



**ORDER**

or on behalf of the Board, or to which the Board is a party, and without admitting or denying the findings herein, except to the Board's jurisdiction over the Firm, which is admitted, L.L. Bradford consents to entry of this Order Making Findings and Imposing Sanctions ("Order") as set forth below.<sup>2</sup>

**III.**

On the basis of L.L. Bradford's Offer, the Board finds that:<sup>3</sup>

**A. Respondent**

1. L.L. Bradford is a limited liability company organized under the laws of the State of Nevada, and is headquartered in Las Vegas, Nevada. L.L. Bradford is, and at all relevant times was, registered with the Board 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.

**B. Other Relevant Individuals and Entities**

2. **Gordon Brad Beckstead**, age 51, of Henderson, Nevada, is a certified public accountant licensed by the Nevada State Board of Accountancy (License No. CPA-2701). At all relevant times, Beckstead was an audit principal in the Las Vegas, Nevada office of L.L. Bradford. Beckstead was the engagement partner on L.L. Bradford's audit of WebXU Inc.'s ("WebXU") December 31, 2011 financial statements and review of WebXU's June 30, 2012 financial statements.<sup>4</sup> Beckstead is no longer

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<sup>2</sup> The findings herein are made pursuant to L.L. Bradford's Offer and are not binding on any other persons or entities in this or any other proceeding.

<sup>3</sup> The Board finds that L.L. Bradford's conduct described in this Order meets the conditions set out in Section 105(c)(5) of the Act, 15 U.S.C. § 7215(c)(5), which provides that certain sanctions may be imposed in the event of (1) intentional or knowing conduct, including reckless conduct, that results in a violation of the applicable statutory, regulatory, or professional standard; or (2) repeated instances of negligent conduct, each resulting in a violation of the applicable statutory, regulatory, or professional standard.

<sup>4</sup> See *Gordon Brad Beckstead*, PCAOB Release No. 105-2015-007 (Apr. 1, 2015).

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employed by L.L. Bradford. At all relevant times, Beckstead 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).

3. **Hazel-Leilani De Los Reyes Bradford**, age 47, of Henderson, Nevada, is a partner with L.L. Bradford and 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, 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.<sup>5</sup>

4. **Eric S. Bullinger**, age 45, of Worland, Wyoming, is a certified public accountant licensed under the laws of Wyoming (License No. 2741).<sup>6</sup> At all relevant times, Bullinger was a partner in the Las Vegas, Nevada office of L.L. Bradford, 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).<sup>7</sup> Bullinger separated from L.L. Bradford in January 2013.

5. **Suzanne M. Herring**, age 50, of Las Vegas, Nevada, is an audit principal with L.L. Bradford, a position she has held since January 2013. Herring was a senior member of the engagement team on L.L. Bradford's audit of the financial statements of Decision Diagnostics Corp. ("Decision Diagnostics") for the year ended December 31, 2012.<sup>8</sup> At all relevant times, Herring 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). Herring is no longer employed by L.L. Bradford.

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<sup>5</sup> See Hazel-Leilani De Los Reyes Bradford, PCAOB Rel. No. 105-2015-006 (Apr. 1, 2015).

<sup>6</sup> During the relevant period, Bullinger was a certified public accountant licensed under the laws of Nevada (License No. 3735). Bullinger voluntarily surrendered his Nevada license effective December 31, 2014.

<sup>7</sup> See Dustin M. Lewis and Eric S. Bullinger, PCAOB Rel. No. 2015-005 (Apr. 1, 2015).

<sup>8</sup> See Suzanne M. Herring, PCAOB Rel. No. 105-2015-008 (Apr. 1, 2015).

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6. **Dustin M. Lewis**, age 41, of Henderson, Nevada, is a certified public accountant licensed by the Nevada State Board of Accountancy (License No. CPA-3205). At all relevant times, Lewis was a partner in the Las Vegas, Nevada office of L.L. Bradford, 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). Lewis was the engagement quality reviewer on the 2011 WebXU audit and the June 30, 2012 WebXU review.<sup>9</sup> Lewis is no longer employed by L.L. Bradford and is currently self-employed.

### C. Summary

7. This matter relates to the Firm's pervasive independence and quality control violations in its issuer audit practice, as well as the Firm's numerous violations of PCAOB rules and standards in connection with an audit and quarterly review of an issuer audit client.

8. First, the Firm repeatedly violated Section 10A(j) of the 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 issuer audit clients. The Firm was not independent with respect to six issuer audit clients because of audit partner rotation violations by two partners of the Firm. Moreover, in connection with the audits of two of those issuer audit clients, L.L. Bradford also failed to comply with Auditing Standard No. 7, *Engagement Quality Review* ("AS 7"), because one of its partners served as the engagement quality reviewer immediately after serving as the engagement partner, in violation of AS 7's mandatory two year "cooling-off" period.

9. Second, the Firm also violated 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. The Firm was not independent of one issuer audit client because an audit principal at the Firm provided bookkeeping and financial statement preparation services to that issuer audit client during the audit period. In connection with that same audit, the Firm also violated a PCAOB rule that requires a registered public accounting firm to communicate, in writing, to the audit committee of a potential audit client, all relationships between the firm and the potential audit client that may reasonably be thought to bear on the firm's

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<sup>9</sup> See Dustin M. Lewis and Eric S. Bullinger, PCAOB Rel. No. 105-2015-005.

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independence and to discuss with the audit committee the potential effects of such relationships should the firm be appointed as auditor.

