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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 are admitted, Respondents consent to entry of this Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions ("Order") as set forth below.³

III.

On the basis of Respondents' Offers, the Board finds⁴ that:

A. Respondents

1. Harris & Gillespie CPA's, PLLC, is a professional limited liability company organized under the laws of the State of Washington and headquartered in Seattle, Washington. It is registered with the Board pursuant to Section 102 of the Act and PCAOB rules, and is licensed by the Washington State Board of Accountancy (license no. 5987).

2. The audit reports discussed in this Order were issued by the registered firm Thomas J Harris CPA ("Predecessor Firm"), a sole proprietorship that registered with the Board on October 5, 2004. The Firm succeeded to the registration status of the Predecessor Firm in 2014 by filing with the Board a Form 4, *Succeeding to Registration Status of Predecessor*, in which it affirmed that, "for purposes of the Board's authority...to impose disciplinary sanctions, the Firm either has retained or assumes responsibility for the conduct of any predecessor registered public accounting firm before the change or business combination reported on this Form took effect." The Firm and the Predecessor Firm are therefore referred to in this Order together as the "Firm."

3. Thomas J. Harris, CPA, 71, of Lake Forest Park, Washington, is a certified public accountant licensed by the Washington State Board of Accountancy (license no.

³ 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.

⁴ 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.



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02796). He is the managing member of the Firm, and at all relevant times was the owner of the Predecessor Firm. Harris authorized the issuance of all audit reports discussed in this Order. Harris is, and at all relevant times was, an associated person of a registered public accounting firm as that term is defined by Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(i).

B. Summary

4. This matter concerns Respondents' repeated and numerous failures to comply with PCAOB rules and standards. Specifically, Respondents failed to comply with PCAOB rules and standards in connection with auditing the financial statements of Amerilithium Corp. ("Amerilithium"), Hitor Group, Inc. ("Hitor"), and Asia Interactive Media, Inc. ("Asia Interactive"), for the year ended December 31, 2011 ("FY 2011"), and in connection with the audit of Hitor for the year ended December 31, 2012 ("FY 2012").

5. Respondents also violated federal securities laws and PCAOB rules and standards relating to independence during the FY 2011 audit and FY 2012 quarterly reviews of Asia Interactive's financial statements, because Harris served as lead partner for more than five consecutive years. Respondents also violated applicable independence rules in connection with the Firm's audit report concerning Asia Interactive's restatement of its FY 2011 financial statements, for which a Firm employee prepared the restated financial statements.

6. Subsequent to the audits discussed above, Respondents failed to maintain their documentation for the FY 2011 Hitor and Asia Interactive audits for the time period required by PCAOB standards.

C. Respondents Repeatedly Violated Applicable PCAOB Rules and Standards

7. 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 applicable auditing and related professional practice standards.⁵ 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.⁶ Among other things, those standards require that an auditor

⁵ See PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*; PCAOB Rule 3200T, *Interim Auditing Standards*. 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 and reviews.

⁶ See AU § 508.07, *Reports on Audited Financial Statements*.

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exercise due professional care and professional skepticism and plan and perform audit procedures to obtain sufficient appropriate audit evidence to provide a reasonable basis for his or her opinion.⁷ Those standards also require that, if an auditor has not obtained sufficient appropriate audit evidence about a relevant assertion, the auditor should perform procedures to obtain further audit evidence to address the matter. If the auditor is unable to obtain sufficient appropriate audit evidence to have a reasonable basis to conclude about whether the financial statements as a whole are free of material misstatement, the auditor should express a qualified opinion or a disclaimer of opinion.⁸

8. PCAOB standards state that, in planning an audit, an auditor should, among other things: establish an overall strategy for the audit; develop and document an audit plan; and determine whether specialized skill or knowledge is needed to perform the audit.⁹

9. In connection with the planning and performance of an audit, an auditor should also identify and assess the risks of material misstatement in the financial statements.¹⁰ Procedures related to these risks include holding discussions concerning the risks of material misstatement with engagement team members and inquiring with management about the risks of material misstatement that exist.¹¹ PCAOB standards also state that auditors should perform procedures to "obtain satisfaction concerning the purpose, nature, and extent" of identified related-party transactions and to satisfy themselves that those transactions are adequately disclosed.¹² PCAOB auditing standards also state that an auditor should consider materiality in planning and performing an audit.¹³

10. PCAOB standards require each audit engagement and interim review to have an engagement quality review and concurring approval of the issuance of an audit

⁷ See AU § 150.02, *Generally Accepted Auditing Standards*; AU § 230.01, .07, *Due Professional Care in the Performance of Work*; Auditing Standard No. 15, *Audit Evidence* ("AS 15").

