1 By this Order, the Public Company Accounting Oversight Board (the "Board" or "PCAOB") is censuring Hazel-Leilani De Los Reyes Bradford, CPA ("Bradford" or "Respondent"), barring her from being an associated person of a registered public accounting firm, and imposing upon her a civil money penalty in the amount of $25,000. The Board is imposing these sanctions on the basis of its findings that Bradford directly and substantially contributed to a registered public accounting firm's violations of PCAOB quality control standards.

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 Respondent.

II. In anticipation of institution of these proceedings, and pursuant to PCAOB Rule 5205, Respondent has submitted an Offer of Settlement ("Offer") 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

Bradford may file a petition for Board consent to associate with a registered public accounting firm after two (2) years from the date of this Order.
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over Respondent and the subject matter of these proceedings, which is admitted, Respondent consents to entry of this Order Instituting Disciplinary Proceedings, Making Findings and Imposing Sanctions ("Order") as set forth below.2

III.

On the basis of Respondent's Offer, the Board finds that:3

A. Respondents

1. Hazel-Leilani De Los Reyes Bradford, age 46, of Henderson, Nevada, is a certified public accountant licensed by the Nevada State Board of Accountancy (License No. CPA-2438). At all relevant times, Bradford was a partner in the Las Vegas, Nevada office of L.L. Bradford & Company LLC ("L.L. Bradford" or the "Firm") 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). At all relevant times, Bradford owned a majority stake in L.L. Bradford and was the partner responsible for the design, implementation, and maintenance of the Firm's quality control policies and procedures.

B. Registered Firm

2. L.L. Bradford is a company organized under the laws of the State of Nevada, and is headquartered in Las Vegas, Nevada. L.L. Bradford registered with the Board on October 22, 2003, pursuant to Section 102 of the Act and PCAOB rules. L.L. Bradford is licensed to practice public accountancy by the Nevada State Board of Accountancy (License No. LLC-0113) and, at all relevant times, was the external auditor for each of the issuers identified below.

C. Summary

3. This matter relates to Respondent's direct and substantial contribution to L.L. Bradford's violations of PCAOB quality control standards. Specifically, this matter

2 The findings herein are made pursuant to Respondent's Offer and are not binding on any other persons or entities in this or any other proceeding.

3 The Board finds that Respondent's conduct described in this Order meets the conditions set out in Section 105(c)(5)(A) of the Act, 15 U.S.C. § 7215(c)(5)(A), 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.
concerns Bradford's pervasive failures to properly carry out her responsibility to establish, implement, and monitor L.L. Bradford's quality control policies and procedures. Bradford's quality control related failures contributed to L.L. Bradford's violations of (i) Section 10A(j) of the Securities Exchange Act of 1934 ("Exchange Act"), Exchange Act Rule 10A-2, and PCAOB rules and standards that require a registered public accounting firm and its associated persons to be independent of the firm's audit clients throughout the audit and professional engagement periods and to comply with partner rotation requirements; (ii) the two-year "cooling-off" requirement set forth in Auditing Standard No. 7, Engagement Quality Review, which prohibits a person from serving as engagement quality reviewer immediately after serving as the engagement partner on an issuer audit; (iii) Section 10A(g) of the Exchange Act and Exchange Act Rule 10A-2, as well as PCAOB independence rules and standards, prohibiting the provision of certain non-audit services to an issuer audit client at any point during the audit and professional engagement period; and (iv) PCAOB rules and auditing standards.

4. At all relevant times, Bradford was responsible for the development, implementation, and monitoring of L.L. Bradford's quality control policies and procedures. Despite those responsibilities, Bradford took, or omitted to take, action knowing, or recklessly not knowing, that her acts and/or omissions would directly and substantially contribute to L.L. Bradford's violation of PCAOB quality control standards, in contravention of PCAOB Rule 3502, Responsibility Not to Knowingly or Recklessly Contribute to Violations.

D. Background

5. L.L. Bradford was formed in 1994 as a sole proprietorship, and Bradford joined the firm as a partner the following year. In 2012, the time period during which the majority of the violations occurred, L.L. Bradford had nineteen issuer audit clients and three personnel authorized to sign audit reports on behalf of the Firm. Bradford had limited public audit experience and inadequate knowledge of PCAOB standards and relevant Commission rules and regulations. Nonetheless, she assumed the responsibility for designing, implementing, and monitoring the Firm's quality control policies and procedures, did an inadequate job of making herself aware of such requirements, and ultimately failed to design and maintain a system of quality control that provided the Firm with reasonable assurance its personnel complied with applicable

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4 See Auditing Standard No. 7, Engagement Quality Review ("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.
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professional standards and the Firm's standards of quality. As described below, Bradford repeatedly failed to perform her quality control responsibilities.

