

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

In the Matter of the Accusation Against:

Case No. AC-2015-69

REHAN SAEED
20873 E. Walnut Canyon Road
Walnut, CA 91789
Certified Public Accountant Certificate No. 59167,

and

**ACCTAX ACCOUNTANTS AND
CONSULTANTS, REHAN SAEED**
20873 E. Walnut Canyon Road
Walnut, CA 91789
Fictitious Name Permit No. 1696

Respondent.

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 12/30/15.

It is so ORDERED 11/30/15.



FOR THE CALIFORNIA BOARD OF
ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS

1 KAMALA D. HARRIS
Attorney General of California
2 LINDA K. SCHNEIDER
Senior Assistant Attorney General
3 THOMAS L. RINALDI
Supervising Deputy Attorney General
4 State Bar No. 206911
300 So. Spring Street, Suite 1702
5 Los Angeles, CA 90013
Telephone: (213) 897-2541
6 Facsimile: (213) 897-2804

7 *Attorneys for Complainant*

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

11 In the Matter of the Accusation Against:
12 **REHAN SAEED**
20873 E. Walnut Canyon Road
13 Walnut, CA 91789
Certified Public Accountant Certificate No. 59167,
14
15 **and**
16 **ACCTAX ACCOUNTANTS AND**
CONSULTANTS, REHAN SAEED
20873 E. Walnut Canyon Road
17 Walnut, CA 91789
Fictitious Name Permit No. 1696
18
19 Respondent.

Case No. AC-2015-69
STIPULATED SETTLEMENT AND
DISCIPLINARY ORDER

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

23 PARTIES

24 1. Patti Bowers ("Complainant") is the Executive Officer of the California Board of
25 Accountancy. She brought this action solely in her official capacity and is represented in this
26 matter by Kamala D. Harris, Attorney General of the State of California, by Thomas L. Rinaldi,
27 Supervising Deputy Attorney General.

28 ///

1 directed by the CBA or its designated representatives, provided such notification is accomplished
2 in a timely manner.

3 **5. Comply With Probation**

4 Respondent shall fully comply with the terms and conditions of the probation imposed by
5 the CBA and shall cooperate fully with representatives of the California Board of Accountancy in
6 its monitoring and investigation of the respondent's compliance with probation terms and
7 conditions.

8 **6. Practice Investigation**

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

12 **7. Comply With Citations**

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

15 **8. Tolling of Probation for Out-of-State Residence/Practice**

16 In the event respondent should leave California to reside or practice outside this state,
17 respondent must notify the CBA in writing of the dates of departure and return. Periods of non-
18 California residency or practice outside the state shall not apply to reduction of the probationary
19 period, or of any suspension. No obligation imposed herein, including requirements to file
20 written reports, reimburse the CBA costs, and make restitution to consumers, shall be suspended
21 or otherwise affected by such periods of out-of-state residency or practice except at the written
22 direction of the CBA.

23 **9. Violation of Probation**

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

1 The CBA's Executive Officer may issue a citation under California Code of Regulations,
2 Section 95, to a licensee for a violation of a term or condition contained in a decision placing that
3 licensee on probation.

4 **10. Completion of Probation**

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

6 **11. Ethics Continuing Education**

7 Respondent shall complete sixteen hours of continuing education in course subject matter
8 pertaining to the following: a review of nationally recognized codes of conduct emphasizing how
9 the codes relate to professional responsibilities; case-based instruction focusing on real-life
10 situational learning; ethical dilemmas facing the accounting profession; or business ethics, ethical
11 sensitivity, and consumer expectations within 180 days of the order. Courses must be a minimum
12 of one hour as described in California Code of Regulations Section 88.2. If respondent fails to
13 complete said courses within the time period provided, respondent shall so notify the CBA and
14 shall cease practice until respondent completes said courses, has submitted proof of same to the
15 CBA, and has been notified by the CBA that he or she may resume practice. Failure to complete
16 the required courses within 180 days of the effective date of probation shall constitute a violation
17 of probation. The ethics courses (hours) to be completed are to be in addition to the courses
18 (hours) required for re-licensure.

