

## [Securities Regulation Daily Wrap Up, ENFORCEMENT—Israel-based audit firm and partner sanctioned for alleged improper professional conduct, \(Jul. 16, 2019\)](#)

Securities Regulation Daily Wrap Up

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By Rebecca Kahn, J.D.

A CPA and his firm agreed to a five-year suspension in connection with deficient audits and interim reviews.

On July 16, the SEC announced that an Israel-based audit firm and its principal have agreed to settle charges of improper professional conduct. The respondents were found in violation of Exchange Act 4(C) and Rule 102(e)(1)(ii) of the SEC's Rules of Practice, while conducting audits and reviews between 2012 and 2017. Without admitting or denying these [findings](#), the respondents agreed to a five-year suspension from appearing or practicing before the SEC as accountants (*In the Matter of Dov Weinstein, CPA and Dov Weinstein & Co. CPA, Release No. 34-86385*, July 16, 2019).

**Respondents.** Dov Weinstein & Co., CPA (WCPA) is a public accounting firm registered with the Public Company Accounting Oversight Board (PCAOB) and located in Israel. Its sole partner is Dov Weinstein, an Israeli resident and Israeli-licensed CPA. During the relevant period, WCPA had approximately sixteen employees, including six accountants. As of February 2019, WCPA had nine public company clients with securities registered with the Commission.

**Deficient audits.** The consent order finds that, between 2012 and 2015, WCPA performed deficient audits and interim reviews for four companies that were the products of a fraudulent scheme orchestrated by others to create and market "shell companies": Duane Street Corp.; Lollipop Corp.; Olivia Inc.; and Secure It Corp. (the "Shell Issuers"). Between 2013 and 2017, WCPA also performed deficient audits and interim reviews for nine other issuers. WCPA and Weinstein were charged with repeated violations of PCAOB standards in connection with these audits and reviews.

**Related charges.** The Commission previously charged three Israeli residents, a Washington, D.C. attorney, and an Israeli auditor and his Maryland-based accounting firm for their roles in the fraudulent scheme.

**Findings and sanctions.** Weinstein and his firm failed to conduct engagement quality reviews; exercise due care and professional skepticism; obtain an understanding of certain of the issuers and their environment; implement adequate client-acceptance and continuance procedures; implement procedures designed to identify material related party transactions; maintain independence from their audit clients; and retain certain audit documentation.

Accordingly, the SEC found that Weinstein and his firm engaged in improper professional conduct under Rule 102(e)(1)(ii) of the Commission's Rules of Practice and Exchange Act Section 4(C). Without admitting or denying these findings, the respondents agreed to an order suspending them from appearing or practicing before the SEC as accountants. They may apply for reinstatement after five years.

The release is [No. 34-86385](#).

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