E. Bradford Violated PCAOB Rules by Directly and Substantially Contributing to L.L. Bradford's Quality Control Violations

6. PCAOB Rules require that a registered accounting firm and its associated persons comply with the Board's quality control standards. PCAOB quality control standards require that a registered public accounting firm "have a system of quality control for its accounting and auditing practice." The design and maintenance of a firm's quality control policies and procedures "should be assigned to an appropriate individual" with consideration given to the "proficiency" of the individual, the "authority to be delegated," and "the extent of supervision to be provided."

7. Among other things, a firm's quality control policies and procedures should provide reasonable assurance that personnel maintain independence in fact and appearance.

8. PCAOB quality control standards also provide that policies and procedures "should be established to provide the firm with reasonable assurance that the policies and procedures established by the firm for each of the other elements of quality control . . . are suitably designed and are being effectively applied." Firms are required to establish monitoring procedures to "enable the firm to obtain reasonable assurance that its system of quality control is effective." Such monitoring procedures include, among other things, inspection procedures, post-issuance reviews of selected

5 PCAOB Rules 3100, Compliance with Auditing and Related Professional Practice Standards, and 3400T, Interim Quality Control Standards.

6 Quality Control ("QC") § 20.01, System of Quality Control for a CPA Firm's Accounting and Auditing Practice.

7 QC § 20.22.

8 QC § 20.09.

9 QC § 20.20; see also QC § 30.02, Monitoring a CPA Firm's Accounting and Auditing Practice.

10 QC § 30.03.
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engagements, and analysis and assessment of the results of independence confirmations.\textsuperscript{11}

9. In addition, PCAOB rules prohibit an associated person of a registered public accounting firm from taking or omitting to take an action knowing, or recklessly not knowing, that the act or omission would directly and substantially contribute to violations by that 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 ("Commission") issued under the Act, or professional standards.\textsuperscript{12}

10. As detailed below, the Firm failed to comply, and Bradford directly and substantially contributed to the Firm's failure to comply, with PCAOB rules and quality control standards.

\textit{Independence, Integrity, and Objectivity}

11. The Firm failed to adopt and implement appropriate quality control policies and procedures governing the Firm's independence with respect to its issuer audit clients. Specifically, the Firm's 2011 quality control policies and procedures, which Bradford was responsible for preparing, included incorrect guidance with respect to audit partner rotation requirements, were silent as to engagement quality reviewer rotation requirements, and did not reflect the practices of the Firm during the relevant time period.

12. With respect to audit partner rotation requirements, Bradford assumed the responsibility for the Firm's, and its associated persons', compliance with audit partner rotation requirements.\textsuperscript{13} Significantly, the Firm and Bradford failed to design and implement a process to track and monitor audit partner assignments and rotation

\textsuperscript{11} See id.

\textsuperscript{12} See PCAOB Rule 3502.

\textsuperscript{13} The Firm's quality control policies and procedures stated that the managing partner assigned audit partners to audit engagements and was responsible for ensuring compliance with audit partner rotation requirements; however that statement was inaccurate. The Firm's audit partner assignments were determined by a group of the Firm's partners, and the responsibility for compliance with audit partner rotation requirements was delegated to Bradford, the Firm's quality control partner.
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compliance. Indeed, Bradford failed to take any affirmative steps to track and monitor audit partner rotation requirements. These failures contributed to the Firm's violations of partner rotation requirements with respect to six issuer audit clients. Specifically, the Firm violated partner rotation requirements with respect to its audits of six issuer clients because Firm partners served as the lead partner and/or concurring partner/engagement quality reviewer for more than the permitted five year period set forth in Section 10A(j) of the Exchange Act and Regulation S-X.¹⁴

13. The Firm and Bradford also failed to design and implement a process for monitoring the Firm's compliance with AS 7, paragraph 8, which requires a two year "cooling-off" period before a partner who served as lead partner can assume the role of engagement quality reviewer. The Firm's quality control policies and procedures did not address the cooling-off requirement. In fact, the Firm and Bradford were not aware of the requirements set forth in AS 7 until members of the Firm attended training in 2014 conducted by a third-party. These failures contributed to the Firm's violations of AS 7 with respect to two issuer audits.¹⁵

14. In addition, the Firm and Bradford failed to design and implement a process for confirming the Firm's independence with respect to potential new issuer audit clients prior to accepting the clients. The Firm and Bradford failed to design and implement any such process despite their awareness that at least two senior personnel at L.L. Bradford provided non-audit services to issuers outside of their work for L.L. Bradford. Indeed, despite this awareness, the Firm and Bradford failed to obtain from at least one of the senior personnel a list of the issuers for whom he was providing non-audit services or otherwise apprise itself of the non-audit services he was providing. That failure, combined with the failure to implement a process to confirm the Firm's independence with respect to new issuer audit clients, contributed to the Firm's violation

¹⁴ See Dustin M. Lewis and Eric S. Bullinger, PCAOB Release No. 105-2015-005. See also Section 10A(j) of the Exchange Act; Exchange Act Rule 10A-2. Exchange Act Rule 10A-2 provides that it shall be unlawful for an auditor not to be independent with respect to, among other requirements, the partner rotation requirements of Commission Regulation S-X. Rule 2-01 of Commission Regulation S-X provides that an accountant is not independent of an audit client when an audit partner performs the services of lead or concurring audit partner for the same issuer for more than five consecutive years and within the five consecutive year period following the performance of services for the maximum period permitted.