19 **12. Regulatory Review Course**

20 Respondent shall complete a CBA-approved course on the provisions of the California
21 Accountancy Act and the California Board of Accountancy Regulations specific to the practice of
22 public accountancy in California emphasizing the provisions applicable to current practice
23 situations within 180 days of the effective date. The course also will include an overview of
24 historic and recent disciplinary actions taken by the CBA, highlighting the misconduct which led
25 to licensees being disciplined. The course shall be a minimum of two hours.

26 If respondent fails to complete said courses within the time period provided, respondent
27 shall so notify the CBA and shall cease practice until respondent completes said courses, has
28 submitted proof of same to the CBA, and has been notified by the CBA that he or she may

1 resume practice. Failure to complete the required courses 180 days of the effective date shall
2 constitute a violation of probation. The regulatory review course is in addition to the courses
3 required for re-licensure.

4 **13. Continuing Education Courses**

5 Respondent shall complete and provide proper documentation of 16 hours of professional
6 education courses in audit-related subjects within 12 months of the effective date. This shall be in
7 addition to continuing education requirements for relicensing.

8 Failure to satisfactorily complete the required courses as scheduled or failure to complete
9 same within 12 months of the effective date shall constitute a violation of probation.

10 **14. Active License Status**

11 Respondent shall at all times maintain an active license status with the CBA, including
12 during any period of suspension. If the license is expired at the time the CBA's decision becomes
13 effective, the license must be renewed within 30 days of the effective date of the decision.

14 ACCEPTANCE

15 I have carefully read the Stipulated Settlement and Disciplinary Order. I understand the
16 stipulation and the effect it will have on my Certified Public Accountant Certificate. I enter into
17 this Stipulated Settlement and Disciplinary Order voluntarily, knowingly, and intelligently, and
18 agree to be bound by the Decision and Order of the California Board of Accountancy.

19
20 DATED: 11-12-15

21 REHAN SAEED
22 Respondent
23
24
25
26
27
28

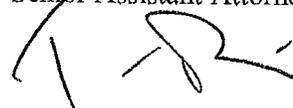
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

ENDORSEMENT

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

Dated: 11-13-2015

Respectfully submitted,
KAMALA D. HARRIS
Attorney General of California
LINDA K. SCHNEIDER
Senior Assistant Attorney General



THOMAS L. RINALDI
Supervising Deputy Attorney General
Attorneys for Complainant

LA2015500503
51938045.doc

Exhibit A

Accusation No. AC-2015-69

1 KAMALA D. HARRIS
Attorney General of California
2 LINDA K. SCHNEIDER
Senior Assistant Attorney General
3 ARMANDO ZAMBRANO
Supervising Deputy Attorney General
4 State Bar No. 225325
300 So. Spring Street, Suite 1702
5 Los Angeles, CA 90013
Telephone: (213) 897-2542
6 Facsimile: (213) 897-2804
Attorneys for Complainant
7

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

10 In the Matter of the Accusation Against:

Case No. AC-2015-69

11 **REHAN SAEED**
12 **20873 E. Walnut Canyon Road**
13 **Walnut, CA 91789**

A C C U S A T I O N

14 **Certified Public Accountant Certificate**
15 **No. 59167**

16 **and**

17 **ACCTAX ACCOUNTANTS AND**
CONSULTANTS, REHAN SAEED
20873 E. Walnut Canyon Road
Walnut, CA 91789

18 **Fictitious Name Permit No. 1696**

19 Respondent.
20

21
22 Complainant alleges:

23 **PARTIES**

24 1. Patti Bowers (Complainant) brings this Accusation solely in her official capacity as
25 the Executive Officer of the California Board of Accountancy (CBA), Department of Consumer
26 Affairs.

27 2. On or about May 17, 1991, the CBA issued Certified Public Accountant Certificate
28 No. 59167 to Rehan Saeed (Respondent). The Certified Public Accountant Certificate was in full

1 force and effect at all times relevant to the charges brought herein and will expire on July 31,
2 2015, unless renewed.