⁸ See Auditing Standard No. 14, *Evaluating Audit Results* ("AS 14"), ¶ 35.

⁹ See Auditing Standard No. 9, *Audit Planning* ("AS 9"), ¶¶ 8-10, 16.

¹⁰ See Auditing Standard No. 12, *Identifying and Assessing Risks of Material Misstatement* ("AS 12").

¹¹ See *id.* ¶¶ 49-55.

¹² AU §§ 334.09, *Related Parties*; see also AU § 334.11.

¹³ See Auditing Standard No. 11, *Consideration of Materiality in Planning and Performing an Audit* ("AS 11").



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report from an engagement quality reviewer.¹⁴ PCAOB standards also require that audit procedures be documented.¹⁵

11. PCAOB rules also 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 a violation of Board standards by that firm.¹⁶

Respondents Violated PCAOB Rules and Standards During the FY 2011 Audit of Amerilithium

12. Amerilithium was, at all relevant times, a Nevada corporation headquartered in Henderson, Nevada. According to its public filings, Amerilithium was a mineral exploration company. Its common stock was quoted on the OTC Markets OTCBB under the symbol "AMEL." At all relevant times, Amerilithium was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii). The Firm acted as Amerilithium's external auditor for FY 2011.

13. The Firm issued an audit report dated March 29, 2012, that was included in Amerilithium's Form 10-K filed with the U.S. Securities and Exchange Commission ("Commission") on April 4, 2012. The report stated that the audit of Amerilithium's FY 2011 financial statements had been conducted in accordance with PCAOB standards, and expressed an unqualified opinion concerning those financial statements. Harris authorized the issuance of the audit report.¹⁷

14. In connection with the audit of Amerilithium's FY 2011 financial statements, Respondents failed to properly plan the audit. They failed to establish an audit strategy for the engagement or to develop an audit plan.¹⁸ They also failed to

¹⁴ See Auditing Standard No. 7, *Engagement Quality Review* ("AS 7"), ¶¶ 1, 13, 18.

¹⁵ See Auditing Standard No. 3, *Audit Documentation* ("AS 3"), ¶ 6.

¹⁶ See PCAOB Rule 3502, *Responsibility Not to Knowingly or Recklessly Contribute to Violations*.

¹⁷ Respondents subsequently consented to the inclusion of the March 29, 2012 audit report in an Amerilithium registration statement on Form S-1/A filed with the Commission on April 24, 2012.

¹⁸ See AS 9 ¶¶ 7-10. Harris failed to familiarize himself with PCAOB standards related to audit planning prior to the audits discussed in this Order.

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consider materiality when performing their audit procedures.¹⁹ Additionally, Respondents failed to perform sufficient risk assessment procedures by not performing procedures to identify risks of material misstatement and not inquiring of management about those risks, despite knowing that such inquiries were required by PCAOB standards.²⁰

15. Respondents also failed to exercise due professional care and professional skepticism and failed to obtain sufficient appropriate audit evidence concerning significant balances and transactions in Amerilithium's FY 2011 financial statements. Amerilithium's financial statements reported total assets of \$7.8 million. Mining claims represented 93% of those reported assets, yet Respondents failed to perform any procedures to test the reported value of those claims, including by failing to perform any procedures to consider whether the claims were impaired at year-end 2011.²¹

16. Amerilithium's FY 2011 financial statements reported total liabilities of approximately \$627,000. Convertible debentures represented almost 99% of those reported liabilities. Respondents, who had no experience with or understanding of convertible debt, took no steps to determine whether specialized skill or knowledge was required to audit Amerilithium's accounting for the liability.²² They then failed to perform any procedures to obtain sufficient appropriate audit evidence concerning the convertible debt.²³ As a result of their failure to perform procedures concerning the convertible debt, Respondents did not consider whether the convertible debt contained a beneficial conversion feature that affected the proper accounting for that debt.

