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## Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions

*In the Matter of Eddie Wong, CPA, and Neil W.  
Ehrenkrantz, CPA,*

Respondents.

PCAOB Release No. 105-2023-006

June 22, 2023

By this Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions (“Order”), the Public Company Accounting Oversight Board (“Board” or “PCAOB”) is:

- (1) Barring Eddie Wong, CPA (“Wong”) from being an associated person of a registered public accounting firm<sup>1</sup> and imposing a \$100,000 civil money penalty upon Wong; and
- (2) Barring Neil W. Ehrenkrantz, CPA (“Ehrenkrantz”) from being an associated person of a registered public accounting firm<sup>2</sup> and imposing a \$25,000 civil money penalty upon Ehrenkrantz.

The Board is imposing these sanctions on the basis of its findings that Wong and Ehrenkrantz, (collectively, “Respondents”) violated PCAOB rules and standards in connection with the audits of an issuer.

### I.

The Board deems it necessary and appropriate, for the protection of investors and to further the public interest in the preparation of informative, accurate, and independent audit

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<sup>1</sup> Wong may file a petition for Board consent to associate with a registered public accounting firm after two years from the date of this Order.

<sup>2</sup> Ehrenkrantz may file a petition for Board consent to associate with a registered public accounting firm after one year from the date of this Order.

reports, that disciplinary proceedings be, and hereby are, instituted pursuant to Section 105(c) of the Sarbanes-Oxley Act of 2002, as amended (the “Act”), and PCAOB Rule 5200(a)(1) against Respondents.

## II.

In anticipation of the institution of these proceedings, and pursuant to PCAOB Rule 5205, Respondents have each submitted an Offer of Settlement (collectively, “Offers”) that the Board has determined to accept. Solely for purposes of these proceedings and any other proceedings brought by or on behalf of the Board, or to which the Board is a party, and without admitting or denying the findings herein, except as to the Board’s jurisdiction over Respondents and the subject matter of these proceedings, which is admitted, Respondents consent to the entry of this Order as set forth below.<sup>3</sup>

## III.

On the basis of Respondents’ Offers, the Board finds that:<sup>4</sup>

### A. Respondents

1. **Eddie Wong, CPA**, was, at all relevant times, a certified public accountant licensed by the State of New York (License No. 052907). Wong was, at all relevant times, a partner of Friedman LLP (“Friedman”). Wong served as the engagement partner for Friedman’s audits of the consolidated financial statements of Kingold Jewelry, Inc. (“Kingold” or the “Company”) for the years ended December 31, 2016, 2017 and 2018 and Kingold’s internal control over financial reporting (“ICFR”) as of December 31, 2017 and 2018 (collectively, “the Audits”). Wong was, at all relevant times, 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).

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<sup>3</sup> The findings herein are made pursuant to Respondents’ Offers and are not binding on any other person or entity in this or any other proceeding.

<sup>4</sup> The Board finds that Respondents’ 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.

2. **Neil W. Ehrenkrantz, CPA**, was, at all relevant times, a certified public accountant licensed by the States of New York (License No. 097426) and New Jersey (License No. 20CC01176000). Ehrenkrantz was, at all relevant times, a partner of Friedman. Ehrenkrantz performed the engagement quality review (“EQR”) for the Audits. Ehrenkrantz was, at all relevant times, 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).

## B. Relevant Entities

3. **Friedman LLP** is a limited liability partnership organized under the laws of the State of New York and headquartered in New York, New York.<sup>5</sup> Friedman is registered with the Board pursuant to Section 102 of the Act and PCAOB rules. Friedman issued audit reports containing unqualified opinions on Kingold’s financial statements for the years ended December 31, 2016, 2017, and 2018 and adverse opinions on the effectiveness of Kingold’s ICFR as of December 31, 2017 and 2018.