10. Third, the Firm violated PCAOB rules and auditing standards with respect to an audit and a quarterly review of one issuer audit client. Specifically, the Firm in conducting its audit of the financial statements of WebXU for the year ended December 31, 2011, failed to properly assess the risks of material misstatement. As a result, the Firm failed to properly identify significant risks in connection with the 2011 WebXU audit. The Firm also failed to properly establish an overall strategy for the audit and develop an audit plan that included planned risk assessment procedures and planned responses to the risks of material misstatement. In addition, the Firm failed to perform sufficient audit procedures that addressed the risks of material misstatement.

11. The Firm violated PCAOB standards in multiple other respects as well in its 2011 WebXU audit. In connection with a significant acquisition that WebXU consummated during 2011, the Firm failed to (i) evaluate the qualifications and competence of a specialist that WebXU retained to value the acquisition; (ii) evaluate the reasonableness of the significant assumptions used by the issuer and its specialist to determine the fair value of purchase consideration for the acquisition; (iii) test data WebXU provided to the specialist and properly evaluate whether the specialist's findings supported the related financial statement assertions; and (iv) evaluate the adequacy of WebXU's disclosure of the terms of the acquisition. In addition, the Firm failed to perform sufficient audit procedures to test WebXU's reported revenue.

12. The Firm also failed to comply with PCAOB standards in connection with its review of WebXU's quarterly financial statements for the period ended June 30, 2012. Specifically, the Firm failed to properly communicate with management and the audit committee regarding the engagement team's inability to complete the review.

13. Finally, as detailed below, the Firm violated PCAOB rules and quality control standards by failing to establish and implement quality control policies and procedures sufficient to provide it with reasonable assurance that Firm personnel maintained independence in fact and appearance. In addition, the Firm failed to establish and implement quality control policies and procedures sufficient to provide it with reasonable assurance that the policies and procedures established by the Firm for each of the elements of quality control were suitably designed and being effectively applied.

**D. Background**

14. L.L. Bradford was formed in 1994 as a professional corporation. In 2012, the time period during which the majority of the violations occurred, L.L. Bradford had

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nineteen issuer audit clients and three personnel authorized to sign audit reports on behalf of the Firm: Lewis, Bullinger, and Beckstead. Bradford, another Firm partner, was responsible for designing, implementing, and monitoring the Firm's quality control policies and procedures. Bradford had limited public company audit experience and limited knowledge of PCAOB standards and relevant Securities and Exchange Commission ("Commission") rules and regulations. After assuming responsibility for the Firm's quality control policies and procedures, Bradford failed to become sufficiently knowledgeable of PCAOB and Commission 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 professional standards and the Firm's standards of quality.

**E. L.L. Bradford Violated PCAOB Rules and Auditing Standards, and the Exchange Act and Exchange Act Rules**

**L.L. Bradford Repeatedly Failed to Comply with Audit Partner Rotation Requirements and the Mandatory "Cooling-Off" Period**

15. In connection with the preparation or issuance of an audit report, PCAOB rules require that a registered public accounting firm and its associated persons comply with the Board's auditing and related professional practice standards.<sup>10</sup> 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.<sup>11</sup> 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.<sup>12</sup>

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<sup>10</sup> PCAOB Rules 3100, *Compliance with Auditing and Related Professional Standards*, and 3200T, *Interim Auditing Standards*.

<sup>11</sup> PCAOB Rule 3520, *Auditor Independence*; AU §§ 220.01-02, *Independence*. All references to PCAOB standards are to the versions of those standards in effect at the time of the relevant audits.

<sup>12</sup> PCAOB Rule 3520, Note 1.



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16. 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."

17. 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.

18. 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 or within the five consecutive year period following the performance of services for the maximum period permitted.<sup>13</sup>

19. AS 7 requires that an engagement quality review be performed on audits and interim reviews conducted pursuant to PCAOB standards.<sup>14</sup> To ensure the objectivity of the engagement quality reviewer, paragraph 8 of AS 7 sets forth a mandatory two year cooling-off period before an engagement partner can assume the role of engagement quality reviewer on an issuer audit.<sup>15</sup> Specifically, AS 7 provides: "The person who served as the engagement partner during either of the two audits preceding the audit subject to the engagement quality review may not be the engagement quality reviewer."<sup>16</sup>

20. As described below, Respondent failed to comply with Section 10A(j) of the Exchange Act, Exchange Act Rule 10A-2, and PCAOB rules and standards.

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<sup>13</sup> Rule 2-01 of Regulation S-X, 17 C.F.R. §§ 210.2-01(c)(6)(i)(A)(1) and (c)(6)(i)(B)(1). At all relevant times, the Firm had five or more issuer audit clients and did not qualify for Rule 2-01's small firm exemption. *Id.* at § 210.2-01(c)(6)(ii).

<sup>14</sup> AS 7 ¶ 1.

<sup>15</sup> AS 7 ¶ 8; see also *Auditing Standard No. 7, Engagement Quality Review and Conforming Amendment to the Board's Interim Quality Control Standards*, PCAOB Release No. 2009-004 (Jul. 28, 2009).

<sup>16</sup> AS 7 ¶ 8.

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*Audits of All American SportPark, Inc.'s Financial Statements*

21. At all relevant times, All American SportPark, Inc. ("AASP") was a Nevada corporation with its headquarters in Las Vegas, Nevada. AASP's public filings disclosed that it was a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and operated a golf facility in Las Vegas, Nevada. Its common stock was registered under Section 12(g) of the Exchange Act and was quoted on the OTC Bulletin Board. At all relevant times, AASP was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

22. L.L. Bradford was engaged as AASP's external auditor in May 2006. The Firm issued six unqualified audit reports on AASP'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 AASP filed with the Commission.

23. Lewis served as the lead partner on the audit of AASP for 2006. Thereafter, Lewis served as concurring partner/engagement quality reviewer on the audits of AASP between 2007 and 2010. After serving as lead or concurring partner for the aforementioned five year period, Lewis continued to serve as the engagement quality reviewer on the audit of AASP's financial statements for the year ended December 31, 2011.