17. During FY 2011, Amerilithium issued 4.4 million shares, both to raise capital for mining claims and related services and in exchange for the conversion of debt. The company valued the shares at approximately \$709,000. Respondents failed to perform any procedures to determine whether Amerilithium's issuances of shares were valued appropriately.²⁴

¹⁹ See AS 11.

²⁰ See AS 12.

²¹ See AU § 230; AS 15; AS 14 ¶ 35.

²² See AS 9 ¶ 16.

²³ See AU § 230; AS 15; AS 14 ¶ 35.

²⁴ See id.

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18. The Firm also failed to obtain a concurring approval of issuance of the audit report from an engagement quality reviewer prior to authorizing its issuance.²⁵ Harris knew, or was reckless in not knowing, that he was directly and substantially contributing to the Firm's violation of AS 7 when he improperly authorized the issuance of the audit report by the Firm without an engagement quality review and concurring approval of issuance.²⁶ After Respondents ultimately obtained an engagement quality review in April 2012 (after Amerilithium had filed its Form 10-K), the engagement quality reviewer noted that Amerilithium had incorrectly accounted for its convertible debentures. Respondents notified Amerilithium of the results of the belated engagement quality review, and Amerilithium filed restated financial statements on Form 10-K/A on June 28, 2012.

Respondents Violated PCAOB Rules and Standards During the FY 2011 Audit of Hitor

19. Hitor was, at all relevant times, a Nevada corporation headquartered in Kirkland, Washington. According to its public filings, Hitor owned proprietary technology to increase the fuel efficiency of vehicles. Its common stock was quoted on the OTC Bulletin Board under the symbol "HITR." At all relevant times, Hitor was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii). The Firm acted as Hitor's external auditor for FY 2011 and FY 2012.

20. The Firm issued an audit report dated April 16, 2012, that was included in Hitor's Form 10-K filed with the Commission on April 17, 2012. The report stated that the audit of Hitor's FY 2011 financial statements had been conducted in accordance with PCAOB standards, and expressed an unqualified opinion concerning Hitor's FY 2011 financial statements. Harris authorized the issuance of the audit report.

21. At the time Respondents performed the FY 2011 audit of Hitor, Harris understood that Hitor was under significant time pressure to file its financial statements. Respondents conducted the audit in a narrow time frame which ended in multiple audit deficiencies.

²⁵ See AS 7 ¶¶ 1, 13.

²⁶ See PCAOB Rule 3502.

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22. Respondents failed to properly plan the audit. They failed to establish an audit strategy and to develop an audit plan.²⁷ In addition, they failed to identify and assess the risks of material misstatement.²⁸

23. Respondents also failed to exercise due professional care and professional skepticism and failed to obtain sufficient appropriate audit evidence concerning significant balances and transactions in Hitor's FY 2011 financial statements. Hitor's financial statements reported liabilities of approximately \$806,000. Over 49% of those reported liabilities consisted of convertible notes payable. As with Amerilithium, Respondents had no experience with or understanding of convertible debt and took no steps to determine whether specialized skill or knowledge was required to audit Hitor's accounting for that debt.²⁹ They also failed to perform any procedures concerning the valuation of the notes.³⁰

24. An additional 19% of Hitor's reported December 31, 2011, liabilities consisted of a "deposit." Respondents understood that this deposit was a prepayment from a customer, but failed to perform any procedures concerning that item and failed to inquire of management concerning the current status of Hitor's relationship with the customer.³¹

25. Hitor's FY 2011 financial statements also reported certain notes payable. One of these notes, which represented approximately 8% of its liabilities, was disclosed as "a note payable with one of its officers and shareholders." Respondents understood at the time of the audit, however, that this note actually reflected funds loaned by family members of Hitor's chief executive officer ("CEO") to the company, which the CEO was using for personal expenses. Respondents failed to address the discrepancy between this understanding and the company's disclosure, or to take any steps to investigate the nature of the transaction.³² They also failed to perform any procedures concerning the purpose, nature, and extent of the loan or to satisfy themselves that the loan was adequately disclosed.³³

²⁷ See AS 9 ¶¶ 8-10.