4. **Kingold Jewelry, Inc.** was, at all relevant times, a Delaware corporation headquartered in the People’s Republic of China (“PRC”). Kingold’s public filings disclose it was a designer and manufacturer of gold jewelry and Chinese ornaments. Kingold sold its products directly to distributors, retailers, and other wholesalers, which then sold these products to consumers through retail counters located in department stores and jewelry stores in the PRC. Kingold was, at all relevant times, an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).<sup>6</sup>

## C. Summary

5. This matter concerns Respondents’ violations of PCAOB rules and standards in connection with Friedman’s audits of Kingold’s financial statements for the fiscal years ended December 31, 2016, 2017, and 2018 and Kingold’s ICFR as of December 31, 2017 and 2018. Wong authorized Friedman’s issuance of audit reports containing unqualified opinions on Kingold’s financial statements for 2016, 2017, and 2018 and adverse opinions on Kingold’s ICFR

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<sup>5</sup> Substantially all of Friedman LLP’s assets were acquired by Marcum LLP as of September 1, 2022. Friedman subsequently filed a Form 1-WD to withdraw its PCAOB registration, which is pending.

<sup>6</sup> On August 21, 2020, Kingold’s stock was delisted from a U.S.-based exchange after it filed a Form 25 with the Securities and Exchange Commission to withdraw its securities from listing and registration on the exchange.

for 2017 and 2018. Ehrenkrantz provided concurring approval of issuance of Friedman’s audit reports for the Audits.

6. In conducting the Audits, Wong failed to exercise due professional care and skepticism by, among other things, failing to obtain sufficient appropriate audit evidence concerning gold inventories pledged as collateral to secure loans from banks and financial institutions (“Pledged Gold”), and failing to identify or evaluate certain significant unusual transactions.

7. Wong failed to perform sufficient audit procedures to address management’s assertions as to the existence of Pledged Gold inventory shown on Kingold’s balance sheets at the relevant year-ends. He did not obtain confirmation from the custodians of the Pledged Gold, as would ordinarily be expected for inventories housed by outside custodians. Furthermore, Wong did not perform sufficient additional procedures under the circumstances, such as observing physical inventories of Pledged Gold, and thus failed to obtain reasonable assurance with respect to Pledged Gold’s existence. Wong also failed to perform sufficient appropriate audit procedures in the 2016 and 2017 audits to identify significant unusual transactions, which were unusual due to their timing, size and nature, or to evaluate whether the business purpose (or lack thereof) of identified significant unusual transactions indicated that they may have been entered into to engage in fraudulent financial reporting or asset misappropriation, including the 2016 and 2017 significant unusual Pledged Gold loan transactions, and the other significant unusual transactions Wong had identified in 2016 and 2017.

8. In addition, Ehrenkrantz violated AS 1220, *Engagement Quality Review*, by providing his concurring approval for the issuance of the Firm’s audit reports for the Audits without appropriately evaluating the engagement team’s assessment of and responses to significant risks with due professional care.

#### **D. Background**

9. Starting in 2016, and continuing throughout 2017 and 2018, Kingold reported certain gold inventory, not available for use in production, as “Investments in gold” on its balance sheets (“Investments in Gold”).<sup>7</sup> The Investments in Gold represented the value of the significant quantities of Pledged Gold inventory collateralizing Kingold’s loan transactions with various lenders. From \$186 million at year-end 2015 (representing 40% of total assets), the

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<sup>7</sup> Prior to 2016, Pledged Gold was included within “Inventories” on Kingold’s balance sheets.

value of Pledged Gold increased more than eight-fold, to \$1.8 billion at year-end 2016, which represented 78% of total assets.

10. From December 31, 2015 to December 31, 2016, Kingold's total assets also grew by \$1.8 billion, representing an over 350% increase, which was principally driven by the increases in Pledged Gold and related loans. This growth in gold inventory arose from the Company repeatedly using proceeds from earlier Pledged Gold loans to purchase more gold, which in turn was pledged to obtain more loans, the proceeds of which were used to purchase more gold. As of 2016 year-end, Kingold reported outstanding Pledged Gold loan balances of \$1.5 billion, or 74% of total liabilities.