24. Bullinger served as lead partner on the audits of AASP between 2007 and 2011. After serving for the five year period, Bullinger continued to serve as lead partner on the review of AASP's March 31, 2012 quarterly financial statements.

25. As a result of the services described above, L.L. Bradford was not independent during the audits and reviews of AASP's 2011 financial statements and during the review of AASP's interim financial statements for the first quarter of 2012, in violation of Section 10A(j) of the Exchange Act, Exchange Act Rule 10A-2, PCAOB Rule 3520, and AU § 220.

*Audits of Brownie's Marine Group, Inc.'s Financial Statements*

26. At all relevant times, Brownie's Marine Group, Inc. ("Brownie's") was a Nevada corporation with its headquarters in Fort Lauderdale, Florida. Brownie's public filings disclosed that it was a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and was engaged in the design, testing, manufacturing, and distribution of recreational hookah diving, yacht based scuba air compressor and nitrox generation systems, and scuba and water safety products. Its common stock was registered under Section 12(g) of the Exchange Act and was quoted on the OTC Bulletin Board. At all



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relevant times, Brownie's was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

27. L.L. Bradford was engaged as Brownie's external auditor in April 2004. The Firm issued eight unqualified audit reports on Brownie's financial statements for the years ended December 31, 2004 through December 31, 2011. Each of those eight audit reports was included in a Form 10-K or 10-KSB that Brownie's filed with the Commission.

28. Lewis served as lead partner on the audits of Brownie's financial statements for three consecutive fiscal years, between 2004 and 2006. Lewis thereafter served as concurring partner on the Firm's next two audits of Brownie's financial statements between 2007 and 2008. After serving as lead or concurring partner for the aforementioned five year period, Lewis continued to serve as the concurring partner/engagement quality reviewer on the audits of Brownie's financial statements for the years ended December 31, 2009 and December 31, 2010.

29. Bullinger served as lead partner on the audits of Brownie's financial statements between 2007 and 2011. After serving as lead partner for the aforementioned five year period, Bullinger then served as engagement quality reviewer on the reviews of Brownie's March 31, 2012, June 30, 2012, and September 30, 2012 quarterly financial statements.

30. As a result of the services described above, L.L. Bradford was not independent during the audits and reviews of Brownie's 2009 and 2010 financial statements and during the reviews of Brownie's interim financial statements for the first three quarters of 2012, in violation of Section 10A(j) of the Exchange Act, Exchange Act Rule 10A-2, PCAOB Rule 3520, and AU § 220. Moreover, because Bullinger served as the engagement quality reviewer immediately after serving as lead partner on Brownie's audits, Respondent violated AS 7.<sup>17</sup>

*Audits of Bravo Enterprises Ltd.'s Financial Statements*

31. At all relevant times, Bravo Enterprises Ltd. (formerly known as Organa Gardens International and Shotgun Energy Corp.) ("Bravo") was a Nevada corporation with its headquarters in Patchogue, New York. Bravo's public filings disclosed that it was a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and engaged in the manufacturing, distribution, and marketing of water harvesting

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<sup>17</sup> See AS 7 ¶ 8.

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equipment. Its common stock was registered under Section 12(g) of the Exchange Act and was quoted on the OTC Bulletin Board. At all relevant times, Bravo was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

32. L.L. Bradford was engaged as Bravo's external auditor in December 2006. The Firm issued six unqualified audit reports on Bravo'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 Bravo filed with the Commission.

33. Lewis served as the lead partner on the audit of Bravo's financial statements for 2006 and as the concurring partner/engagement quality reviewer on the audits of Bravo's financial statements between 2007 and 2010. After serving as lead partner or concurring partner/engagement quality reviewer for the aforementioned five year period, Lewis continued to serve as the engagement quality reviewer on the audit of Bravo's financial statements for the year ended December 31, 2011.

34. Bullinger served as lead partner on the audits of Bravo's financial statements between 2007 and 2011. After serving for the five year period, Bullinger then continued to serve as lead partner on the review of Bravo's March 31, 2012 quarterly financial statements.

35. As a result of the services described above, L.L. Bradford was not independent during the audit and reviews of Bravo's 2011 financial statements and during the review of Bravo's interim financial statements for the first quarter of 2012, in violation of Section 10A(j) of the Exchange Act, Exchange Act Rule 10A-2, PCAOB Rule 3520, and AU § 220.

*Audits of Terralene Fuels Corporation's Financial Statements*

36. At all relevant times, Terralene Fuels Corporation (formerly known as Golden Spirit Enterprises Ltd.) ("Terralene") was a Delaware corporation with its headquarters in Patchogue, New York. Terralene's public filings disclosed that it was a smaller reporting company and engaged in the development of alternative fuels. Its common stock was registered under Section 12(g) of the Exchange Act and was quoted on the OTC Bulletin Board. On May 14, 2013, Terralene filed a Form 15 to deregister its common stock. At all relevant times, Terralene was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

37. L.L. Bradford was engaged as Terralene's external auditor in December 2006. The Firm issued six unqualified audit reports on Terralene's financial statements for the years ended December 31, 2006 through December 31, 2011. Each of those six

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audit reports was included in a Form 10-K or 10-KSB that Terralene filed with the Commission.

38. Lewis served as lead partner on the audit of Terralene's 2006 financial statements and as the concurring partner/engagement quality reviewer on the audits of Terralene's financial statements between 2007 and 2010. After serving as lead partner or concurring partner/engagement quality reviewer for the aforementioned five year period, Lewis continued to serve as the engagement quality reviewer on the audit of Terralene's financial statements for the year ended December 31, 2011.