²⁸ See AS 12.

²⁹ See AS 9 ¶ 16.

³⁰ See AU § 230; AS 15; AS 14 ¶ 35.

³¹ See id.

³² See id.; see also AS 15 ¶ 29.

³³ See AU §§ 334.09, .11.

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26. The Firm failed to obtain an engagement quality review for the FY 2011 Hitor audit.³⁴ Harris knew, or was reckless in not knowing, that he was directly and substantially contributing to the Firm's violation of AS 7 when he improperly authorized the issuance of the audit report by the Firm without an engagement quality review and concurring approval of issuance.³⁵

Respondents Violated PCAOB Rules and Standards During the FY 2011 Re-Audit of Hitor

27. The Firm issued an audit report dated April 15, 2013, that was included in Hitor's Form 10-K filed with the Commission on April 16, 2013. The report, as subsequently corrected in a Form 10-K/A,³⁶ stated that the audits of Hitor's FY 2012 and FY 2011 financial statements had been conducted in accordance with PCAOB standards, and expressed an unqualified opinion concerning those financial statements.

28. In early 2013, while preparing for the audit of Hitor's FY 2012 financial statements, Respondents determined that they might not be independent of Hitor, and might not have been independent of Hitor for the FY 2011 audit, because the FY 2011 audit had been the sixth consecutive audit for which Harris had acted as lead partner. In response, Harris asked another auditor ("Outside Auditor") to serve as partner for the audit of Hitor's FY 2012 financial statements, and simultaneously to conduct a "re-audit" of Hitor's FY 2011 financial statements. The Outside Auditor had no prior experience with the Hitor audits. The Outside Auditor agreed to and did serve as partner for both audits and became an associated person of the Firm in connection with the FY 2012 Hitor audit and FY 2011 re-audit.

³⁴ See AS 7.

³⁵ See PCAOB Rule 3502.

³⁶ The audit report included in the April 16, 2013, Form 10-K stated that the Firm had "audited the accompanying financial statements of [Hitor], which comprise the balance sheet as of February 28, 2013, and the related statements of income, stockholders' equity and cash flows for the year then ended." The audit report then expressed an unqualified opinion as to "the financial position of [Hitor] as of December 31, 2012, and the results of their operations and the cash flows for the year then ended." On September 27, 2013, Hitor filed a Form 10-K/A that included a corrected Firm report that pertained to the financial statements for FY 2011 and FY 2012. That report was based on the audit work conducted in connection with the Form 10-K filed on April 16, 2013.

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29. Respondents agreed that the Outside Auditor would play the lead role in the audit work, though a staff employee of the Firm would perform most of the field procedures. Harris, however, retained sole authority to authorize the issuance of the Firm's audit report.

30. The Firm failed to perform any procedures to identify and assess the risks of material misstatement.³⁷

31. The Firm also failed to exercise due professional care and professional skepticism and failed to obtain sufficient appropriate audit evidence concerning significant balances and transactions in Hitor's FY 2011 financial statements. Hitor reported total assets of approximately \$187,000 as of December 31, 2011, of which cash represented over 58%. The Firm failed to perform adequate procedures to test the existence of cash. It did not send or receive cash confirmations; its only procedure was to review bank statements provided by the client.³⁸

32. Similarly, inventory represented over 40% of Hitor's reported assets as of December 31, 2011. The Firm failed to perform any procedures regarding the existence or valuation of that inventory, despite the fact that in FY 2012 (the year that it was simultaneously auditing) Hitor wrote off the inventory.³⁹

33. With regard to Hitor's liabilities reported in the FY 2011 financial statements, the Firm failed to perform any procedures concerning convertible notes payable, a deposit, or notes payable, financial statement line items that together represented 78% of Hitor's reported \$806,000 in liabilities.⁴⁰

34. The Firm failed to obtain an engagement quality review for the FY 2011 Hitor re-audit.⁴¹ Harris knew, or was reckless in not knowing, that he was directly and substantially contributing to the Firm's violation of AS 7 by failing to ensure that an engagement quality review was performed and concurring approval of issuance was obtained.⁴²

³⁷ See AS 12 ¶¶ 49-58.