11. During 2017, the amount of Kingold's Pledged Gold increased by \$0.7 billion, or 42%, resulting in Investments in Gold of \$2.5 billion, or 83% as a percent of total assets at 2017 year-end. Pledged Gold loan balances also increased to \$1.8 billion, or 66% of total liabilities at 2017 year-end. During 2018, Investments in Gold slightly decreased to \$2.3 billion or 85% of total assets and Pledged Gold loans similarly decreased to \$1.5 billion or 73% of total liabilities at year-end. During 2017 and 2018, Kingold repaid some of its Pledged Gold loan transactions, but also entered into multiple new Pledged Gold loan transactions with new lenders.

12. On July 6, 2020, Kingold disclosed that it had received notices of default between November 2019 and June 2020 on a number of its Pledged Gold loans, for which the adequacy and integrity of certain Pledged Gold was under dispute.<sup>8</sup> Shortly thereafter, Kingold disclosed a government investigation had been launched regarding the adequacy and integrity of gold in the control of the lenders.<sup>9</sup>

13. On August 15, 2020, Friedman resigned as the auditor of Kingold, and the Firm requested that Kingold take immediate steps to notice that reliance should no longer be placed on the Firm's previously issued audit reports on the Company's 2016, 2017 and 2018 financial statements. The non-reliance was based on Friedman's conclusion that it was unable to obtain Kingold's support to conduct a satisfactory investigation of information, of which it had become aware, about Kingold's financial statements.<sup>10</sup>

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<sup>8</sup> See Kingold Jewelry, Inc. Form 8-K (July 6, 2020).

<sup>9</sup> See Kingold Jewelry, Inc. Form 8-K (July 14, 2020).

<sup>10</sup> See Kingold Jewelry, Inc. Form 8-K (August 20, 2020).

## **E. Wong Violated PCAOB Rules and Auditing Standards in Connection with the Audits**

14. 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>11</sup> Among other things, PCAOB standards require an auditor to exercise due professional care, exercise professional skepticism, and plan and perform audit procedures to obtain sufficient appropriate audit evidence to provide a reasonable basis for the auditor’s opinion.<sup>12</sup> As described below, Wong violated PCAOB rules and standards in connection with the Audits.<sup>13</sup>

### **i. Wong Failed to Obtain Sufficient Appropriate Evidence Concerning the Pledged Gold Inventory During the Audits**

15. PCAOB standards state that “[t]he auditor must plan and perform audit procedures to obtain sufficient appropriate audit evidence to provide a reasonable basis for his or her opinion.”<sup>14</sup> “To be appropriate, audit evidence must be both relevant and reliable in providing support for the conclusions on which the auditor’s opinion is based.”<sup>15</sup> “Observation of inventories is a generally accepted auditing procedure. The independent auditor who issues an opinion when he has not employed them must bear in mind that he has the burden of justifying the opinion expressed.”<sup>16</sup>

16. Under AS 2510, “[i]f inventories are in the hands of public warehouses or other outside custodians, the auditor ordinarily would obtain direct confirmation in writing from the

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<sup>11</sup> See PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*; PCAOB Rule 3200, *Auditing Standards*.

<sup>12</sup> See AS 1015.01 and .07, *Due Professional Care in the Performance of Work*; AS 1105.04, *Audit Evidence*.

<sup>13</sup> All references to PCAOB rules and standards in this Order are to the versions of those rules and standards, and to their organization and numbering, in effect at the time of the audits and reviews discussed herein.

<sup>14</sup> AS 1105.04.

<sup>15</sup> *Id.* at .06.

<sup>16</sup> AS 2510.01, *Auditing Inventories*.

custodian.”<sup>17</sup> If such inventories represent a significant proportion of current or total assets, the auditor should apply one or more of the following procedures as considered necessary in the circumstances: (a) test the issuer’s procedures for investigating the warehouse and evaluating its performance; (b) obtain an independent accountant’s report on the warehouse’s control procedures relevant to the custody of goods, or apply alternative procedures to gain reasonable assurance that the information received from the warehouse is reliable; (c) observe physical counts of the goods, if practicable and reasonable; (d) if warehouse receipts have been pledged as collateral, confirm with lenders pertinent details of the pledged receipts (on a test basis, if appropriate).<sup>18</sup>

17. In each of the 2016, 2017 and 2018 audits, Kingold management represented that the Pledged Gold was stored with third-party custodians designated by lenders and could not be accessed for on-site inventory observation. In the 2016 and 2017 audits, Wong and the engagement team assessed a “high risk,” and in the 2018 audit a “significant risk,” of material misstatements for inventory, including Pledged Gold.

