

BEFORE THE  
CALIFORNIA BOARD OF ACCOUNTANCY  
DEPARTMENT OF CONSUMER AFFAIRS  
STATE OF CALIFORNIA

In the Matter of the Accusation Against:

**FRAZER, LLP, FORMERLY KNOWN AS  
MOORE STEPHENS WURTH FRAZER  
AND TORBET, LLP**  
135 South State College Boulevard #300  
Brea, CA 92821

**Certified Public Accountancy Partnership  
Certificate No. 6172**

Respondent.

Case No. AC-2012-12

OAH No. 2012090818

**DECISION AND ORDER**

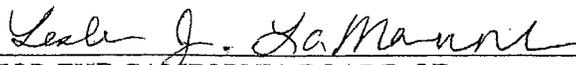
The attached Stipulated Settlement and Disciplinary Order is hereby adopted by the California Board of Accountancy, Department of Consumer Affairs, as its Decision in this matter.

This Decision shall become effective on

It is so ORDERED

April 28, 2013.

March 29, 2013.

  
FOR THE CALIFORNIA BOARD OF  
ACCOUNTANCY  
DEPARTMENT OF CONSUMER AFFAIRS

1 KAMALA D. HARRIS  
Attorney General of California  
2 JAMES M. LEDAKIS  
Supervising Deputy Attorney General  
3 CARL W. SONNE  
Deputy Attorney General  
4 State Bar No. 116253  
110 West "A" Street, Suite 1100  
5 San Diego, CA 92101  
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6 San Diego, CA 92186-5266  
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*Attorneys for Complainant*

8  
9 **BEFORE THE**  
**CALIFORNIA BOARD OF ACCOUNTANCY**  
**DEPARTMENT OF CONSUMER AFFAIRS**  
10 **STATE OF CALIFORNIA**

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**MOORE STEPHENS WURTH FRAZER**  
14 **AND TORBET, LLP**  
135 South State College Boulevard #300  
15 Brea, CA 92821  
16 **Certified Public Accountancy Partnership**  
**Certificate No. 6172**  
17  
18 Respondent.

Case No. AC-2012-12

OAH No. 2012090818

**STIPULATED SETTLEMENT AND  
DISCIPLINARY ORDER**

19  
20 IT IS HEREBY STIPULATED AND AGREED by and between the parties to the above-  
21 entitled proceedings that the following matters are true:

22 PARTIES

23 1. Patti Bowers (Complainant) is the Executive Officer of the California Board of  
24 Accountancy. She brought this action solely in her official capacity and is represented in this  
25 matter by Kamala D. Harris, Attorney General of the State of California, by Carl W. Sonne,  
26 Deputy Attorney General.

27 ///

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1 such other written reports, declarations, and verification of actions as are required. These  
2 declarations shall contain statements relative to respondent's compliance with all the terms and  
3 conditions of probation. Respondent shall immediately execute all release of information forms  
4 as may be required by the CBA or its representatives.

5 **4. Personal Appearances**

6 Respondent shall, during the period of probation, appear in person at interviews/meetings as  
7 directed by the CBA or its designated representatives, provided such notification is accomplished  
8 in a timely manner.

9 **5. Comply With Probation**

10 Respondent shall fully comply with the terms and conditions of the probation imposed by  
11 the CBA and shall cooperate fully with representatives of the California Board of Accountancy in  
12 its monitoring and investigation of the respondent's compliance with probation terms and  
13 conditions.

14 **6. Practice Investigation**

15 Respondent shall be subject to, and shall permit, a practice investigation of the respondent's  
16 professional practice. Such a practice investigation shall be conducted by representatives of the  
17 CBA, provided notification of such review is accomplished in a timely manner.

18 **7. Comply With Citations**

19 Respondent shall comply with all final orders resulting from citations issued by the  
20 California Board of Accountancy.

21 **8. Violation of Probation**

22 If respondent violates probation in any respect, the CBA, after giving respondent notice and  
23 an opportunity to be heard, may revoke probation and carry out the disciplinary order that was  
24 stayed. If an accusation or a petition to revoke probation is filed against respondent during  
25 probation, the CBA shall have continuing jurisdiction until the matter is final, and the period of  
26 probation shall be extended until the matter is final.

27 The CBA's Executive Officer may issue a citation under California Code of Regulations,  
28 Section 95, to a licensee for a violation of a term or condition contained in a decision placing that

1 licensee on probation.