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of independence requirements during the audit of another issuer client. Specifically, the Firm was not independent of that issuer audit client because one of the senior personnel noted above, an audit principal at L.L. Bradford, had provided bookkeeping and financial statement preparation services for the issuer during the relevant audit period.16

15. The Firm and Bradford also failed to implement policies and procedures to provide reasonable assurance that Firm personnel maintained independence.17 Specifically, despite a requirement to obtain annual independence confirmations in the Firm's quality control policies and procedures, Bradford failed to obtain and/or retain independence confirmations from Firm personnel for 2013.

Monitoring

16. The Firm also failed to appropriately implement the required quality control monitoring procedures. As noted above, Bradford assumed the role of quality control partner at the Firm despite the fact her prior audit experience was largely limited to a small number of non-public companies, and she lacked the relevant experience, knowledge, and proficiency necessary to carry out the monitoring function.18 Moreover, Bradford failed to take sufficient steps to develop the requisite proficiency after becoming the Firm's quality control partner. In August 2013, Bradford conducted an internal quality control inspection of the audits and reviews conducted on certain of the Firm's issuer clients. Because Bradford did not have the necessary experience, knowledge, and proficiency, she failed during her quality control inspection to identify multiple audit deficiencies and failures to comply with the Firm's own policies and procedures. For example, with respect to her inspection of one interim review for an issuer client, Bradford did not identify the engagement team's failure to properly communicate with the issuer's management and the audit committee regarding the Firm's inability to complete

16 See Section 10A(g) of the Exchange Act; Exchange Act Rule 10A-2. Exchange Act Rule 10A-2 states that it shall be unlawful for an auditor not to be independent with respect to, among other requirements, the prohibited non-audit services provisions of Commission Regulation S-X. Rule 2-01 of Regulation S-X provides that an accountant is not independent if, at any point during the audit and professional engagement period, the accountant provides certain non-audit services to an audit client, including bookkeeping services such as "[p]reparing the audit client's financial statements that are filed with the Commission."

17 See QC § 20.09.

18 See QC § 20.22.
the interim review. With respect to her inspection of the interim review of another issuer client, Bradford failed to identify erroneous disclosure determinations. Bradford's monitoring procedures also did not identify a pervasive failure by the Firm's personnel to use the standard audit and review work papers required by the Firm's quality control policies and procedures or to use the up-to-date version of such work papers and forms.

**Bradford's Role**

17. In Bradford's role as the Firm's quality control partner, she had primary responsibility for the design, implementation, maintenance, communication, and monitoring of the Firm's quality control policies and procedures. Bradford assumed this role despite her lack of public company audit experience and her inadequate knowledge of PCAOB standards and relevant Commission rules and regulations, and then failed to take steps to develop the requisite knowledge. Furthermore, the Firm and Bradford failed to put into place and/or perform procedures to (i) properly update the Firm's quality control policies and procedures; (ii) track and monitor compliance with audit partner rotation requirements; (iii) track and monitor compliance with the engagement partner cooling-off requirements set forth in AS 7; (iv) track and monitor the provision of non-audit services by firm personnel outside the scope of their L.L. Bradford employment; (v) confirm the independence of Firm personnel prior to acceptance of an issuer audit engagement; and (vi) obtain and/or retain annual independence confirmations for Firm personnel for 2013.

18. All of the Firm's conduct described above in paragraphs 11-16 was either conduct of Bradford's or omissions to act for which Bradford was responsible. With respect to all such acts and omissions, Bradford knew, or was reckless in not knowing, that her acts and omissions would directly and substantially contribute to the Firm's quality control violations enumerated above.

**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), Hazel-Leilani De Los Reyes Bradford is hereby censured;

B. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), Hazel-Leilani De Los Reyes Bradford is barred from being an associated
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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);

C. After two (2) years from the date of this Order, Hazel-Leilani De Los Reyes Bradford may file a petition, pursuant to PCAOB Rule 5302(b), for Board consent to associate with a registered public accounting firm; and

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 $25,000 payable by Hazel-Leilani de Los Reyes Bradford is imposed. 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. Hazel-Leilani de Los Reyes Bradford shall pay the $25,000 civil money penalty, within 10 days of the issuance of this Order by (1) wire transfer pursuant to instructions provided by Board staff; or (2) United States Postal Services 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 payor 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 W. Brown, Secretary, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington, D.C. 20006.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

April 1, 2015