18. After the 2016 eight-fold increase in Pledged Gold, Wong, Ehrenkrantz and the engagement team discussed and considered AS 2510 in their 2016 audit planning meeting. Although they initially planned to obtain direct confirmation from custodians of the Pledged Gold, Wong later improperly decided that solely obtaining confirmation from lenders of their year-end records of the Pledged Gold’s recorded quantity, purity, and storage location would be sufficient to address the risks of existence for the Pledged Gold. Wong and the engagement team continued this approach in the 2017 and 2018 audits, notwithstanding the fact that Pledged Gold remained the most significant asset on Kingold’s balance sheets.<sup>19</sup>

19. Despite the magnitude of, and higher identified audit risks for, the Pledged Gold in the 2016, 2017 and 2018 audits, Wong and the engagement team did not obtain any confirmation of the Pledged Gold from the third-party custodians. Furthermore, Wong and the engagement team did not perform sufficient additional procedures under the circumstances, such as observing physical counts of the Pledged Gold, or obtaining an independent

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<sup>17</sup> *Id.* at .14.

<sup>18</sup> *Id.*

<sup>19</sup> For the 2018 audit Wong and the engagement team determined that confirmation with the insurer was no longer necessary.

accountant's report on the custodians' control procedures relevant to the custody of Pledged Gold, to obtain reasonable assurance of the existence of the Pledged Gold.

20. As a result of Friedman's failure to obtain confirmation of Kingold's Pledged Gold inventory from its custodians or perform other sufficient additional procedures, Wong and the engagement team failed to obtain sufficient appropriate evidence to support the existence of the Investments in Gold for Friedman's 2016, 2017 and 2018 audits. Accordingly, Wong violated AS 1015, AS 1105 and AS 2510.

**ii. Wong Failed to Identify or Evaluate Significant Unusual Transactions in the 2016 and 2017 Audits**

21. PCAOB standards state that "[s]ignificant transactions that are outside the normal course of business for the company or that otherwise appear to be unusual due to their timing, size, or nature ('significant unusual transactions') may be used to engage in fraudulent financial reporting or conceal misappropriation of assets."<sup>20</sup> To address the fraud risk of management override of controls, PCAOB standards require auditors to take into account information obtained from procedures performed during the audit to identify significant unusual transactions and then to evaluate whether the business purposes for significant unusual transactions indicate that the transactions may have been entered into to engage in fraud.<sup>21</sup>

**a. Significant Unusual Transactions in the 2016 Audit**

22. In the 2016 audit of Kingold, Wong failed to identify the 2016 transactions entered into to borrow significant funds secured by Pledged Gold as significant unusual transactions, because he did not properly take into account information he obtained in the audit indicating that they were unusual due to their timing, size, and nature.<sup>22</sup> At the time of the 2016 audit, Wong knew that these type of transactions had not been entered into by Kingold at any significant scale prior to 2016, and that to meet the pledge requirements for certain of these transactions, Kingold had to lease gold from a related party. Wong also understood that, in every month during 2016, Kingold executed new Pledged Gold loan transactions that resulted in multiple, successive layers of leverage—the cumulative nature of these transactions caused Kingold's assets to grow in 2016 by over 350%, with a corresponding

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<sup>20</sup> AS 2401.66, *Consideration of Fraud in a Financial Statement Audit*.

<sup>21</sup> *See id.* at .57; .66 - .67.

<sup>22</sup> *Id.* at .66.



increase in liabilities. Furthermore, these transactions were only approved retroactively by Kingold's Board of Directors, at Wong's specific request, during the 2016 audit. Wong accepted oral representations from management that the Company was buying such significant quantities of gold to avoid further price increases in materials for future production, and to speculate on the price of gold.