2 **9. Completion of Probation**

3 Upon successful completion of probation, respondent's license will be fully restored.

4 **10. Dissemination of the Stipulated Settlement**

5 Within fifteen (15) days of the effective date of this Order, Respondent shall disseminate  
6 this Stipulated Settlement and Disciplinary Order to all of its professional personnel officed in  
7 California and shall confirm such dissemination in writing to the CBA.

8 **11. Peer Review**

9 During the period of probation, all audit, review, and compilation reports and work papers  
10 shall be subject to peer review by a Board-recognized peer review program provider pursuant to  
11 California Business and Professions Code Section 5076 and California Code of Regulations, Title  
12 16, Division 1, Article 6, at Respondent's expense. The specific engagements to be reviewed  
13 shall be at the discretion of the peer reviewer. The peer review shall be completed by  
14 May 31, 2014, which time frame shall be incorporated as a condition of this probation.

15 Within 45 days of the peer review report being accepted by a Board-recognized peer review  
16 program provider, Respondent shall submit to the CBA a copy of the peer review report,  
17 including any materials documenting the prescription of remedial or corrective actions imposed  
18 by the Board-recognized peer review program provider. Respondent shall also submit, if  
19 available, any materials documenting completion of any or all of the prescribed remedial or  
20 corrective actions.

21 **12. Audit Training**

22 Prior to March 31, 2014, Respondent shall provide two eight-hour training courses for its  
23 accountants engaged in audit practice, who are officed in California, in the subject matter of  
24 auditing. Respondent shall provide the CBA with a copy of the agenda and related materials for  
25 review at least two weeks prior to the training sessions. Within thirty (30) days following each  
26 training session, Respondent shall provide the CBA with a list of those personnel who attended  
27 the training. For those accountants who attend, the 16 hours of training shall not be counted  
28 towards the CBA's continuing education requirements for relicensing.

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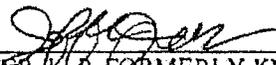
13. **Compliance with SEC Order**

Respondent shall at all times comply with any final order issued by the Securities and Exchange Commissions pertaining to Respondent, including that order described in paragraph 8 of the Accusation attached hereto as Exhibit A.

ACCEPTANCE

I have carefully read the above Stipulated Settlement and Disciplinary Order and have fully discussed it with my attorney, Pamela S. Palmer. I understand the stipulation and the effect it will have on my Certified Public Accountancy Partnership Certificate. I enter into this Stipulated Settlement and Disciplinary Order voluntarily, knowingly, and intelligently, and agree to be bound by the Decision and Order of the California Board of Accountancy.

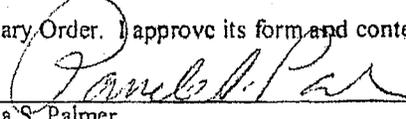
DATED: 2-21-2013



FRAZER, LLP, FORMERLY KNOWN AS MOORE  
STEPHENS WURTH FRAZER AND TORBET, LLP  
By: Jeff Jones  
Title: Managing Partner  
Respondent's authorized representative

I have read and fully discussed with Respondent Frazer, LLP, formerly known as Moore Stephens Wurth Frazer and Torbet, LLP the terms and conditions and other matters contained in the above Stipulated Settlement and Disciplinary Order. I approve its form and content.

DATED: 2-21-13



Pamela S. Palmer  
Attorney for Respondent

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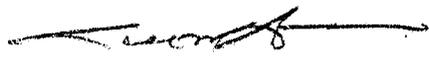
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ENDORSEMENT

The foregoing Stipulated Settlement and Disciplinary Order is hereby respectfully submitted for consideration by the California Board of Accountancy of the Department of Consumer Affairs.

Dated: *February 22, 2013*

Respectfully submitted,  
KAMALA D. HARRIS  
Attorney General of California  
JAMES M. LEDAKIS  
Supervising Deputy Attorney General



CARL W. SONNE  
Deputy Attorney General  
*Attorneys for Complainant*

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**Exhibit A**

**Accusation No. AC-2012-12**

1 KAMALA D. HARRIS  
Attorney General of California  
2 JAMES. M. LEDAKIS  
Supervising Deputy Attorney General  
3 CARL W. SONNE  
Deputy Attorney General  
4 State Bar No. 116253  
110 West "A" Street, Suite 1100  
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P.O. Box 85266  
6 San Diego, CA 92186-5266  
Telephone: (619) 645-3164  
7 Facsimile: (619) 645-2061  
8 *Attorneys for Complainant*

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Case No. AC-2012-12.