39. Bullinger served as lead partner on the audits of Terralene's financial statements between 2007 and 2011. After serving for the five year period, Bullinger then served as engagement quality reviewer on the review of Terralene's March 31, 2012 and June 30, 2012 quarterly financial statements.

40. As a result of the services described above, L.L. Bradford was not independent during the audits and reviews of Terralene's 2011 financial statements and during the reviews of Terralene's interim financial statements for the first two quarters of 2012, in violation of Section 10A(j) of the Exchange Act, Exchange Act Rule 10A-2, PCAOB Rule 3520, and AU § 220. Moreover, because Bullinger served as the engagement quality reviewer immediately after serving as lead partner on Terralene's audits, Respondent violated AS 7.<sup>18</sup>

*Audits of Solar Energy Initiatives, Inc.'s Financial Statements*

41. At all relevant times, Solar Energy Initiatives, Inc. ("SEI") was a Delaware corporation with its headquarters in Cary, North Carolina. SEI's public filings disclosed that it was a smaller reporting company and it had no present operations other than seeking new business activities. Its common stock was registered under Section 12(g) of the Exchange Act and was quoted on the OTC Bulletin Board. On January 8, 2014, SEI filed a Form 15 to deregister its common stock. At all relevant times, SEI was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

42. L.L. Bradford was engaged as SEI's external auditor in August 2007. The Firm issued five unqualified audit reports on SEI's financial statements for the years ended July 31, 2007 through July 31, 2011. Each of those five audit reports was included in a Form SB-2 or Form 10-K that SEI filed with the Commission.

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<sup>18</sup> See AS 7 ¶ 8.

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43. Bullinger served as lead partner and Lewis served as the concurring partner/engagement quality reviewer on the audits of SEI for the fiscal years 2007 through 2011. After serving on the audit for five fiscal year periods, Bullinger then continued to serve as lead partner and Lewis as engagement quality reviewer on the review of SEI's October 31, 2011, January 31, 2012, and April 30, 2012 quarterly financial statements.

44. As a result of the services described above, L.L. Bradford was not independent during the reviews of SEI's interim financial statements for the first three quarters of fiscal year 2012, in violation of Section 10A(j) of the Exchange Act, Exchange Act Rule 10A-2, PCAOB Rule 3520, and AU § 220.

*Audits of U-Swirl, Inc.'s Financial Statements*

45. At all relevant times, U-Swirl, Inc. ("U-Swirl") was a Nevada corporation with its headquarters in Henderson, Nevada. U-Swirl's public filings disclosed that it was a smaller reporting company and engaged in the operation and franchising of frozen yogurt cafes. Its common stock was registered under Section 12(g) of the Exchange Act and was quoted on the OTC Bulletin Board. At all relevant times, U-Swirl was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

46. L.L. Bradford was engaged as U-Swirl's external auditor in November 2007. The Firm issued five unqualified audit reports on U-Swirl's financial statements for the years ended December 31, 2007 through December 31, 2011. Each of those five audit reports was included in a Form S-1/A or Form 10-K that U-Swirl filed with the Commission.

47. Bullinger served as lead partner on the audits of U-Swirl for the fiscal years 2007 through 2011. After serving on the audit of five fiscal year periods, Bullinger then continued to serve as lead partner on the review of U-Swirl's March 31, 2012 quarterly financial statements.

48. As a result of the services described above, L.L. Bradford was not independent during the review of U-Swirl's interim financial statements for the first quarter of 2012, in violation of Section 10A(j) of the Exchange Act, Exchange Act Rule 10A-2, PCAOB Rule 3520, and AU § 220.

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L.L. Bradford Failed to Comply with Independence  
Requirements Related to Prohibited Non-Audit Services

49. Section 10A(g) of the Exchange Act provides that it shall be unlawful for a registered public accounting firm that performs an audit for an issuer "to provide to that issuer, contemporaneously with the audit, any non-audit service, including . . . [b]ookkeeping or other services related to the accounting records or financial statements of the audit client."

50. 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."<sup>19</sup>

51. In addition, PCAOB rules require that a registered public accounting firm describe, in writing, to the audit committee of a potential audit client, all relationships between the firm or any affiliates of the firm and the potential audit client that may reasonably be thought to bear on independence.<sup>20</sup> The firm is also required to discuss with the audit committee the potential effects of such relationships should the firm be appointed as the potential audit client's auditor and to document the substance of such discussion.<sup>21</sup>

52. As described below, Respondent failed to comply with Section 10A(g) of the Exchange Act, Exchange Act Rule 10A-2, and PCAOB rules in connection with the audit of Decision Diagnostics' December 31, 2012 financial statements.

53. Beginning in August 2011, Beckstead, an audit principal at L.L. Bradford, was employed on a contract basis by Decision Diagnostics to provide bookkeeping and financial statement preparation services for Decision Diagnostics through at least

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<sup>19</sup> See Rule 2-01 of Regulation S-X, 17 C.F.R. § 210.2-01(b), (c)(4)(i).

<sup>20</sup> See PCAOB Rule 3526, *Communications with Audit Committees Concerning Independence*.

<sup>21</sup> Id.

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December 2012. As part of those services, Beckstead prepared the first, second, and third quarter 2012 financial statements and Forms 10-Q for Decision Diagnostics.

54. L.L. Bradford was engaged as Decision Diagnostics' external auditor on February 11, 2013 to audit the company's financial statements for the year ended December 31, 2012 (the "2012 Decision Diagnostics Audit").<sup>22</sup> Herring, an auditor who had recently joined L.L. Bradford, solicited Decision Diagnostics to engage the Firm as its external auditor, and served as a senior member of the Firm's audit engagement team for the 2012 Decision Diagnostics Audit. At the time the Firm accepted Decision Diagnostics as an audit client, Herring and others at the Firm were aware of the timing and the nature of the services that Beckstead had provided for Decision Diagnostics during fiscal year 2012.