23. Prior to the start of the 2016 audit, Wong and the engagement team had obtained and reviewed a report that had been posted on an investor stock research website, which contained allegations of, among other things, certain undisclosed related party transactions and undisclosed debt guarantees to financial institutions provided by Kingold with respect to loans obtained by a specified related party and another specified third-party. During the 2016 audit, Wong learned that the Company had failed to include material transactions in the interim financial statements and disclosures in its Form 10-Q filings for each of the three quarters of 2016. Specifically, these transactions included a significant, material loan Kingold had received from a related party and two transactions involving Kingold's guarantees of the debt of a related party and a third-party, which matched with some of the allegations specified in the previously received report. Kingold subsequently filed an amended Form 10-Q for each of the three quarters in 2016 to report and disclose these previously undisclosed transactions.

24. Wong identified these previously undisclosed related party and debt guarantee transactions as significant unusual transactions in the 2016 audit.<sup>23</sup> Similar to the Pledged Gold loan transactions, these transactions had not been contemporaneously approved by Kingold's Board of Directors.<sup>24</sup>

25. Although Wong specifically raised these previously undisclosed transactions as significant unusual transactions in the 2016 audit written communications to the audit committee, he did not design and perform sufficient appropriate procedures to obtain an understanding of their business purpose to evaluate whether the business purpose (or lack thereof) indicated they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets. Wong improperly relied on uncorroborated management representations that such transactions enhanced Kingold's credit position with

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<sup>23</sup> The previously undisclosed debt guarantee transactions consisted of an unrelated third party and a related party borrowing funds from financial institutions, with Kingold providing guarantees to the financial institutions for repayment of those loans. These parties, in turn, lent the proceeds of those borrowings to Kingold, on an interest-free basis, the equivalent amount of which was used by Kingold to collateralize its related guarantees to the financial institutions.

<sup>24</sup> Approval was only retroactively obtained during the 2016 audit, at Wong's specific request.

the lenders, without understanding why such credit enhancements were needed, or why the related and third-parties were involved.<sup>25</sup>

**b. Significant Unusual Transactions in the 2017 Audit**

26. Kingold's transactions borrowing significant funds secured by Pledged Gold continued to grow in 2017, in a similar pattern as in 2016. In contrast to his failure to identify such transactions as significant unusual transactions during the previous year's audit, Wong identified these newly executed 2017 Pledged Gold loan transactions as significant unusual transactions. Despite identifying these 2017 transactions as significant unusual transactions, Wong improperly relied on uncorroborated representations from management similar to those he accepted in the previous year's audit.<sup>26</sup>

27. The sale by Kingold of gold with significant value to a related party in 2017 was also identified as a significant unusual transaction in the 2017 audit. Like the Pledged Gold loan transactions, these transactions had not been contemporaneously approved by Kingold's Board of Directors.<sup>27</sup> Wong accepted management representations that these gold sales transactions were meant to provide access to sell gold to additional sources for sales not accessible to Kingold.

28. Although Wong raised all these transactions as significant unusual transactions in the 2017 audit written communications to the audit committee, he did not design and perform sufficient appropriate procedures to obtain an understanding of their business purpose to evaluate whether the business purpose (or lack thereof) indicated they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets, as required to address the fraud risk of management override.<sup>28</sup> As in the previous year, Wong improperly relied on management representations about these transactions.<sup>29</sup>

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<sup>25</sup> See AS 1015 and AS 2805.02, *Management Representations*.

<sup>26</sup> As in the prior year, the Pledged Gold loan transactions also were only approved by Kingold's Board of Directors retroactively, at Wong's specific request during the 2017 audit.

<sup>27</sup> Such approval was only retroactively obtained during the 2017 audit, again at Wong's specific request.

<sup>28</sup> See AS 2401.66A and .67.

<sup>29</sup> See AS 1015 and AS 2805.02.

29. Because he improperly relied on uncorroborated management representations and failed to perform sufficient appropriate procedures to identify or evaluate the significant unusual transactions in both the 2016 and 2017 audits, Wong violated AS 1015, AS 2401, and AS 2805.

