 financial statements. Respondents expressed an unqualified opinion on AvWorks's December 31, 2011 and 2010 financial statements in an audit report dated April 5, 2012, that was included in AvWorks's Form 10-K for the period ended December 31, 2011 filed with the Commission on April 9, 2012. The report stated that Respondents had audited AvWorks's financial statements in accordance with PCAOB standards and that those financial statements presented fairly, in all material respects, the company's financial position as of December 31, 2011 and 2010, and its results of operations for the years ended December 31, 2011 and 2010.

28. For both the December 31, 2010 and December 31, 2011 audits, Respondents violated PCAOB auditing standards in several respects. For the 2010

^{21/} See AU § 230; AU § 326.

^{22/} See AU § 333.02, *Management Representations*.

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audit, Respondents failed to plan the audit, including by failing to: develop an overall strategy for the expected conduct and scope of the audit; determine the nature, extent, and timing of the work to be performed; and prepare a written audit program setting forth the audit procedures they believed were necessary to accomplish the objectives of the audit.^{23/} For the 2011 audit, Respondents again failed to plan the audit by failing to: develop an overall strategy that set the scope, timing, and direction of the audit plan;^{24/} and develop and document an audit plan that included a description of the nature, timing, and extent of the risk assessment procedures and tests of controls and substantive procedures.^{25/}

29. In addition, Respondents failed to obtain an engagement quality review as required by PCAOB standards for the 2010 and the 2011 audits.^{26/}

30. Respondents failed to exercise due care and obtain sufficient competent evidential matter concerning significant balances and transactions relating to AvWorks's financial statements for the years ended December 31, 2010 and December 31, 2011.^{27/} For the year ended December 31, 2010, AvWorks's financial statements reported a related party receivable, consisting of a loan to its chief executive officer ("CEO"), of \$24,920, representing 58% of the assets on its balance sheet. As of December 31, 2011, AvWorks's financial statements reported that the related party loan to the CEO was \$20,138, representing 21% of the company's assets. PCAOB auditing standards require auditors perform certain procedures concerning related party transactions.^{28/} Despite the disclosure, Respondents failed in 2010 and 2011 to perform any procedures to obtain and evaluate sufficient competent evidential matter concerning the loan.^{29/}

^{23/} See AU § 311.

^{24/} See Auditing Standard No. 9, *Audit Planning* ("AS 9") ¶ 8.

^{25/} See id. ¶ 10.

^{26/} See AS 7.

^{27/} See AU § 230; AU § 326 (audit evidence standard for 2010); AS 15 (audit evidence standard for 2011).

^{28/} See AU § 334, *Related Parties*.

^{29/} See id.

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31. AvWorks acquired the loan in October 2011 as part of a business combination with a privately held company, in which the President of the privately held company became the President, CEO, Chief Financial Officer, and Director of AvWorks. During the December 31, 2011 audit, Rattray failed to consider whether the loan might constitute an illegal act. As a result, Respondents violated Section 10A(a) of the Exchange Act by failing to include in the audit procedures designed to provide reasonable assurance of detecting illegal acts that would have a direct and material effect on the determination of financial statement amounts.^{30/}

32. Further, for the 2010 audit, Respondents performed no procedures to test the existence or valuation of the \$551,426 that AvWorks reported as revenue, and performed no procedures to test the related reported cost of sales of \$383,997.

33. Respondents also failed to perform any, or performed inadequate, procedures to test certain other significant amounts in AvWorks's balance sheet as of December 31, 2011, including accounts payable and accrued expenses, accounts receivable, and inventory. For example, AvWorks reported accounts payable and accrued expenses of \$39,581, representing approximately 34% of AvWorks's total liabilities at year-end 2011. Nevertheless, Respondents failed to perform any procedures to test the existence, valuation, or completeness of the reported accounts payable and accrued expenses balance.

34. AvWorks reported accounts receivable of \$19,030, representing approximately 20% of AvWorks's reported assets as of December 31, 2011. Seventy percent of the accounts receivable balance was owed by one customer on an invoice dated August 26, 2011 that was still outstanding when Respondents conducted their audit of AvWorks in April 2012. Respondents obtained a management representation regarding the collectability of the accounts receivable balance and questioned the reasonableness of management's accounting for the entire receivable balance. Respondents failed, however, to perform any procedures to test the existence or valuation of the accounts receivable balance.

35. AvWorks's reported inventory of \$45,100 represented over 46% of its reported total assets as of December 31, 2011. Rattray identified inventory as significant to the audit. During the audit, Respondents visited the inventory location, but failed to document any procedures concerning the visit, including test counts. Respondents failed to obtain sufficient appropriate audit evidence to test the existence

^{30/} See 15 U.S.C. § 78j-1(a)(1).