55. During the 2012 Decision Diagnostics Audit, the Firm performed audit procedures on the underlying accounting records of the issuer that were prepared by Beckstead and that reflected the accounting principles recommended by him. In addition, the December 31, 2012 financial statements that the Firm audited were based, at least in part, on the quarterly financial statements prepared by Beckstead. The Firm issued an unqualified audit report on Decision Diagnostics' financial statements for the year ended December 31, 2012, which was included in the Form 10-K the issuer filed with the Commission on April 16, 2013.

56. As a result of the bookkeeping and financial statement preparation services provided by Beckstead, L.L. Bradford was not independent of Decision Diagnostics during the fiscal year 2012 audit period, in violation of Section 10A(g) of the Exchange Act, Exchange Act Rule 10A-2, PCAOB Rule 3520, and AU § 220.

57. In addition, on January 21, 2013, contemporaneous with accepting the Decision Diagnostics engagement, the Firm issued a letter to Decision Diagnostics pursuant to PCAOB Rule 3526. In violation of Rule 3526, however, that letter failed to

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<sup>22</sup> At all relevant times, Decision Diagnostics (formerly known as instaCare Corp.) was a Nevada corporation with its headquarters in Westlake Village, California. Decision Diagnostics' public filings disclosed that it was a nationwide prescription and non-prescription diagnostic and home testing products distributor. At all relevant times, its common stock was registered under Section 12(g) of the Exchange Act and was quoted on the OTC Bulletin Board. On April 22, 2015, Decision Diagnostics filed a Form 15 to deregister its common stock. At all relevant times, Decision Diagnostics was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).



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disclose the bookkeeping and financial statement preparation services provided by Beckstead. Also in violation of Rule 3526, the Firm failed to discuss with the Decision Diagnostics' audit committee the potential impact of those services on the Firm's independence.

L.L. Bradford Violated PCAOB Rules and Auditing Standards in Connection with the Audit of the 2011 Financial Statements of WebXU

*L.L. Bradford Failed to Comply with PCAOB Rules and Standards*

58. An auditor may express an unqualified opinion on an issuer's financial statements only when the auditor has formed such an opinion on the basis of an audit performed in accordance with PCAOB standards.<sup>23</sup> Among other things, PCAOB standards require that an auditor exercise due professional care, exercise professional skepticism, and obtain sufficient appropriate evidential matter to afford a reasonable basis for an opinion regarding the financial statements.<sup>24</sup>

59. PCAOB standards also require that an audit be properly planned, that auditors identify and assess the risks of material misstatement at the financial statement level and the assertion level, and that auditors design and perform audit procedures in a manner that addresses the risks of material misstatement for each relevant assertion of each significant account and disclosure.<sup>25</sup>

60. When an auditor relies on the work of a specialist, PCAOB standards require the auditor to "consider the . . . qualifications of the specialist in determining that the specialist possesses the necessary skill or knowledge in the particular field" and conduct "appropriate tests of data provided to the specialist."<sup>26</sup>

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<sup>23</sup> See AU § 508.07, *Reports on Audited Financial Statements*.

<sup>24</sup> See AU § 150.02, *Generally Accepted Auditing Standards*; AU § 230, *Due Professional Care in the Performance of Work*; and Auditing Standard No. 15, *Audit Evidence* ("AS 15").

<sup>25</sup> See Auditing Standard No. 9, *Audit Planning* ("AS 9"), ¶ 4; Auditing Standard No. 12, *Identifying and Assessing the Risks of Material Misstatement* ("AS 12"), ¶ 59; Auditing Standard No. 13, *The Auditor's Response to the Risks of Material Misstatement* ("AS 13"), ¶ 8; and AS 15 ¶¶ 4-6.

<sup>26</sup> AU §§ 336.08-.09, .12, *Using the Work of a Specialist*.

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61. PCAOB standards further require that the auditor test an issuer's fair value measurements and disclosures. In doing so, the auditor should evaluate whether (1) "[m]anagement's assumptions are reasonable and reflect, or are not inconsistent with, market information," (2) "[t]he fair value measurement was determined using an appropriate model," and (3) "[m]anagement used relevant information that was reasonably available at the time."<sup>27</sup> For purposes of AU § 328, management's assumptions include assumptions developed by a specialist engaged or employed by management.<sup>28</sup>

62. PCAOB standards also require that the auditor evaluate whether the financial statements are presented fairly, in all material respects, in conformity with the applicable financial reporting framework. In doing so, "the auditor should evaluate whether the financial statements contain the information essential for a fair presentation of the financial statements."<sup>29</sup>

63. As detailed below, L.L. Bradford failed to comply with these auditing standards in connection with the audit of the December 31, 2011 financial statements of WebXU.

64. WebXU was, at all relevant times, a Delaware corporation headquartered in Los Angeles, California. WebXU's public filings disclosed that it was a media company engaged in developing high-value branded websites to service consumers for products and services. During the relevant period, its common stock was registered under Section 12(g) of the Exchange Act and was quoted on the OTC Bulletin Board.<sup>30</sup> At all relevant times, WebXU was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

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<sup>27</sup> AU § 328.26, *Auditing Fair Value Measurements and Disclosures*.

<sup>28</sup> See AU § 328.05 n.2.

<sup>29</sup> Auditing Standard No. 14, *Evaluating Audit Results* ("AS 14"), ¶¶ 30-31.

<sup>30</sup> On June 5, 2014, the Commission temporarily suspended trading in WebXU's securities due to "questions that have been raised about the accuracy and adequacy of publicly disseminated information concerning, among other things, the company's finances." SEC, Exchange Act Release No. 72323. On December 18, 2014, the Commission revoked the registration of WebXU's securities due to the issuer's failure to file periodic reports with the Commission since its December 31, 2012 Form 10-K. SEC, Exchange Act Release No. 73869.