#### **F. Ehrenkrantz Violated PCAOB Rules and Auditing Standards in Connection with His EQR of the Audits**

30. An EQR is required for all audits and reviews conducted pursuant to PCAOB standards.<sup>30</sup> The EQR is intended to “serve as a meaningful check on the work performed by the engagement team.”<sup>31</sup> The EQR reviewer is responsible for evaluating the significant judgments made by the engagement team and the related conclusions reached in forming the overall conclusion on the engagement and in preparing the engagement report.<sup>32</sup> Among other things, the EQR reviewer should evaluate the engagement team’s assessment of, and audit responses to, significant risks identified by the engagement team or the EQR reviewer.<sup>33</sup> An EQR reviewer should further evaluate whether the audit documentation indicates the engagement team responded appropriately to significant risks and supports the conclusions reached by the engagement team with respect to the matters reviewed.<sup>34</sup> The EQR reviewer may provide concurring approval of issuance of an audit report only if, after performing the EQR with due professional care, he or she is not aware of a significant engagement deficiency.<sup>35</sup>

31. Ehrenkrantz served as the EQR reviewer on the 2016, 2017 and 2018 Kingold audits and provided his concurring approval for the issuance of the Firm’s audit reports for those years.

32. Ehrenkrantz knew that during the 2016 and 2017 audits, the engagement team had identified a high risk of material misstatements for inventory, including Pledged Gold. He also knew that for the 2018 audit, the Firm assessed a significant risk of material misstatement for inventory, including Pledged Gold. Ehrenkrantz also learned through discussions with the

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<sup>30</sup> See AS 1220.01.

<sup>31</sup> PCAOB Rel. No. 2009-004 (July 28, 2009) at 2.

<sup>32</sup> See AS 1220.09.

<sup>33</sup> See *id.* at .10(b).

<sup>34</sup> See *id.* at .11.

<sup>35</sup> See *id.* at .12.

engagement teams that they planned only to obtain confirmation of the lenders' records of the Pledged Gold and not to obtain confirmations from the custodians or to perform other procedures, such as observing the Pledged Gold in the 2016 audit. Ehrenkrantz was aware of, and did not object to, continuing this approach in the 2017 and 2018 audits. In concurring with the engagement team's audit approach to exclude confirmation with the custodians, Ehrenkrantz failed to properly evaluate the engagement teams' significant engagement planning judgments with respect to the Pledged Gold inventory.<sup>36</sup>

33. During the 2016 audit, Ehrenkrantz also understood the Pledged Gold loan transactions in 2016 were a significant risk. He was aware these transactions were new and understood the impact they had on Kingold's financial statements. However, Ehrenkrantz, in concurring with the engagement team's overall approach to the audit that excluded procedures to identify significant unusual transactions in its key risk areas, further failed to properly evaluate the engagement teams' significant engagement planning judgments.<sup>37</sup>

34. Ehrenkrantz also failed, during the 2016 and 2017 audits, to properly evaluate the engagement team's audit responses to the fraud risks posed by the Pledged Gold loan transactions and other significant unusual transactions.<sup>38</sup> He understood that the engagement team undertook no specific steps to identify significant unusual transactions in the Audits, improperly believing that transactions could not be considered significant unusual transactions if they could be understood to relate to the company's line of business. In the 2016 and 2017 audits, he failed to address the engagement team's failures to respond to fraud risks by properly evaluating the business purpose (or lack thereof) of transactions identified to Kingold's audit committee as significant unusual transactions.

35. During the Audits, Ehrenkrantz failed to evaluate, with due professional care, the significant judgments made, and the related conclusions reached, by the engagement teams in forming their overall conclusions on the Audits.<sup>39</sup> Specifically, Ehrenkrantz failed to properly evaluate the engagement teams' significant planning judgments; and the engagement teams' assessments of, and audit responses to, significant risks they had identified, including the risks associated with the Pledged Gold inventory and significant unusual transactions. Ehrenkrantz also failed to properly evaluate whether the audit documentation supported the engagement

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<sup>36</sup> See *id.* at .10(a).

<sup>37</sup> See *id.*

<sup>38</sup> See *id.* at .10(b).