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of the inventory and whether the values included in the financial statements for inventory were appropriate.^{31/}

Audit of CPM's Financial Statements

36. CPM was, at all relevant times, a Florida corporation with its principal executive offices in Boca Raton, Florida. CPM's public filings disclosed that it was a development-stage company founded on January 20, 2012 to market sun and skin care products. CPM filed a registration statement on Form S-1 with the Commission on March 9, 2012. The registration statement included an audit report containing an unqualified audit opinion issued by Respondents dated March 8, 2012. From the filing of its Form S-1 on March 9, 2012 until December 3, 2012, CPM was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).^{32/}

37. CPM retained Respondents as its independent auditor sometime in early 2012. Respondents' March 8, 2012 report stated that Respondents had audited CPM's financial statements in accordance with PCAOB standards and that those financial statements presented fairly, in all material respects, the company's financial position as of February 24, 2012 and its results of operations for the period January 20 through February 24, 2012.

38. After CPM's Form S-1 filing on March 9, 2012, CPM management requested that Respondents issue an audit opinion for the period from the inception date of January 20, 2012 through and as of June 30, 2012 to be included in a Form S-1/A to be filed with the Commission. Respondents expressed an unqualified opinion on CPM's June 30, 2012 financial statements in an audit report dated August 6, 2012 that was included in CPM's Form S-1/As filed with the Commission on August 7 and August 24, 2012. The August 6 report stated that Respondents had audited CPM's financial statements in accordance with PCAOB standards and that those financial statements presented fairly, in all material respects, the company's financial position as of June 30, 2012 and its results of operations for the period January 20 through June 30, 2012.

^{31/} See AS 15 ¶ 4.

^{32/} CPM's registration statement became effective with the Commission on August 29, 2012. On October 29, 2012, the Commission instituted administrative proceedings in which its Division of Enforcement alleged that CPM's registration statement was materially misleading because it failed to disclose the fact that a barred attorney named William Reilly was involved in CPM's offering. The Commission suspended the effectiveness of CPM's registration statement on December 3, 2012.



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39. Prior to issuing their August 6, 2012 audit opinion on CPM's June 30, 2012 financial statements, Respondents failed to perform any audit procedures on the company's financial statements. In issuing the opinion, Respondents relied on (1) the work they had performed prior to issuing the March 8, 2012 audit opinion on CPM's February 24, 2012 financial statements; and (2) a management representation that CPM's expenses had increased by a minimal amount since February 24, 2012.

40. Respondents' audit concerning CPM's February 24, 2012 financial statements had not, however, complied with PCAOB standards. Respondents knew or were reckless in not knowing that they had failed to exercise due care and obtain sufficient competent evidential matter concerning significant balances and transactions in those financial statements.^{33/} For example, CPM had reported cash of \$5,134 as its only asset and accounts payable of \$10,000 as its only liability as of February 24, 2012. Respondents failed to perform any procedures to test the existence or valuation of the cash or the existence, valuation, or completeness of the accounts payable balance.

41. Respondents obtained a management representation prior to issuing their August 6, 2012 opinion that CPM had incurred only a minimal amount of expenses between February 24, 2012 and June 30, 2012. Respondents failed to perform any procedures to test this representation.^{34/} As a result, at the time the August 6, 2012 opinion was issued, Respondents were not aware that between February 24, 2012 and June 30, 2012, CPM's expenses had increased by over 29%, from a reported \$34,866 to a reported \$45,180. Additionally, Respondents again failed to perform any procedures to test the existence or valuation of CPM's only reported asset of cash, and failed to perform any procedures to test the existence, valuation, or completeness of the only reported liability, accounts payable of \$15,200.

42. Respondents violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder by their issuance of an audit report, dated August 6, 2012, that falsely stated that an audit of CPM's financial statements for the period ended June 30, 2012 had been conducted in accordance with PCAOB standards, when Respondents knew, or were reckless in not knowing, that they had not conducted an audit of CPM's June 30, 2012 financial statements prior to the issuance of their August 6, 2012 audit report.

^{33/} See AU § 230; AS 15.

^{34/} See AU § 333.02.