**ORDER**

65. The Firm became the auditor for WebXU on December 5, 2011. The Firm audited WebXU's financial statements for the year ended December 31, 2011, and issued an audit report containing an unqualified opinion dated April 9, 2012, which was included in WebXU's Form 10-K filed with the Commission on April 9, 2012. The audit report stated that, in L.L. Bradford's opinion, WebXU's financial statements presented fairly, in all material respects, the issuer's financial position in conformity with U.S. generally accepted accounting principles ("GAAP") and that L.L. Bradford's audit was performed in accordance with PCAOB standards. Beckstead served as the lead partner on the 2011 audit of WebXU and authorized the issuance of the Firm's audit report. Lewis served as the engagement quality reviewer on the 2011 audit of WebXU and provided concurring approval for the issuance of the Firm's audit report.

*Audit Planning and Risk Assessment*

66. L.L. Bradford failed to comply with PCAOB standards in connection with the 2011 audit of WebXU. During audit planning, the Firm failed to identify and assess the risks of material misstatement at the financial statement and assertion level. The engagement team's assessment of risk was limited to assessing inherent risk, control risk, and audit risk. The risks of material misstatement were not properly assessed. Furthermore, the engagement team's risk assessment was performed at a level of aggregation above that permitted by PCAOB standards.<sup>31</sup> For example, the Firm assessed risk on all assets collectively. A similar approach was taken with liabilities. As a result, cash carried the same risk assessment as goodwill (identified in the financial statements as "Investment in Lot6").

67. Because the Firm failed to properly assess the risks of material misstatement and failed to identify significant risks at the financial statement and assertion level, the Firm also failed to properly establish an overall strategy for the engagement and develop an audit plan that included planned risk assessment procedures and planned responses to the risks of material misstatement. In addition, the Firm failed to perform sufficient audit procedures that addressed the risks of material misstatement.<sup>32</sup>

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<sup>31</sup> See AS 12 ¶ 59.

<sup>32</sup> See AS 9 ¶¶ 4-5; AS 12 ¶ 59; AS 13 ¶¶ 3, 8; and AS 15 ¶¶ 4-6.

**ORDER**

*Valuation of Lot6 and Related Purchase Consideration*

68. The Firm also failed to perform appropriate procedures with respect to a significant acquisition WebXU made in 2011. In November 2011, WebXU acquired Lot6 Media LLC ("Lot6"), an affiliate marketing company. Under the terms of the share exchange agreement, purchase consideration included 1,000,000 shares of WebXU common stock, a \$5,000,000 note payable, a \$1,861,532 working capital note payable, and contingent consideration in the form of an earn-out agreement. In the event WebXU failed to repay or timely repay the notes payable, the share exchange agreement included a penalty provision that required WebXU to issue additional shares to the seller, as well as a right of rescission clause, which gave the seller the right to terminate the acquisition in the event of non-payment. At December 31, 2011, the goodwill WebXU recorded in connection with the acquisition of Lot6 was the largest item on WebXU's balance sheet and constituted nearly two-thirds of total reported assets. By September 30, 2012, less than a year after the acquisition and less than six months after the Firm issued its audit opinion on the December 31, 2011 financial statements, WebXU wrote off the full value of the Lot6 goodwill.

69. As a result of the acquisition of Lot6, the Firm, Beckstead, and Lewis understood that WebXU retained a specialist to value the assets and liabilities acquired, including any goodwill, as well as the purchase consideration given. The Firm failed to exercise due professional care and professional skepticism and failed to comply with PCAOB standards on the use of specialists when it failed to evaluate the qualifications, and competence of the specialist retained.<sup>33</sup> The work papers contained no evaluation of the specialist. Further, Beckstead acknowledged that he was aware the specialist had no experience valuing affiliate marketing companies, and though he knew the specialist had done other valuations, he did not know how many, or her qualifications for doing valuations in general.

70. In violation of PCAOB standards, the Firm also failed to perform sufficient procedures to test the valuation of purchase consideration.<sup>34</sup> Specifically, the Firm failed to evaluate the reasonableness of the significant assumptions used by the issuer and its specialist to determine the fair value of shares and notes payable issued in connection with the acquisition.<sup>35</sup> In particular, the Firm failed to properly evaluate the

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<sup>33</sup> See AU § 150.02; AU § 230; AU §§ 336.08-09.

<sup>34</sup> See AU §§ 328.05 n.2, 328.23.

<sup>35</sup> See AU § 328.28.

**ORDER**

reasonableness of the share price used to value the restricted common stock given as consideration. The Firm also failed to test the imputed interest rate applied to the notes payable issued as part of the purchase consideration.<sup>36</sup>

71. Finally, the Firm failed to test data provided to the specialist by the issuer and properly evaluate whether the specialist's findings supported the related financial statement assertions.<sup>37</sup> The Firm failed to test the data utilized by the valuation specialist to assess the probability of triggering the earn-out targets included as part of purchase consideration. Specifically, there is no indication as to how, if at all, the Firm tested the Lot6 historical growth rates utilized by the specialist. The valuation report included historical information for 2009 and 2010, as well as each of the quarters in 2011; however, Beckstead acknowledged that the engagement team did not perform procedures to test the historical financial information for the year ended December 31, 2009, and there are no work papers indicating that L.L. Bradford audited the 2011 quarterly financial information. Moreover, as discussed below, the Firm failed to properly audit Lot6 revenue for the period ended December 31, 2011.