3 3. On or about April 25, 2007, the CBA issued Fictitious Name Permit No. 1696 to
4 Acctax Accountants and Consultants, Rehan Saeed (Respondent). The Fictitious Name Permit
5 was in full force and effect at all times relevant to the charges brought herein and will expire on
6 April 30, 2017, unless renewed.

7 **JURISDICTION**

8 4. This Accusation is brought before the CBA under the authority of the following laws.
9 All section references are to the Business and Professions Code (Code) unless otherwise
10 indicated.

11 5. Code section 5109 states:

12 "The expiration, cancellation, forfeiture, or suspension of a license, practice privilege, or
13 other authority to practice public accountancy by operation of law or by order or decision of the
14 board or a court of law, the placement of a license on a retired status, or the voluntary surrender
15 of a license by a licensee shall not deprive the board of jurisdiction to commence or proceed with
16 any investigation of or action or disciplinary proceeding against the licensee, or to render a
17 decision suspending or revoking the license."

18 **STATUTORY PROVISIONS**

19 6. Code section 5033.1 states:

20 "For purposes of this chapter, 'license' shall also include 'certificate.'"

21 7. Code section 5062 states:

22 "A licensee shall issue a report which conforms to professional standards upon completion
23 of a compilation, review or audit of financial statements."

24 8. Code section 5063, states, in the pertinent part:

25 "(a) A licensee shall report to the board in writing of the occurrence of any of the
26 following events occurring on or after January 1, 1997, within 30 days of the date the licensee has
27 knowledge of these events:

28

1 accountants or public accountants or renders other professional services shall observe and is
2 subject to rules and regulations of the State Board of Accountancy in the conduct of such activity.
3 For purposes of Section 5, the term "activity" includes but is not limited to bookkeeping, financial
4 planning, investment planning, tax services and management services."

5 11. California Code of Regulations, title 16, section 98 states:

6 "In reaching a decision on a disciplinary action under the Administrative Procedure Act
7 (Government Code Section 11400 et seq.), the Board shall consider the disciplinary guidelines
8 entitled "A Manual of Disciplinary Guidelines and Model Disciplinary Orders" (8th edition,
9 2013) which are hereby incorporated by reference. Deviation from these guidelines and orders,
10 including the standard terms of probation, is appropriate where the Board in its sole discretion
11 determines that the facts of the particular case warrant such a deviation, for example: the presence
12 of mitigating factors; the age of the case; evidentiary problems."

13 COST RECOVERY

14 12. Code section 5107, subdivision (a), states:

15 "The executive officer of the board may request the administrative law judge, as part of the
16 proposed decision in a disciplinary proceeding, to direct any holder of a permit or certificate
17 found to have committed a violation or violations of this chapter to pay to the board all reasonable
18 costs of investigation and prosecution of the case, including, but not limited to, attorney's fees.
19 The board shall not recover costs incurred at the administrative hearing."

20 13. Code section 5116 states:

21 "(a) The board, after appropriate notice and an opportunity for hearing, may order any
22 licensee or applicant for licensure or examination to pay an administrative penalty as provided in
23 this article as part of any disciplinary proceeding or other proceeding provided for in this chapter.

24 "(b) The board may assess administrative penalties under one or more provisions of
25 this article. However, the total administrative penalty to be paid by the licensee shall not exceed
26 the amount of the highest administrative penalty authorized by this article.

27 "(c) The board shall adopt regulations to establish criteria for assessing administrative
28 penalties based upon factors, including, but not limited to, actual and potential consumer harm,

1 nature and severity of the violation, the role of the person in the violation, the person's ability to
2 pay the administrative penalty, and the level of administrative penalty necessary to deter future
3 violations of this chapter.

4 "(d) Administrative penalties assessed under this article shall be in addition to any
5 other penalties or sanctions imposed on the licensee or other person, including, but not limited to,
6 license revocation, license suspension, denial of the application for licensure, denial of the
7 petition for reinstatement, or denial of admission to the licensing examination. Payment of these
8 administrative penalties may be included as a condition of probation when probation is ordered.