³⁸ See AU § 230; AS 15; AS 14 ¶ 35.

³⁹ See *id.*

⁴⁰ See *id.*

⁴¹ See AS 7.

⁴² See PCAOB Rule 3502.

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Respondents Violated PCAOB Rules and Standards During the FY 2012 Audit of Hitor

35. As stated above, the Firm's April 15, 2013 audit report also contained an unqualified opinion concerning Hitor's FY 2012 financial statements. Again, the Outside Auditor served as a partner and Harris authorized the issuance of the audit report. The Firm conducted the audit of the FY 2012 financial statements simultaneously with the re-audit of Hitor's FY 2011 financial statements.

36. As with the FY 2011 re-audit, the Firm failed to perform any procedures to identify and assess the risks of material misstatement, including by failing to hold discussions with the engagement team and failing to inquire with the client about those risks.⁴³

37. The Firm failed to exercise due professional care and professional skepticism and to obtain sufficient appropriate audit evidence concerning significant balances and transactions in Hitor's FY 2012 financial statements. Hitor reported assets of approximately \$146,000 as of December 31, 2012. Prepaid expenses represented almost 40% of total assets, an increase from the December 31, 2011, balance of zero. The Firm failed to perform any procedures concerning prepaid expenses.⁴⁴

38. The Firm also failed to perform any procedures concerning Hitor's decision to write off the value of its inventory to zero as of December 31, 2012.⁴⁵ Similarly, almost 16% of Hitor's reported assets consisted of an "Investment in Hitor Poland LLC," but when Hitor's only documentation of this "asset" consisted of an invoice recording Hitor's purchase of a wind turbine from a Canadian company, the Firm failed to address or inquire about the discrepancy between the nature of the invoice and the reported investment.⁴⁶

39. Additionally, Hitor reported liabilities of approximately \$1 million as of December 31, 2012, of which 65% consisted of notes payable and convertible notes payable. The Firm failed to perform any procedures regarding these items.⁴⁷

⁴³ See AS 12 ¶¶ 49-58.

⁴⁴ See AU § 230; AS 15; AS 14 ¶ 35.

⁴⁵ See *id.*

⁴⁶ See *id.*; see also AS 15 ¶ 29.

⁴⁷ See AU § 230; AS 15; AS 14 ¶ 35.



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40. The Firm failed to obtain an engagement quality review for the FY 2012 Hitor audit.⁴⁸ Harris knew, or was reckless in not knowing, that he was directly and substantially contributing to the Firm's violation of AS 7 by failing to ensure that an engagement quality review was performed and concurring approval of issuance was obtained.⁴⁹

Respondents Violated PCAOB Rules and Standards During the FY 2011 Audit of Asia Interactive

41. Asia Interactive was, at all relevant times, a Nevada corporation headquartered in the Hong Kong Special Administrative Region of the People's Republic of China. According to its public filings, Asia Interactive was a "blank check" company formed for the purpose of conducting a business combination with one or more operating businesses. Its common stock was registered with the Commission under Section 12(g) of the Securities Exchange Act of 1934 ("Exchange Act"). At all relevant times, Asia Interactive was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii). The Firm acted as Asia Interactive's external auditor for the years ended December 31, 2006, through 2011, as well as for the FY 2012 quarterly reviews.

42. The Firm issued an audit report dated April 4, 2012 that was included in Asia Interactive's Form 10-K filed with the Commission on April 11, 2012. The report stated that the audit of Asia Interactive's FY 2011 financial statements had been conducted in accordance with PCAOB standards, and expressed an unqualified opinion concerning those financial statements. Harris authorized the audit report's issuance.