*Disclosure of Lot6 Acquisition Terms*

72. In violation of PCAOB standards, the Firm also failed to evaluate the adequacy of WebXU's disclosure of the terms of the Lot6 acquisition in the financial statements.<sup>38</sup> The share exchange agreement with Lot6 included: (a) a right of rescission clause in the event WebXU failed to timely repay notes payable issued in connection with the acquisition and (b) penalties for late or non-payment of the notes payable. At the time the financial statements and audit report were issued, the engagement team was aware that WebXU had triggered the penalties clause because WebXU failed to make any payments on the notes payable. They further knew that WebXU was actively considering whether to service the notes payable or walk away from the transaction. WebXU did not disclose in its 2011 financial statements or the notes thereto the right of rescission or the penalty provision. Despite the significance of Lot6 to WebXU's financial condition, the Firm failed to evaluate the need for WebXU to disclose those terms of the Lot6 acquisition, in violation of PCAOB standards.<sup>39</sup>

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<sup>36</sup> See AU § 336.12.

<sup>37</sup> See id.

<sup>38</sup> See AS 14 ¶¶ 30-31.

<sup>39</sup> See id.

**ORDER**

Revenue Recognition

73. The Firm also failed to perform sufficient audit procedures to test WebXU's reported revenue.<sup>40</sup> Specifically, the Firm failed to evaluate whether revenues recognized by Lot6 satisfied the relevant revenue recognition criteria. As of December 31, 2011, Lot6 had been a subsidiary of WebXU for less than two months but contributed 32% of WebXU's total reported revenues for the year. Despite the significance of Lot6 revenue, the Firm failed to: (1) test the completeness of the population from which the selected revenue transactions were chosen by, for example, failing to reconcile the population to the issuer's general ledger; (2) obtain, understand, and evaluate customer contracts to determine whether the issuer's recognition of revenue was in accordance with GAAP; and (3) perform cutoff procedures on Lot6 revenues to test whether revenue was properly recognized in the correct period.

L.L. Bradford Violated PCAOB Auditing Standards in Connection with the Review of the June 30, 2012 Financial Statements of WebXU

74. In performing a review of interim financial information, if an accountant becomes aware of information that causes the accountant to believe that the interim financial information may not be in conformity with GAAP, PCAOB standards require that the accountant "make additional inquiries or perform other procedures . . . to provide a basis for communicating whether he or she is aware of any material modifications that should be made to the interim financial information."<sup>41</sup> If an accountant is unable to perform procedures he or she considers necessary to achieve the objective of a review, the review is incomplete.<sup>42</sup> The inability to complete the review, as well as any material modification that should be made to the financial information for it to be in conformity with GAAP, should be communicated to management, and if management does not respond appropriately, those matters should

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<sup>40</sup> See AS 15 ¶¶ 4-6. PCAOB standards explain that an auditor "should presume that there is a fraud risk involving improper revenue recognition and evaluate which types of revenue, revenue transactions, or assertions may give rise to such risks." AS 12 ¶ 68. PCAOB standards further provide that, "[f]or significant risks, the auditor should perform substantive procedures, including tests of details, that are specifically responsive to the assessed risks." AS 13 ¶ 11.

<sup>41</sup> AU § 722.22, *Interim Financial Information*.

<sup>42</sup> AU § 722.28.





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be communicated to the issuer's audit committee.<sup>43</sup> The accountant is also required to communicate certain other items to the audit committee, including issues relating to sensitive accounting estimates and adjustments that could have a significant effect on the financial statements.<sup>44</sup>

75. As detailed below, L.L. Bradford failed to comply with these PCAOB standards in connection with the review of the June 30, 2012 financial statements of WebXU.

76. On August 21, 2012, WebXU filed its Form 10-Q with the Commission for the quarter ended June 30, 2012. Included in the Form 10-Q was an explanatory note that stated that the auditors had failed to complete the required field work and review of WebXU's filing due to technical problems with the auditor's email system. The Firm, aware that WebXU had filed before the completion of its review, internally discussed whether WebXU would need to file an amended Form 10-Q once the review was complete, but took no further action and continued its review.

77. On September 25, 2012, more than a month after WebXU filed its Form 10-Q, the Firm signed a Completion Document for the review and a Supervision, Review, and Approval Form indicating that the Firm had completed the quarterly review. The next day, Beckstead, the engagement partner, sent an email to WebXU stating: "Just so everyone is on the same page here, we are still analyzing the goodwill impairment for the quarter ended 6/30/2012 . . . In other words, the quarter is still not final. In the event that the adjustment to the impairment write-down is deemed material, a restatement of the financials and an amended 10Q will need to be filed."

78. As part of its review procedures, the Firm identified a likely misstatement of goodwill impairment of more than \$2 million, an amount that was material to WebXU's financial statements, but the engagement team understood that it needed to do more work to conclude. The Firm did not complete its additional inquiries and procedures prior to signing off on the quarterly review. According to other email communications among Beckstead, Lewis, and the engagement manager, the engagement team was still assessing in October 2012 whether the second quarter goodwill impairment charge taken by WebXU was misstated. Although it was aware of the potential impact of the likely misstatement, the Firm did not discuss the amount of the likely misstatement with

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<sup>43</sup> AU §§ 722.28-.30.

<sup>44</sup> AU § 722.34.

**ORDER**

management or the audit committee. The Firm also never completed its additional inquiries and review procedures related to goodwill impairment.

79. By failing to complete procedures "necessary to achieve the objective of a review of financial information, . . . the review [was] incomplete."<sup>45</sup> Because the Firm failed to make the appropriate communications to management and the audit committee regarding the Firm's inability to complete the review, the Firm violated PCAOB standards.<sup>46</sup>

**F. L.L. Bradford Violated PCAOB Rules and Quality Control Standards**

80. PCAOB Rules require that a registered accounting firm comply with the Board's quality control standards.<sup>47</sup> PCAOB quality control standards require that a registered public accounting firm "have a system of quality control for its accounting and auditing practice."<sup>48</sup> 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."<sup>49</sup>

81. Among other things, a firm's policies and procedures should provide reasonable assurance that personnel maintain independence in fact and appearance.<sup>50</sup>

82. 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."<sup>51</sup> Firms are

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<sup>45</sup> See AU § 722.28.