<sup>39</sup> See *id.* at .09 and .12.

team's conclusions with respect to significant unusual transactions and Pledged Gold inventory, in violation of PCAOB rules and auditing standards.<sup>40</sup>

36. As a result of the significant engagement deficiencies described above, Ehrenkrantz provided his concurring approvals of issuance in the 2016, 2017 and 2018 audits without performing his engagement quality reviews with due professional care.<sup>41</sup> Accordingly, Ehrenkrantz violated AS 1220 and AS 1015.

#### IV.

In view of the foregoing, and to protect the interests of investors and further the public interest in the preparation of informative, accurate, and independent audit reports, the Board determines it appropriate to impose the sanctions agreed to in Respondents' Offers. Accordingly, it is hereby ORDERED that:

- A. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), Eddie Wong is barred from being an associated person of a registered public accounting firm, as that term is defined in Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(i);<sup>42</sup>
- B. After two years from the date of this Order, Eddie Wong may file a petition, pursuant to PCAOB Rule 5302(b), for Board consent to associate with a registered public accounting firm;
- C. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), Neil W. Ehrenkrantz is barred from being an associated person of a registered public

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<sup>40</sup> See *id.* at .11.

<sup>41</sup> See *id.* at .12; AS 1015.01.

<sup>42</sup> As a consequence of the bar, the provisions of Section 105(c)(7)(B) of the Act will apply with respect to Wong. Section 105(c)(7)(B) provides: "It shall be unlawful for any person that is suspended or barred from being associated with a registered public accounting firm under this subsection willfully to become or remain associated with any issuer, broker, or dealer in an accountancy or a financial management capacity, and for any issuer, broker, or dealer that knew, or in the exercise of reasonable care should have known, of such suspension or bar, to permit such an association, without the consent of the Board or the Commission."

accounting firm, as that term is defined in Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(i);<sup>43</sup>

- D. After one year from the date of this Order, Neil W. Ehrenkrantz may file a petition, pursuant to PCAOB Rule 5302(b), for Board consent to associate with a registered public accounting firm;
- E. Pursuant to Section 105(c)(4)(D) of the Act and PCAOB Rule 5300(a)(4): (i) a civil money penalty in the amount of \$100,000 is imposed on Eddie Wong; and (ii) a civil money penalty in the amount of \$25,000 is imposed on Neil W. Ehrenkrantz.
  - 1. All funds collected by the Board as a result of the assessment of these civil money penalties will be used in accordance with Section 109(c)(2) of the Act.
  - 2. Each Respondent shall pay his civil money penalty within ten days of the issuance of this order by (1) wire transfer in accordance with instructions furnished by Board staff; or (2) United States Postal Service 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 Office of Finance, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington D.C. 20006, and (c) submitted under a cover letter, which identifies the person 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 Office of the Secretary, Attention: Phoebe W. Brown, Secretary, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington, D.C. 20006.
  - 3. With respect to any civil money penalty amounts that Respondents shall pay pursuant to this Order, Respondents shall not, directly or indirectly, (a) seek or accept reimbursement or indemnification from any source including, but not limited to, any current or former affiliated firm or professional or any payment made pursuant to any insurance policy; (b)

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<sup>43</sup> As a consequence of the bar, the provisions of Section 105(c)(7)(B) of the Act, discussed *supra*, at n. 42, will apply with respect to Ehrenkrantz.

claim, assert, or apply for a tax deduction or tax credit in connection with any federal, state, local, or foreign tax; nor (c) seek or benefit by any offset or reduction of any award of compensatory damages, by the amount of any part of Respondents' payment of the civil money penalties pursuant to this Order, in any private action brought against Respondents based on substantially the same facts as set out in the findings in this Order.

4. If timely payment is not made, additional interest shall accrue at the federal debt collection rate set for the current quarter pursuant to 31 U.S.C. § 3717. Payments shall be applied first to post-Order interest.
5. By consenting to this Order, each Respondent understands that failing to pay his civil money penalty, described above, may alone be grounds to deny any petition pursuant to PCAOB Rule 5302(b) for Board consent to associate with a registered public accounting firm.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

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Phoebe W. Brown  
Secretary

June 22, 2023