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Audits of Urban Ag.'s Financial Statements

43. Urban Ag. was, at all relevant times, a Delaware corporation with its principal executive offices in North Andover, Massachusetts. Urban Ag.'s public filings disclose that it provides outsourced services to companies in the construction and engineering industries. Urban Ag.'s common stock is registered under Section 12(g) of the Exchange Act and is traded in the OTCQB market. At all relevant times, Urban Ag. was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

44. In November 2012, Urban Ag. engaged the Firm as its auditor for its 2011 financial statements. Respondents expressed an unqualified opinion on Urban Ag.'s 2011 financial statements in an audit report dated November 16, 2012 that was included in Urban Ag.'s Form 10-K filed with the Commission on November 23, 2012. The report stated that Respondents had audited Urban Ag.'s financial statements for the year ended December 31, 2011 in accordance with PCAOB standards and that those financial statements presented fairly, in all material respects, the company's financial position as of December 31, 2011 and its results of operations for the year ended December 31, 2011. The report stated that the company's financial statements for all prior years, including the year ended December 31, 2010, had been audited by other auditors.

45. Respondents violated PCAOB rules and auditing standards in connection with their audit of Urban Ag.'s financial statements for the year ended December 31, 2011. For example, Respondents failed to plan the audit. Respondents failed to develop an overall strategy for the audit that set the scope, timing, and direction of the audit plan,^{35/} or to develop and document an audit plan that included a description of the nature, timing, and extent of the risk assessment procedures and tests of controls and substantive procedures.^{36/}

46. Respondents failed to exercise due care and obtain sufficient competent evidential matter concerning significant balances and transactions in Urban Ag.'s December 31, 2011 financial statements.^{37/} For example, Urban Ag. disclosed in its Form 10-K for the year ended December 31, 2011 that during that year it had engaged in a business combination. During their audit, Respondents performed no audit

^{35/} See AS 9 ¶ 8.

^{36/} See *id.* ¶ 10.

^{37/} See AU § 230; AS 15.



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procedures to assess whether the company had properly accounted for the business combination or whether its historical financial statements properly reflected the transaction.

47. For the year ended December 31, 2011, Urban Ag. reported net accounts receivable of approximately \$1.8 million, or 82% of Urban Ag.'s total assets. Respondents failed to perform sufficient procedures regarding accounts receivable. To test receivables, Respondents selected certain items from a list of invoices for a nine day period in late December and agreed those items to the actual invoices. Other than this step, Respondents failed to perform any procedures to test the existence and valuation of accounts receivable, such as examining subsequent cash receipts, shipping documents, or other client documentation to provide audit evidence. Additionally, Respondents failed to perform any procedures to test the company's allowance for doubtful accounts.

48. Accounts payable represented approximately 39% of Urban Ag.'s liabilities as of December 31, 2011. Respondents failed, however, to conduct any procedures to test the existence, valuation, or completeness of the accounts payable balance.

49. Respondents also failed to obtain an engagement quality review for the 2011 audit.^{38/}

50. On January 22, 2013, Urban Ag.'s management requested that Respondents perform an audit for the year ended December 31, 2010. On January 25, 2013, the company filed a Form 10-K/A that included a revised audit report, dated November 16, 2012, stating that Respondents had audited the company's financial statements for the years ended December 31, 2011 and 2010, and that the financial statements for the years ended December 31, 2009 and earlier had been audited by other auditors. The unqualified opinion stated that the audits of Urban Ag.'s financial statements for the years ended December 31, 2011 and 2010 had been conducted in accordance with PCAOB standards, and that the financial statements presented fairly, in all material respects, the company's financial position as of December 31, 2011 and 2010 and its results of operations for the years ended December 31, 2011 and 2010.

51. For the year ended December 31, 2010, Urban Ag. reported total assets of approximately \$1.9 million, revenues of \$6.3 million and net income of \$2,504. Respondents failed to perform any audit procedures concerning Urban Ag.'s December 31, 2010 financial statements before issuing and authorizing the use of their revised unqualified audit opinion concerning those financial statements.

^{38/}

See AS 7.

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52. Respondents violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder by their issuance of an audit report, dated November 16, 2012 and issued on or about January 25, 2013, that falsely stated that they had conducted an audit of Urban Ag.'s financial statements for the year ended December 31, 2010 in accordance with PCAOB standards, when Respondents knew, or were reckless in not knowing, that they had performed no audit procedures.

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), Harris F Rattray CPA, PL, is hereby censured;
- B. Pursuant to Section 105(c)(4)(A) of the Act and PCAOB Rule 5300(a)(1), the registration of Harris F Rattray CPA, PL, is revoked;
- C. Pursuant to Section 105(c)(4)(E) of the Act and PCAOB Rule 5300(a)(5), Harris F. Rattray, CPA, is hereby censured; and
- D. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), Harris F. Rattray, 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).

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

November 21, 2013