9 "(e) All administrative penalties collected under this article shall be deposited in the
10 Accountancy Fund."

11 **FACTUAL BACKGROUND**

12 14. In 2008 Respondent was an employee of Kabani & Company, Inc., a registered
13 public accounting firm. Respondent worked as a part-time independent contractor performing
14 concurring reviews on audits.

15 15. Respondent was assigned to perform the concurring partner review for The
16 Harcourt Companies, Inc. and NetSol Technologies, Inc. In the audits for both firms, Form 10-
17 K/10-KSB were filed with the Securities and Exchange Commission (SEC). Included in the
18 filings were an audit report signed by Kabani & Company, Inc.

19 16. Respondent failed to perform his concurring review procedures until after the firm
20 released its audit report and the issuers filed their financial statement with the SEC. Respondent
21 then backdated a document to make it appear that he had performed those procedures before the
22 release of the audit reports. Failing to perform timely concurring review and his backdating of
23 concurring review documentation violated Public Company Accounting Oversight Board
24 (PCAOB) rules and auditing standards.

25 17. On June 15, 2012 the PCAOB initiated administrative proceedings against the
26 Respondent in the matter entitled, *In the Matter of Rehan Saeed, CPA, PCAOB Release No. 105-*
27 *2013-004.*

28 *///*

1 18. This matter was resolved on May 21, 2013, by the issuance of an Order Making
2 Findings and Imposing Sanctions. The PCAOB censured and barred Respondent from being an
3 associated person of a registered public accounting firm. The order allows Respondent to seek
4 reinstatement after 18 months.

5 **FIRST CAUSE FOR DISCIPLINE**

6 **(Suspension of Right to Practice Before Governmental Body or Agency)**

7 19. Respondent is subject to disciplinary action under Code section 5100, subdivision (h),
8 on the grounds of unprofessional conduct, in that the Respondent's right to practice before a
9 government body or agency was suspended or revoked. Complainant refers to and by this
10 reference incorporates the allegations set forth above in paragraphs 14 through 18, as though set
11 forth fully.

12 **SECOND CAUSE FOR DISCIPLINE**

13 **(Discipline by the Public Company Accounting Oversight Board)**

14 20. Respondent is subject to disciplinary action under Code section 5100, subdivision (l),
15 for unprofessional conduct, in that on or about May 21, 2013, the Public Company Accounting
16 Oversight Board imposed discipline, penalty, or sanctions on Respondent (PCAOB Release No.
17 105-2013-004). Complainant refers to and by this reference incorporates the allegations set forth
18 above in paragraphs 14 through 18, as though set forth fully.

19 **THIRD CAUSE FOR DISCIPLINE**

20 **(Failure to Report Events)**

21 21. Respondent is subject to disciplinary action under Code section 5063, subdivision
22 (a)(3) and (b)(5), in that he failed to report in writing to the CBA within 30 days of cancellation,
23 revocation, or suspension of the right to practice as a certified public accountant before the
24 PCAOB. Complainant refers to and by this reference incorporates the allegations set forth above
25 in paragraphs 14 through 18, as though set forth fully.

26 ///

27 ///

28 ///

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

PRAYER

WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged, and that following the hearing, the CBA issue a decision:

1. Revoking or suspending or otherwise imposing discipline upon Certified Public Accountant Certificate No. 59167, issued to Rehan Saeed;
2. Revoking or suspending or otherwise imposing discipline upon Fictitious Name Permit No. 1696, issued to Acctax Accountants and Consultants, Rehan Saeed;
3. Ordering Rehan Saeed to pay the CBA the reasonable costs of the investigation and enforcement of this case, pursuant to section 5107;
4. Ordering Rehan Saeed to pay administrative penalties pursuant to section 5116; and
5. Taking such other and further action as deemed necessary and proper.

DATED: July 27, 2015

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

LA2015500503
51839475.docx
mc (7/27/15)