43. Respondents failed to exercise due professional care and professional skepticism and failed to obtain sufficient appropriate audit evidence concerning Asia Interactive's FY 2011 financial statements. Asia Interactive's financial statements reported total assets of approximately \$271,000, including a loan receivable related to a bridge loan agreement that represented almost 88% of that total. Despite the fact that the reported outstanding balance due under the bridge loan agreement had steadily increased for the prior four years, Respondents failed to perform any procedures concerning the valuation of the loan receivable.⁵⁰

⁴⁸ See AS 7.

⁴⁹ See PCAOB Rule 3502.

⁵⁰ See AU § 230; AS 15; AS 14 ¶ 35.

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44. Prior to issuing the audit report, the Firm failed to obtain concurring approval from an engagement quality reviewer.⁵¹ Harris knew, or was reckless in not knowing, that he was directly and substantially contributing to the Firm's violation of AS 7 when he improperly authorized the issuance of the audit report by the Firm without an engagement quality review and concurring approval of issuance.⁵² Respondents subsequently retained an engagement quality reviewer, who questioned the collectability of Asia Interactive's loan receivable. After Respondents notified Asia Interactive of the engagement quality reviewer's questions, the company determined that the receivable was not collectible and restated its FY 2011 financial statements on November 2, 2012, in a Form 10-K/A filed with the Commission to reflect a write-off of that asset.

D. Respondents Violated Independence Rules

45. PCAOB rules and standards require that a registered public accounting firm and its associated persons be independent of the firm's audit client throughout the audit and professional engagement period.⁵³ "[A] registered public accounting firm or associated person's independence obligation with respect to an audit client that is an issuer encompasses not only an obligation to satisfy the independence criteria set out in the rules and standards of the PCAOB, but also an obligation to satisfy all other independence criteria applicable to the engagement, including the independence criteria set out in the rules and regulations of the Commission under the federal securities laws."⁵⁴

46. Section 10A(j) of the Exchange Act provides that "[i]t shall be unlawful for a registered public accounting firm to provide audit services to an issuer if the lead (or coordinating) audit partner (having primary responsibility for the audit), or the audit partner responsible for reviewing the audit, has performed audit services for that issuer in each of the 5 previous fiscal years of that issuer."⁵⁵

⁵¹ See AS 7 ¶¶ 1, 13.

⁵² See PCAOB Rule 3502.

⁵³ See PCAOB Rule 3520, *Auditor Independence*; see also AU §§ 220.01-02, *Independence*.

⁵⁴ PCAOB Rule 3520, Note 1.

⁵⁵ Section 10A(j) of the Exchange Act, 15 U.S.C. § 78j-1(j).

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47. 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.⁵⁶

48. Section 10A(g) of the Exchange Act prohibits an auditor from providing non-audit services to an audit client that relate to its financial statements.⁵⁷ Rule 2-01 of Commission Regulation S-X also provides that an accountant is not independent of an audit client when 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."⁵⁸

49. 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 and non-audit services requirements of Rule 2-01 of Commission Regulation S-X.⁵⁹

Respondents Violated Applicable Independence Rules During the FY 2011 Audit and FY 2012 Reviews of Asia Interactive

50. The Firm was engaged as Asia Interactive's external auditor in early 2007. The Firm issued six unqualified audit reports on Asia Interactive's financial statements for the years ended December 31, 2006, through December 31, 2011. Each of those six audit reports was included in a Form 10-K or 10-KSB that Asia Interactive filed with the Commission.

51. Harris served as the lead partner on the audit of Asia Interactive for the years ending December 31, 2006, through 2010. After serving as lead partner for the aforementioned five-year period, Harris continued to serve as the lead partner on the audit of Asia Interactive's FY 2011 financial statements and on the reviews of Asia Interactive's FY 2012 quarterly financial statements.

⁵⁶ See Rule 2-01 of Commission Regulation S-X, 17 C.F.R. § 210.2-01(c)(6)(i)(A)(1). At all relevant times, the Firm had five or more issuer clients, and did not qualify for the exemption contained in Rule 2-01(c)(6)(ii), 17 C.F.R. § 210.2-01(c)(6)(ii).

⁵⁷ See Section 10A(g)(1) of the Exchange Act, 15 U.S.C. § 78j-1(g)(1).

⁵⁸ Rule 2-01(c)(4)(i) of Commission Regulation S-X, 17 C.F.R. § 210.2-01(c)(4)(i).

