



Public Company Accounting Oversight Board

1666 K Street, N.W.  
Washington, DC 20006  
Telephone: (202) 207-9100  
Facsimile: (202) 862-0757  
www.pcaobus.org

ORDER INSTITUTING DISCIPLINARY  
PROCEEDINGS, MAKING FINDINGS,  
AND IMPOSING SANCTIONS

*In the Matter of Anil Bedi, CPA*

*Respondent.*

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) PCAOB Release No. 105-2015-025  
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) July 23, 2015  
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By this Order, the Public Company Accounting Oversight Board ("Board" or "PCAOB") is censuring Anil Bedi ("Bedi"). The Board is imposing this sanction on the basis of its findings that Bedi directly and substantially contributed to a registered public accounting firm's violation of PCAOB rules and standards.

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 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 Respondent.

II.

In anticipation of institution of these proceedings, and pursuant to PCAOB Rule 5205, Respondent has submitted an Offer of Settlement ("Offer") 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 him and the subject matter of these proceedings, which is admitted, Respondent consents to entry of this Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions ("Order") as set forth below.<sup>1</sup>

<sup>1</sup> The findings herein are made pursuant to the Respondent's Offer and are not binding on any other person or entity in this or any other proceeding.

**ORDER**

**III.**

On the basis of Respondent's Offer, the Board finds that:

**A. Respondent**

1. Anil Bedi, CPA, 52, of Suwanee, Georgia, is a certified public accountant licensed by the Georgia State Board of Accountancy (license no. CPA020365). At all relevant times, Bedi was an associated person of a registered public accounting firm, HDSG & Associates ("Firm"), as that term is defined in Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(i).<sup>2</sup> At all relevant times, the Firm was the external auditor for the issuer, Skajaquoda Group, Inc. ("Skajaquoda"). Bedi served as the engagement partner for the Skajaquoda engagement.

**B. Summary**

2. This matter concerns Bedi's direct and substantial contribution to the Firm's violation of PCAOB rules and auditing standards with respect to the Firm's audit of Skajaquoda's year-end 2011 financial statements.

**C. Respondent Violated PCAOB Rules**

3. 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>3</sup>

4. For audits of financial statements for years beginning on or after December 15, 2009, PCAOB Auditing Standard No. 7, *Engagement Quality Review*, ("AS 7") requires that an engagement quality review be performed on audits and interim reviews conducted pursuant to PCAOB standards.<sup>4</sup> AS 7 also provides that a firm may grant permission to a client to use the engagement report only after an engagement quality reviewer provides concurring approval of issuance.<sup>5</sup>

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<sup>2</sup> See HDSG & Associates, PCAOB Release No. 105-2015-024 (July 23, 2015).

<sup>3</sup> PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*.

<sup>4</sup> See AS 7 ¶ 1.

<sup>5</sup> Id. at ¶ 13.

**ORDER**

5. In addition, PCAOB rules prohibit an associated person of a registered public accounting firm from "tak[ing] or omit[ting] to take an action knowing, or recklessly not knowing, that the act or omission would directly and substantially contribute to a violation by that registered public accounting firm of the Act, rules of the Board, the provisions of the securities laws relating to the preparation and issuance of audit reports and the obligations and liabilities of accountants with respect thereto, including the rules of the Securities and Exchange Commission issued under the Act, or professional standards."<sup>6</sup>

Audit of Skajaquoda's Financial Statements

6. At all relevant times, Skajaquoda was a Delaware corporation headquartered in Claymont, Delaware. The company's public filings disclose that it was in the business of managing an investment fund. At all relevant times, Skajaquoda was an "issuer" as defined in Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

7. The Firm was engaged as Skajaquoda's external auditor in 2011. The Firm was engaged to audit the financial statements of Skajaquoda for the year ended December 31, 2011. The Firm issued an audit report, dated May 3, 2012, which was included in Skajaquoda's Form 10-K filed with the Securities and Exchange Commission ("Commission" or "SEC") on May 4, 2012.

8. The Firm issued its audit report without obtaining an engagement quality review and concurring approval of issuance. As a result, the Firm violated AS 7.

9. Bedi served as the engagement partner for the Skajaquoda audit and authorized the issuance of the audit report. HDSG considered Bedi to be responsible for the audit. Bedi knew, or was reckless in not knowing, that he was directly and substantially contributing to the Firm's violation when he improperly permitted the issuance of the audit report by the Firm without an engagement quality review and concurring approval of issuance. As a result, Bedi violated PCAOB Rule 3502.

**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.

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<sup>6</sup> See PCAOB Rule 3502, *Responsibility Not to Knowingly or Recklessly Contribute to Violations*.

**ORDER**

Accordingly, it is hereby ORDERED that:

- A. Pursuant to Section 105(c)(4)(E) of the Act and PCAOB Rule 5300(a)(5), Anil Bedi, CPA is hereby censured.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

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Phoebe W. Brown  
Secretary

July 23, 2015