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14 **AND TORBET, LLP**  
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15 Brea, CA 92821  
16 **Certified Public Accountancy Partnership**  
**Certificate No. 6172**

**A C C U S A T I O N**

17 Respondent.

18 Complainant alleges:

19 **PARTIES**

20 1. Patti Bowers (Complainant) brings this Accusation solely in her official capacity  
21 as the Executive Officer of the California Board of Accountancy, Department of Consumer  
22 Affairs.

23 2. On or about May 19, 1996, the California Board of Accountancy issued Certified  
24 Public Accountancy Partnership Certificate Number 6172 to Frazer, LLP, formerly known as  
25 Moore Stephens Wurth Frazer and Torbet, LLP (Respondent). The Certified Public Accountancy  
26 Partnership Certificate was in full force and effect at all times relevant to the charges brought  
27 herein and will expire on May 31, 2012, unless renewed.  
28

JURISDICTION

3. This Accusation is brought before the California Board of Accountancy (CBA), Department of Consumer Affairs, under the authority of the following laws. All section references are to the Business and Professions Code unless otherwise indicated.

4. Section 5100 states:

After notice and hearing the board may revoke, suspend, or refuse to renew any permit or certificate granted under Article 4 (commencing with Section 5070) and Article 5 (commencing with Section 5080), or may censure the holder of that permit or certificate for unprofessional conduct that includes, but is not limited to, one or any combination of the following causes:

(g) Willful violation of this chapter or any rule or regulation promulgated by the board under the authority granted under this chapter.

(h) Suspension or revocation of the right to practice before any governmental body or agency.

(l) The imposition of any discipline, penalty, or sanction on a registered public accounting firm or any associated person of such firm, or both, or on any other holder of a permit, certificate, license, or other authority to practice in this state, by the Public Company Accounting Oversight Board or the United States Securities and Exchange Commission, or their designees under the Sarbanes-Oxley Act of 2002 or other federal legislation.

5. Section 5101 states:

After notice and hearing the board shall revoke the registration and permit to practice of a partnership if at any time it does not have all the qualifications prescribed by the section of this chapter under which it qualified for registration. After notice and hearing the board may revoke, suspend or refuse to renew the permit to practice of a partnership or may censure the holder of such permit for any of the causes enumerated in Section 5100 and for the following additional causes:

(a) The revocation or suspension of the certificate or registration or the revocation or suspension of or refusal to renew the permit to practice of any partner.

(b) The cancellation, revocation or suspension of certificate or other authority to practice or refusal to renew the certificate or other authority of the partnership of any partner thereof to practice public accountancy in any other state.



1 and severally liable for disgorgement of audit fees of \$100,000, and prejudgment  
2 interest in the amount of \$29,500. Respondent was further censured by the  
3 Commission.

4 b. The SEC Order arose from Respondent's improper professional  
5 conduct in connection with annual audits and quarterly reviews of financial  
6 statements in 2004 and 2005 of China Energy Savings Technology, Inc. (China  
7 Energy), Respondent's client, and Respondent's violation of the document  
8 retention requirements of Regulation S-X. China Energy materially overstated  
9 its Earnings Per Share (EPS) in its fiscal year (FY) 2004 annual report.  
10 Respondent's client also materially overstated its revenues and net income in  
11 its FY 2005 annual report and two quarterly reports. Respondent failed to  
12 conduct the relevant audits and reviews in accordance with the standards and  
13 rules of the Public Company Accounting Oversight Board (PCAOB). Although  
14 Respondent determined that the client engagement involved high risks,  
15 Respondent did not exercise professional skepticism and due professional care,  
16 and Respondent otherwise violated professional standards. Respondent issued  
17 unqualified audit opinions, which were included in the client's FY 2004 and  
18 2005 annual reports. Respondent also issued interim review reports which  
19 contained no reservations, before client filed its quarterly reports in FY 2005.

#### 20 PRAYER

21 WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged,  
22 and that following the hearing, the California Board of Accountancy issue a decision:

- 23 1. Revoking or suspending or otherwise imposing discipline upon Certified Public  
24 Accountancy Partnership Certificate Number 6172, issued to Frazer, LLP, formerly known as  
25 Moore Stephens Wurth Frazer and Torbet, LLP;
- 26 2. Ordering Frazer, LLP, formerly known as Moore Stephens Wurth Frazer and  
27 Torbet, LLP, to pay the California Board of Accountancy the reasonable costs of the investigation  
28 and enforcement of this case, pursuant to Business and Professions Code section 5107; and

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3. Taking such other and further action as deemed necessary and proper.

DATED: 3/15/2012



PATTI BOWERS  
Executive Officer  
California Board of Accountancy  
Department of Consumer Affairs  
State of California  
*Complainant*

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