<sup>46</sup> See AU §§ 722.28, 722.34.

<sup>47</sup> PCAOB Rules 3100 and 3400T, *Interim Quality Control Standards*.

<sup>48</sup> QC § 20.01, *System of Quality Control for a CPA Firm's Accounting and Auditing Practice*.

<sup>49</sup> QC § 20.22.

<sup>50</sup> QC § 20.09.

<sup>51</sup> QC § 20.20; see also QC § 30.02, *Monitoring a CPA Firm's Accounting and Auditing Practice*.

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required to establish monitoring procedures to "enable the firm to obtain reasonable assurance that its system of quality control is effective."<sup>52</sup> Such monitoring procedures include, among other things, inspection procedures, post-issuance reviews of selected engagements, and analysis and assessment of the results of independence confirmations.<sup>53</sup>

83. As detailed below, L.L. Bradford failed to comply with PCAOB rules and quality control standards.

*Independence, Integrity, and Objectivity*

84. 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 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.

85. With respect to audit partner rotation requirements, Bradford assumed responsibility for the Firm's, and its associated persons', compliance with audit partner rotation requirements.<sup>54</sup> Significantly, the Firm and Bradford failed to design and implement a process to track and monitor audit partner assignments and rotation compliance. Indeed, Bradford acknowledged that she failed to take any affirmative steps to track and monitor audit partner rotation requirements. These failures contributed to the above-described violations of partner rotation requirements with respect to six issuers.

86. The Firm also failed to design and implement a process for monitoring its personnel's compliance with AS 7, paragraph 8, which requires a two year "cooling-off"

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<sup>52</sup> QC § 30.03.

<sup>53</sup> See id.

<sup>54</sup> 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. Audit partner assignments were determined as a group and the responsibility for compliance with audit partner rotation requirements was delegated to Bradford, the Firm's quality control partner.

## ORDER

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 was not aware of the requirements set forth in AS 7 until members of the Firm attended a training in 2014 conducted by a third-party. These failures contributed to the Firm's above-described violations of AS 7, paragraph 8.

87. In addition, the Firm failed to design and implement a process for confirming its independence with respect to potential new issuer audit clients prior to accepting the clients. The Firm failed to design and implement any such process despite its awareness that at least two of the Firm's senior personnel, including Beckstead, were permitted to provide non-audit services to issuers outside of their work for L.L. Bradford. During the 2012 inspection, the Board's Division of Registration and Inspections ("DRI") issued a comment noting that Bullinger and Beckstead were permitted to provide non-audit services to issuers outside of their work for L.L. Bradford and that the Firm had not put in place proper procedures to identify and evaluate relevant business relationships between the Firm's partners and its issuer audit clients. Despite DRI's comment, neither the Firm nor Bradford took any actions to implement procedures to identify and evaluate such relationships. In fact, the Firm failed to obtain from Beckstead a list of the services and issuers to 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 audit clients, contributed to the Firm's violation of independence requirements during the 2012 Decision Diagnostics Audit.

88. The Firm also failed to implement policies and procedures to provide reasonable assurance that personnel maintain independence.<sup>55</sup> Specifically, despite a requirement to obtain annual independence confirmations in the Firm's quality control policies and procedures, the Firm failed to obtain and/or retain independence confirmations from its personnel for 2013.

### Monitoring

89. The Firm also failed to appropriately implement the required quality control monitoring procedures. The Firm placed Bradford in charge of quality control; however, Bradford's prior audit experience was limited, and she lacked the relevant experience, knowledge, and proficiency necessary to carry out the monitoring function.<sup>56</sup> Moreover,

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<sup>55</sup> See QC § 20.09.

<sup>56</sup> See QC § 20.22.

**ORDER**

Bradford failed, and the Firm did not require Bradford, to take sufficient steps to develop the requisite proficiency after becoming the Firm's quality control partner.

90. In August 2013, Bradford conducted an internal quality control inspection of the audits and reviews conducted on certain of the Firm's issuer audit clients. Because Bradford did not have the necessary experience, knowledge, and proficiency, she failed during the Firm's internal quality control inspection to identify multiple audit deficiencies and failures to comply with the Firm's own policies and procedures. For example, Bradford did not identify the Firm's violations of PCAOB standards that occurred during its review of WebXU's financial statements for the period ended June 30, 2012. In addition, with respect to her inspection of the interim review of another issuer client, Bradford failed to identify erroneous disclosure determinations.

91. In addition to the deficiencies in the Firm's 2013 internal inspection process, the Firm and Bradford's monitoring procedures failed to 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. As a result of these failures, the Firm violated PCAOB quality control standards requiring appropriate monitoring.<sup>57</sup>

**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), L.L. Bradford & Company, LLC is hereby censured;
- B. Pursuant to Section 105(c)(4)(A) of the Act and PCAOB Rule 5300(a)(1), the registration L.L. Bradford & Company, LLC is revoked;
- C. After five (5) years from the date of the Order, L.L. Bradford & Company, LLC may reapply for registration by filing an application pursuant to PCAOB Rule 2101; and

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<sup>57</sup> See QC § 20.20; QC § 30.03.

**ORDER**

- 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 \$12,500 payable by L.L. Bradford & Company, LLC 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. L.L. Bradford & Company, LLC shall pay the \$12,500 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

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Phoebe W. Brown  
Secretary

December 3, 2015