⁵⁹ See Exchange Act Rule 10A-2, 17 C.F.R. § 240.10A-2.

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52. As a result of the services described above, Respondents were not independent during the audit of Asia Interactive's FY 2011 financial statements and quarterly reviews of Asia Interactive's FY 2012 financial statements, in violation of Section 10A(j) of the Exchange Act, Commission Regulation S-X, Exchange Act Rule 10A-2, PCAOB Rule 3520, and AU § 220.⁶⁰

53. As stated above, Asia Interactive filed restated FY 2011 financial statements on November 2, 2012. The Firm issued a revised audit report dated October 26, 2012, concerning those financial statements. Harris served as lead partner in connection with that audit report, in further violation of applicable independence rules relating to partner rotation.⁶¹

54. Additionally, after Harris informed Asia Interactive of the need to restate its FY 2011 financial statements, he directed the Firm staff employee to prepare the restated financial statements, and Harris provided the restated financial statements to Asia Interactive to be included in the Form 10-K/A filed with the Commission, resulting in an additional violation of applicable independence rules by Respondents.⁶²

E. Respondents Violated Audit Documentation Standards

55. PCAOB standards require that audit documentation be retained for seven years after the report release date.⁶³ The report release date for the FY 2011 Hitor audit was on or about April 17, 2012. The report release date for the FY 2011 Asia Interactive audit was on or about April 11, 2012. Respondents were therefore required to maintain their audit documentation for the FY 2011 Hitor and Asia Interactive audits until on or about April 17, 2019, and April 11, 2019, respectively.

56. During the Board's investigation in this matter, Respondents lost all of their audit documentation for the FY 2011 Hitor and Asia Interactive audits.

⁶⁰ See Section 10A(j) of the Exchange Act, 15 U.S.C. § 78j-1(j); Rule 2-01(c)(6) of Regulation S-X, 17 C.F.R. § 210.2-01(c)(6)(i)(A)(1); Exchange Act Rule 10A-2, 17 C.F.R. § 240.10A-2; PCAOB Rule 3520; AU § 220.

⁶¹ See *id.*

⁶² See PCAOB Rule 3520; AU § 220; Section 10A(g) of the Exchange Act, 15 U.S.C. § 78j-1(g)(1); Rule 2-01(c)(4) of Commission Regulation S-X, 17 C.F.R. § 210.2-01(c)(4)(i).

⁶³ See AS 3 ¶ 14.

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57. Respondents failed to maintain their audit documentation for the FY 2011 Hitor and Asia Interactive audits for the required seven-year period, in violation of PCAOB standards.⁶⁴

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 & Gillespie CPA's, PLLC, is censured;
- B. Pursuant to Section 105(c)(4)(A) of the Act and PCAOB Rule 5300(a)(1), the registration of Harris & Gillespie CPA's, PLLC, is revoked;
- C. After 5 years from the date of this Order, Harris & Gillespie CPA's, PLLC, may reapply for registration by filing an application pursuant to PCAOB Rule 2101;
- D. Pursuant to Section 105(c)(4)(E) of the Act and PCAOB Rule 5300(a)(5), Thomas J. Harris, CPA, is censured;
- E. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), Thomas J. Harris, 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),⁶⁵

⁶⁴ See id.

⁶⁵ As a consequence of the suspension, the provisions of Section 105(c)(7)(B) of the Act will apply with respect to Harris. Section 105(c)(7)(B) provides: "It 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."

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- F. After 5 years from the date of this Order, Thomas J. Harris, 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)(D) of the Act and PCAOB Rule 5300(a)(4), a civil money penalty in the amount of \$15,000 is imposed upon Harris & Gillespie CPA's, PLLC. 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. Harris & Gillespie CPA's, PLLC 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 Harris & Gillespie CPA's, PLLC, as a Respondent in these proceedings, sets forth the title and PCAOB Release Number of these proceedings, and states that payment is made pursuant to this Order, a copy of which cover letter and money order or check shall be sent to the Office of the Secretary, Attention: Phoebe Brown, Secretary, Public 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

June 16, 2015